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Bilibili Inc.

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock Code: 9626)

INSIDE INFORMATION AND OVERSEAS REGULATORY ANNOUNCEMENT ADDITIONAL DISCLOSURES AND UNAUDITED INTERIM FINANCIAL STATEMENTS

This announcement is issued pursuant to Rule 13.09 and 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

On January 9, 2023 (U.S. Eastern time), Bilibili Inc. (the “**Company**”) furnished to the Securities and Exchange Commission of the United States (the “**SEC**”) on Form 6-K the following disclosures and information, which are incorporated by reference into the registration statement on Form F-3 of the Company that was filed with the SEC on January 9, 2023 (U.S. Eastern time) and shall be a part thereof from the date on which the Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished:

- the unaudited interim condensed consolidated financial statements; and
- the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Attached hereto as Schedule 1 is the full text of the Form 6-K submitted by the Company to the SEC on January 9, 2023 furnishing the additional disclosures and unaudited interim financial statements.

By order of the Board
Bilibili Inc.
Rui Chen
Chairman

Hong Kong, January 9, 2023

As at the date of this announcement, the Board comprises Mr. Rui CHEN as the chairman, Ms. Ni LI and Mr. Yi XU as directors, Mr. JP GAN, Mr. Eric HE, Mr. Feng LI and Mr. Guoqi DING as independent directors.

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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of January 2023

Commission File Number: 001-38429

Bilibili Inc.

**Building 3, Guozheng Center, No. 485 Zhengli Road
Yangpu District, Shanghai, 200433
People's Republic of China
(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

EXHIBITS

Exhibit Number	Description
99.1	Unaudited Interim Condensed Consolidated Financial Statements
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

BILIBILI INC.

By : /s/ Xin Fan

Name : Xin Fan

Title : Chief Financial Officer

Date: January 9, 2023

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BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except for share data)

	December 31, 2021 RMB	September 30, 2022 RMB	September 30, 2022 US\$ Note 2(d)
Assets			
Current assets:			
Cash and cash equivalents	7,523,108	5,466,115	768,414
Time deposits	7,632,334	11,946,427	1,679,402
Accounts receivable, net	1,382,328	1,298,075	182,480
Amount due from related parties	2,041,316	1,728,527	242,992
Prepayments and other current assets	2,807,048	2,382,487	334,926
Short-term investments	15,060,722	6,528,634	917,781
Total current assets	36,446,856	29,350,265	4,125,995
Non-current assets:			
Property and equipment, net	1,350,256	1,383,123	194,436
Production cost, net	1,083,772	1,758,955	247,270
Intangible assets, net	3,835,600	4,584,414	644,467
Deferred tax assets	36,355	36,355	5,111
Goodwill	2,338,303	2,725,130	383,093
Long-term investments, net	5,502,524	5,907,854	830,513
Other long-term assets	1,459,485	1,854,357	260,681
Total non-current assets	15,606,295	18,250,188	2,565,571
Total assets	52,053,151	47,600,453	6,691,566
Liabilities			
Current liabilities:			
Accounts payable	4,360,906	4,730,920	665,062
Salary and welfare payable	995,451	991,170	139,336
Taxes payable	203,770	253,289	35,607
Short-term loan and current portion of long-term debt	1,232,106	6,953,943	977,570
Deferred revenue	2,645,389	2,853,111	401,084
Accrued liabilities and other payables	2,416,955	2,052,393	288,522
Amount due to related parties	216,434	94,661	13,307
Total current liabilities	12,071,011	17,929,487	2,520,488
Non-current liabilities:			
Long-term debt	17,784,092	12,301,692	1,729,344
Other long-term liabilities	481,982	825,754	116,083
Total non-current liabilities	18,266,074	13,127,446	1,845,427
Total liabilities	30,337,085	31,056,933	4,365,915

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(All amounts in thousands, except for share data)

	<u>December 31, 2021</u> RMB	<u>September 30, 2022</u> RMB	<u>September 30, 2022</u> US\$ 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, 2021; US\$0.0001 par value; 100,000,000 shares authorized, 83,715,114 shares issued and outstanding as of September 30, 2022)	52	52	7
Class Z Ordinary Shares (US\$0.0001 par value; 9,800,000,000 shares authorized, 309,656,738 shares issued, 306,889,473 shares outstanding as of December 31, 2021; US\$0.0001 par value; 9,800,000,000 shares authorized, 316,201,738 shares issued, 310,103,538 shares outstanding as of September 30, 2022)	199	200	28
Additional paid-in capital	35,929,961	36,368,270	5,112,570
Statutory reserves	24,621	24,621	3,461
Accumulated other comprehensive (loss) /income	(279,862)	119,899	16,855
Accumulated deficit	(13,971,304)	(19,973,663)	(2,807,853)
Total Bilibili Inc.'s shareholders' equity	<u>21,703,667</u>	<u>16,539,379</u>	<u>2,325,068</u>
Noncontrolling interests	12,399	4,141	583
Total shareholders' equity	<u>21,716,066</u>	<u>16,543,520</u>	<u>2,325,651</u>
Total liabilities and shareholders' equity	<u>52,053,151</u>	<u>47,600,453</u>	<u>6,691,566</u>

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

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	For the Nine Months Ended September 30		
	2021 RMB	2022 RMB	2022 US\$ Note 2(d)
Net revenues			
Mobile games	3,795,576	3,875,385	544,793
Value-added services	5,040,368	6,365,361	894,828
Advertising	2,935,805	3,553,856	499,593
E-commerce and others	1,831,152	1,962,079	275,825
Total net revenues	13,602,901	15,756,681	2,215,039
Cost of revenues	(10,657,556)	(13,156,939)	(1,849,573)
Gross profit	2,945,345	2,599,742	365,466
Operating expenses:			
Sales and marketing expenses	(4,033,248)	(3,654,596)	(513,755)
General and administrative expenses	(1,299,386)	(1,704,327)	(239,590)
Research and development expenses	(2,042,245)	(3,271,561)	(459,909)
Total operating expenses	(7,374,879)	(8,630,484)	(1,213,254)
Loss from operations	(4,429,534)	(6,030,742)	(847,788)
Other (expense)/income:			
Investment loss, net (including impairments)	(100,852)	(365,670)	(51,405)
Interest income	43,784	172,745	24,284
Interest expense	(105,370)	(187,365)	(26,339)
Exchange losses	(19,560)	(84,393)	(11,864)
Others, net	(38,938)	568,492	79,917
Total other (expense)/income, net	(220,936)	103,809	14,593
Loss before tax	(4,650,470)	(5,926,933)	(833,195)
Income tax	(62,502)	(83,684)	(11,764)
Net loss	(4,712,972)	(6,010,617)	(844,959)
Net loss attributable to noncontrolling interests	11,758	8,258	1,161
Net loss attributable to the Bilibili Inc.'s shareholders	(4,701,214)	(6,002,359)	(843,798)
Net loss	(4,712,972)	(6,010,617)	(844,959)
Other comprehensive (loss)/income:			
Foreign currency translation adjustments	(174,120)	399,761	56,197
Total other comprehensive loss	(174,120)	399,761	56,197
Total comprehensive loss	(4,887,092)	(5,610,856)	(788,762)
Net loss attributable to noncontrolling interests	11,758	8,258	1,161
Comprehensive loss attributable to the Bilibili Inc.'s shareholders	(4,875,334)	(5,602,598)	(787,601)
Net loss per share, basic	(12.50)	(15.22)	(2.14)
Net loss per share, diluted	(12.50)	(15.22)	(2.14)
Net loss per ADS, basic	(12.50)	(15.22)	(2.14)
Net loss per ADS, diluted	(12.50)	(15.22)	(2.14)
Weighted average number of ordinary shares, basic	376,073,065	394,452,475	394,452,475
Weighted average number of ordinary shares, diluted	376,073,065	394,452,475	394,452,475
Weighted average number of ADS, basic	376,073,065	394,452,475	394,452,475
Weighted average number of ADS, diluted	376,073,065	394,452,475	394,452,475
Share-based compensation expenses included in:			
Cost of revenues	50,069	54,188	7,618
Sales and marketing expenses	38,195	41,226	5,795
General and administrative expenses	387,857	418,295	58,803
Research and development expenses	216,226	272,179	38,262

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

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(All amounts in thousands, except for share data)

	Ordinary shares				Additional paid-in capital	Statutory reserves	Accumulated other comprehensive income/(loss)	Accumulated deficit	Noncontrolling interests	Total shareholders' equity
	Class Y Ordinary Shares		Class Z Ordinary Shares							
	Shares	Amount RMB	Shares	Amount RMB						
Balance at December 31, 2020	83,715,114	52	268,204,838	172	14,616,302	17,884	141,129	(7,175,339)	182,004	7,782,204
Net loss	—	—	—	—	—	—	—	(4,701,214)	(11,758)	(4,712,972)
Share-based compensation	—	—	—	—	692,347	—	—	—	—	692,347
Share issuance from exercise of share options	—	—	2,533,229	2	—	—	—	—	—	2
Share issuance upon secondary public offering ("HK IPO"), net of issuance costs of HKD 337,143	—	—	28,750,000	18	19,266,792	—	—	—	—	19,266,810
Issuance ordinary shares related to long-term investment	—	—	1,045,700	1	(1)	—	—	—	—	—
Share issuance upon the conversion of convertible senior notes	—	—	2,854,277	3	449,908	—	—	—	—	449,911
Capital injection in subsidiaries by noncontrolling interests	—	—	—	—	—	—	—	—	2,040	2,040
Acquisition of subsidiaries	—	—	484,183	1	265,060	—	—	—	(14,749)	250,312
Purchase of noncontrolling interests	—	—	—	—	(12,613)	—	—	—	(120,680)	(133,293)
Foreign currency translation adjustment	—	—	—	—	—	—	(174,120)	—	—	(174,120)
Balance at September 30, 2021	83,715,114	52	303,872,227	197	35,277,795	17,884	(32,991)	(11,876,553)	36,857	23,423,241

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(All amounts in thousands, except for share data)

	Ordinary shares				Additional paid-in capital	Statutory reserves	Accumulated other comprehensive (loss)/income	Accumulated deficit	Noncontrolling interests	Total shareholders' equity
	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	—	—	—	—	—	—	—	(6,002,359)	(8,258)	(6,010,617)
Share-based compensation	—	—	—	—	785,888	—	—	—	—	785,888
Issuance of Class Z ordinary shares upon exercise of stock options	—	—	3,169,065	3	—	—	—	—	—	3
Repurchase of shares	—	—	(2,640,832)	(2)	(347,579)	—	—	—	—	(347,581)
Purchase of noncontrolling interests	—	—	45,000	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	399,761	—	—	399,761
Balance at September 30, 2022	83,715,114	52	307,462,706	200	36,368,270	24,621	119,899	(19,973,663)	4,141	16,543,520

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

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in thousands)

	For the Nine Months Ended September 30,		
	2021	2022	2022
	RMB	RMB	US\$
			Note 2(d)
Cash flows from operating activities:			
Net loss	(4,712,972)	(6,010,617)	(844,959)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation of property and equipment	371,172	556,788	78,272
Amortization of intangible assets	1,348,504	1,936,404	272,215
Amortization of right-of-use assets	117,451	177,641	24,972
Amortization of debt issuance costs	16,621	34,816	4,894
Share-based compensation expenses	692,347	785,888	110,478
Allowance for doubtful accounts	103,408	110,483	15,531
Inventory provision	12,269	138,633	19,489
Deferred income taxes	(4,541)	(23,634)	(3,322)
Unrealized exchange (gains)/ losses	(1,282)	3,004	422
Unrealized fair value changes of investments	88,155	(24,214)	(3,404)
Loss on disposal of property and equipment	611	362	51
Gain on disposal of long-term investments and subsidiaries	—	(49,146)	(6,909)
Loss from equity method investments	19,548	113,245	15,920
Revaluation of previously held equity interests	12,562	(152,153)	(21,389)
Impairments of long-term investments	65,432	306,916	43,146
Gain of convertible senior notes repurchase	—	(475,790)	(66,885)
Changes in operating assets and liabilities:			
Accounts receivable	(356,950)	(762)	(107)
Amount due from related parties	(9,098)	(41,453)	(5,827)
Prepayments and other assets	(1,230,303)	(506,422)	(71,192)
Other long-term assets	(134,362)	(462,231)	(64,979)
Accounts payable	697,953	412,886	58,043
Salary and welfare payable	164,397	(14,243)	(2,002)
Taxes payable	21,916	67,729	9,521
Deferred revenue	509,174	207,722	29,201
Accrued liabilities and other payables	189,396	(549,178)	(77,202)
Amount due to related parties	—	(34,856)	(4,900)
Other long-term liabilities	(5,686)	288,068	40,497
Net cash used in operating activities	(2,024,278)	(3,204,114)	(450,425)
Cash flows from investing activities:			
Purchase of property and equipment	(603,001)	(716,372)	(100,706)
Purchase of intangible assets	(2,015,992)	(1,502,941)	(211,280)
Purchase of short-term investments	(45,832,390)	(63,493,711)	(8,925,805)
Maturities of short-term investments	40,173,128	73,086,219	10,274,298
Cash consideration paid for purchase of subsidiaries, net of cash acquired	(230,770)	(1,128,353)	(158,621)
Cash paid for long-term investments including loans	(4,310,998)	(1,420,927)	(199,751)
Repayment of loans from investees	534,125	555,586	78,103
Cash received from disposal/return of investments	45,842	293,888	41,314
Placements of time deposits	(6,582,567)	(9,548,566)	(1,342,316)
Maturities of time deposits	6,728,120	6,262,530	880,373
Impact to cash resulting from deconsolidation of subsidiaries	—	(125)	(18)
Net cash (used in)/ provided by investing activities	(12,094,503)	2,387,228	335,591
Cash flows from financing activities:			
Proceeds of short-term loans	1,034,797	1,261,371	177,321
Repayment of short-term loans	(214,882)	(1,152,651)	(162,037)
Purchase of noncontrolling interests	(58,488)	(56,741)	(7,977)
Capital injections from noncontrolling interests	2,040	—	—
Proceeds from exercise of employees' share options	2	3	*
Proceeds from issuance of ordinary shares, net of issuance costs of HKD 337,143	19,288,423	—	—
Repurchase of convertible senior notes	—	(1,270,953)	(178,668)
Repurchase of shares	—	(347,581)	(48,862)
Net cash provided by/ (used in) financing activities	20,051,892	(1,566,552)	(220,223)
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(140,983)	326,445	45,889
Net increase/ (decrease) in cash and cash equivalents	5,792,128	(2,056,993)	(289,168)
Cash and cash equivalents at beginning of the period	4,678,109	7,523,108	1,057,582
Cash and cash equivalents at end of the period	10,470,237	5,466,115	768,414

BILIBILI INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(All amounts in thousands)

	For the Nine Months Ended September 30,		
	2021	2022	2022
	RMB	RMB	US\$
			Note 2(d)
Supplemental disclosures of cash flows information:			
Cash paid for income taxes, net of tax refund	56,237	57,340	8,061
Cash paid for interest expense	77,667	128,152	18,015
Supplemental schedule of non-cash investing and financing activities:			
Property and equipment purchase financed by accounts payable	393,431	47,180	6,633
Acquisitions and investments financed by payables	281,889	250,860	35,265
Intangible assets purchases financed by payables	801,547	898,165	126,262
Issuance of ordinary shares in the business combination, purchase of noncontrolling interests and investment addition	829,748	—	—
Issuance of ordinary shares in connection with debt conversion	449,911	—	—

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

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Operations

Bilibili Inc. (the “Company” or “Bilibili”) is an online entertainment platform for young generations. 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 Global Select Market. In March 2021, the Company successfully listed its Class Z ordinary shares on the main board of the Hong Kong 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 Hong Kong Stock Exchange became effective. The Company became a dual-primary listed company on the main board of Hong Kong Stock Exchange in Hong Kong and the Nasdaq Global Select Market in the United States.

As of September 30, 2022, the Company’s major subsidiaries, VIEs and subsidiaries of the VIEs are as follows:

Major Subsidiaries	Place and Year of Incorporation	Percentage of Direct or Indirect Economic Ownership	Principal Activities
Bilibili HK Limited	Hong Kong, 2014	100	Investment holding
Hode HK Limited	Hong Kong, 2014	100	Investment holding
Chaodian HK Limited	Hong Kong, 2019	100	Investment holding
Bilibili Co., Ltd.	Japan, 2014	100	Business development
Hode Shanghai Limited (“Hode Shanghai”)	PRC, 2014	100	Technology development
Shanghai Bilibili Technology Co., Ltd.	PRC, 2016	100	Technology development
Chaodian (Shanghai) Technology Co., Ltd.	PRC, 2019	100	E-commerce and advertising

Major VIEs and VIEs’ subsidiaries	Place and Year of Incorporation Acquisition	Percentage of Direct or Indirect Economic Ownership	Principal Activities
Shanghai Hode Information Technology Co., Ltd. (“Hode Information Technology”)	PRC, 2013	100	Mobile game operation
Shanghai Kuanyu Digital Technology Co., Ltd. (“Shanghai Kuanyu”)	PRC, 2014	100	Video distribution and game distribution
Sharejoy Network Technology Co., Ltd. (“Sharejoy Network”)	PRC, 2014	100	Game distribution
Shanghai Hehehe Culture Communication Co., Ltd. (“Shanghai Hehehe”)	PRC, 2014	100	Comics distribution
Shanghai Anime Tamashi Cultural Media Co., Ltd. (“Shanghai Anime Tamashi”)	PRC, 2015	100	E-commerce platform

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Operations (Continued)

The following combined financial information of the Group's VIEs as of December 31, 2021 and September 30, 2022 and for the nine months ended September 30, 2021 and 2022 included in the accompanying consolidated financial statements of the Group was as follows:

	December 31 2021	September 30 2022
	RMB in thousands	
Cash and cash equivalents	377,114	1,194,334
Time deposits	6,997	4,251
Accounts receivable, net	524,311	686,362
Amounts due from Group companies	391,951	490,723
Amount due from related parties	101,983	160,130
Prepayments and other current assets	1,806,185	1,231,955
Short-term investments	927,124	710,278
Long-term investments, net	1,745,466	1,965,835
Other non-current assets	4,926,989	6,096,639
Total assets	10,808,120	12,540,507
Accounts payable	3,164,301	3,709,339
Salary and welfare payables	343,008	255,228
Taxes payable	128,817	168,576
Short-term loans	400,000	404,928
Deferred revenue	2,192,460	2,241,761
Accrued liabilities and other payables	1,184,523	983,903
Amounts due to the Group companies	7,214,146	11,694,322
Amounts due to related parties	117,901	12,251
Other long-term payable	222,719	261,002
Total liabilities	14,967,875	19,731,310
Total Bilibili Inc's shareholders' deficit	(4,170,459)	(7,194,530)
Noncontrolling interests	10,704	3,727
Total shareholders' deficit	(4,159,755)	(7,190,803)
Total liabilities and shareholders' deficit	10,808,120	12,540,507

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Operations (Continued)

	For the Nine Months Ended September 30,	
	2021	2022
	RMB in thousands	
Third-party revenues	9,289,751	10,797,212
Inter-company revenues	594,290	677,915
Total revenues	9,884,041	11,475,127
Net loss	(2,498,479)	(3,086,200)

	For the Nine Months Ended September 30,	
	2021	2022
	RMB in thousands	
Net cash provided by operating activities	156,350	352,823
Net cash used in investing activities	(2,257,450)	(1,695,391)
Net cash provided by financing activities	2,207,639	2,186,996

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Operations (Continued)

Liquidity

The Group incurred net losses of RMB4,713.0 million and RMB6,010.6 million for the nine months ended September 30, 2021 and 2022, respectively. Net cash used in operating activities was RMB2,024.3 million and RMB3,204.1 million for the nine months ended September 30, 2021 and 2022, respectively. Accumulated deficit was RMB13,971.3 million and RMB19,973.7 million as of December 31, 2021 and September 30, 2022, 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 2021, the Company successfully listed its Class Z ordinary shares on the main board of the Hong Kong Stock Exchange, raising HKD22.9 billion (RMB19.3 billion), after deducting commissions and offering expenses, and the Company completed an offering of convertible senior notes due December 2026 (the "December 2026 Notes"), raising US\$1,576.6 million (RMB10.1 billion), after deducting commissions and offering expenses. 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.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies

a) Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for a complete set of financial statements. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and include all adjustments as necessary for the fair statement of the Group’s financial position as of September 30, 2022, and the results of operations and cash flows for the nine months ended September 30, 2021 and 2022. The consolidated balance sheet at December 31, 2021 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by U.S. GAAP. The unaudited interim condensed consolidated financial statements and related disclosures have been prepared with the presumption that users of the unaudited interim condensed consolidated financial statements have read or have access to the audited consolidated financial statements for the preceding fiscal years. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and related footnotes as of and for the year ended December 31, 2021. Results for the nine months ended September 30, 2022 are not necessarily indicative of the results expected for the full fiscal year or for any future period.

b) Principles of consolidation

The unaudited interim condensed consolidated financial statements include the financial statements of the Company, its subsidiaries and VIEs 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 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.

BILIBILI INC.**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****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) Convenience Translation

Translations of balances on the unaudited interim condensed consolidated balance sheets, unaudited interim condensed consolidated statements of operations and comprehensive loss and unaudited interim condensed consolidated statements of cash flows from RMB into US\$ as of and for the nine months ended September 30, 2022 are solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB7.1135, 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 September 30, 2022. 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 September 30, 2022, or at any other rate.

e) 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 year was RMB1,947.2 million and RMB2,503.2 million for the nine months ended September 30, 2021 and 2022, respectively.

f) Receivables, net

The following table sets out movements of the allowance for doubtful accounts for the nine months ended September 30, 2021 and 2022:

	For the Nine Months Ended	
	September 30,	
	2021	2022
	RMB in thousands	
Beginning balance	121,003	292,473
Provisions	103,408	110,483
Write-offs	—	(6,854)
Ending balance	224,411	396,102

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 nine months ended September 30, 2021 and 2022 as follows:

	For the Nine Months Ended September 30,	
	2021	2022
Total number of telecommunications service providers	120	144
Number of service providers providing 10% or more of the Group's servers and bandwidth expenditure	3	3
Total percentage of the Group's servers and bandwidth expenditure provided by 10% or greater service providers	57%	47%

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 long-term debt denominated in the U.S. dollars. Most of the Group's revenues, costs and expenses are denominated in RMB, while the long-term debt and a portion of cash and cash equivalents, time deposits, short-term and long-term investments 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.

c) Credit risk

The Group's financial instruments potentially subject to significant concentrations of credit risk primarily consist of cash and cash equivalents, 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, 2021 and September 30, 2022, substantially all of the Group's cash and cash equivalents 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, 2021 and September 30, 2022. One distribution channel had receivable balance exceeding 10% of the Group's accounts receivable balance as of December 31, 2021. There was no distribution channel that had receivable balance exceeding 10% of the Group's accounts receivable balance as of September 30, 2022.

RMB in thousands	December 31,	September 30,
	2021	2022
Distribution channel A	171,680	N/A

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Concentrations and Risks (Continued)

d) Major customers and supplying channels

No single customer represented 10% or more of the Group's net revenues for the nine months ended September 30, 2021 and 2022, 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 nine months ended September 30, 2021 and 2022, respectively.

e) Mobile games

Mobile game revenues accounted for 28% and 25% of the Group's total net revenues for the nine months ended September 30, 2021 and 2022, respectively.

No mobile games individually contributed more than 10% of the Group's total net revenues for the nine months ended September 30, 2021 and 2022, respectively.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Prepayments and Other Current Assets

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

	December 31, 2021	September 30, 2022
	RMB in thousands	
Prepayments for revenue sharing cost*	1,117,431	872,959
Inventories, net	455,767	533,561
Prepayments for sales tax	523,282	412,345
Prepayments of marketing and other operational expenses	181,764	134,064
Prepayments to inventory suppliers	94,746	93,097
Interest income receivable	10,927	80,221
Loans to investees or ongoing investments	68,681	55,284
Prepayments for content cost	73,496	53,099
Deposits	106,555	29,723
Prepayments/receivables relating to jointly invested content	36,246	27,011
Others	138,153	91,123
Total	<u>2,807,048</u>	<u>2,382,487</u>

* 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. The related direct and incremental platform commissions are deferred and reported in “Prepayments and Other Current Assets” on the unaudited interim condensed consolidated balance sheets.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Short-term Investments

The following is a summary of short-term investments:

	December 31, 2021	September 30, 2022
	RMB in thousands	
Financial products	13,583,580	4,535,682
Investments in publicly traded companies	1,426,946	1,992,952
Money market funds	50,196	—
Total	15,060,722	6,528,634

The Group recorded investment income of RMB194.3 million and RMB421.4 million related to short-term investments on the unaudited interim condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2021 and 2022, respectively.

6. Property and Equipment, Net

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

	December 31, 2021	September 30, 2022
	RMB in thousands	
Leasehold improvements	221,280	280,427
Servers and computers	2,277,947	2,794,207
Others	59,871	61,426
Total	2,559,098	3,136,060
Less: accumulated depreciation	(1,208,842)	(1,752,937)
Net book value	1,350,256	1,383,123

Depreciation expenses were RMB371.2 million and RMB556.8 million for the nine months ended September 30, 2021 and 2022, respectively. No impairment charge was recognized for any of periods presented.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Intangible Assets, Net

The following is a summary of intangible assets, net:

	As of December 31, 2021		
	Gross carrying value	Accumulated amortization	Net carrying value
	RMB in thousands		
Licensed copyrights of content	5,567,213	(3,245,622)	2,321,591
License rights of mobile games	455,687	(229,559)	226,128
Intellectual property and others	1,674,232	(386,351)	1,287,881
Total	7,697,132	(3,861,532)	3,835,600

	As of September 30, 2022		
	Gross carrying value	Accumulated amortization	Net carrying value
	RMB in thousands		
Licensed copyrights of content	7,035,303	(4,331,825)	2,703,478
License rights of mobile games	423,268	(286,043)	137,225
Intellectual property and others	2,332,959	(589,248)	1,743,711
Total	9,791,530	(5,207,116)	4,584,414

Amortization expenses were RMB1,348.5 million and RMB 1,936.4 million for the nine months ended September 30, 2021 and 2022, respectively. No impairment charge was recognized for any of periods presented.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. 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, 2021	September 30, 2022
RMB in thousands		
Equity investments using the measurement alternative	3,344,465	3,141,885
Equity investments accounted for using the equity method	1,235,289	1,976,323
Investments accounted for at fair value	922,770	789,646
Total	5,502,524	5,907,854

Equity investments using the measurement alternative

The Group did not disclose the fair value of alternative measure method investments if it is not practicable to estimate the fair value of its alternative measure method investments for which a quoted market price is not available due to both excessive cost as well as lack of available information on fair value of such investments. Specifically, many of the investees are start-up companies in China and operate in emerging industries for which the Group has not been able to estimate their fair values. For those equity investments having observable price changes in orderly transactions for the identical or similar investments of the same issuers, the Group would disclose the fair value of the alternative measure method investments.

A loss of RMB12.6 million and a gain of RMB 152.2 million re-measurement of equity investments accounted for using the measurement alternative was recognized for the nine months ended September 30, 2021 and 2022, respectively.

The Group recorded impairment charges for long-term investments of RMB65.4 million and RMB306.9 million as "Investment loss, net (including impairments)" for the nine months ended September 30, 2021 and 2022, 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.

Equity investments accounted for using the equity method

RMB19.5 million and RMB113.2 million of the Group's proportionate share of equity investee's net loss, was recognized in "Investment loss, net (including impairments)" for the nine months ended September 30, 2021 and 2022, 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 great than one year and investments in publicly traded companies with an intention of holding greater than one year. A loss of RMB175.7 million and RMB299.9 million resulted from the change in fair value was recognized in "Investment loss, net (including impairments)" for the nine months ended September 30, 2021 and 2022, respectively.

BILIBILI INC.**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. Taxation***Composition of income tax*

The following table presents the composition of income tax expenses for the nine months ended September 30, 2021 and 2022:

	For the nine months ended	
	September 30	
	2021	2022
	RMB in thousands	
Current income tax expenses	54,341	97,994
Withholding income tax expenses	12,702	9,324
Deferred tax benefits	(4,541)	(23,634)
Total	62,502	83,684

The Group's effective tax rate for the nine months ended September 30, 2021 and 2022 was -1.3% and -1.4%, 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.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Taxes Payable

The following is a summary of taxes payable as of December 31, 2021 and September 30, 2022:

	December 31, 2021	September 30, 2022
RMB in thousands		
EIT payable	69,773	106,184
Withholding income tax payable	29,242	46,071
Withholding individual income taxes for employees	44,968	43,842
VAT payable	52,614	23,352
Others	7,173	33,840
Total	203,770	253,289

11. Short-term loan and current portion of long-term debt

	Balance at December 31, 2021,			Balance at September 30, 2022		
	Interest Rate Range	Maturity Date	Amount RMB in thousands	Interest Rate Range	Maturity Date	Amount RMB in thousands
Unsecured bank loans	3.60%~3.70%	Within 12 months	943,658	3.10%~3.70%	Within 12 months	1,100,018
Unsecured borrowing	3.95%	Within 12 months	288,448	3.79%	Within 12 months	240,906
2027 Notes(Note 13)	N/A	N/A	—	1.25%	Within 12 months	5,613,019
Total			1,232,106			6,953,943

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Accrued Liabilities and Other Payables

The following is a summary of accrued liabilities and other payables as of December 31, 2021 and September 30, 2022:

	December 31, 2021	September 30, 2022
RMB in thousands		
Accrued marketing expenses	1,321,776	752,416
Payables to producers and licensors	139,951	608,100
Leasing liabilities-current portion	206,758	256,312
Consideration payable for acquisitions and investments	526,453	159,360
Professional fees	64,510	62,422
Deposit	40,445	47,004
Interest payable	26,469	40,158
Other staff related cost	5,325	22,849
Advances from/payables to third parties	14,386	18,016
Others	70,882	85,756
Total	<u>2,416,955</u>	<u>2,052,393</u>

13. Convertible senior notes

April 2026 Notes

In April 2019, the Group issued US\$500.0 million of 2026 Notes with an interest rate of 1.375% per annum. The net proceeds to the Company from the issuance of the 2026 Notes were US\$488.2 million (RMB3,356.1 million), net of issuance costs of US\$11.8 million (RMB81.1 million). The 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.

Holders 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.

The issuance costs of the 2026 Notes were amortized to interest expense over the contractual life to the maturity date (i.e., April 1, 2026). For the nine months ended September 30, 2021 and 2022, the 2026 Notes related interest expense was US\$6.3 million (RMB40.5 million) and US\$5.7 million (RMB37.5 million), respectively.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Convertible senior notes (Continued)

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 nine months ended September 30, 2021 and 2022, the 2027 Notes related interest expense was US\$8.9 million (RMB57.8 million) and US\$9.0 million (RMB59.0 million), respectively.

As of September 30, 2022, RMB5,613.0 million (US\$ 789.1 million) of 2027 Notes are short-term in nature because the 2027 Notes holder had a non-contingent option to require the Group to repurchase for cash all or any portion of their 2027 Notes within one year.

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 (RMB 10.1 billion), net of issuance costs of US\$23.4 million (RMB 149.6 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.

Holder 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 nine months ended September 30, 2022, the December 2026 Notes related interest expense was US\$8.3 million (RMB54.9 million), respectively.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Convertible senior notes (Continued)

As of December 31, 2021, and September 30, 2022, the principal amount of April 2026 Notes was RMB2,737.5 million and RMB3,048.3 million, respectively. The unamortized debt issuance costs were RMB39.8 million and RMB36.6 million as of December 31, 2021 and September 30, 2022, respectively.

As of December 31, 2021, and September 30, 2022, the principal amount of 2027 Notes was RMB5,100.6 million and RMB5,679.8 million, respectively. The unamortized debt issuance costs were RMB69.2 million and RMB66.8 million as of December 31, 2021 and September 30, 2022, respectively.

As of December 31, 2021, and September 30, 2022, the principal amount of December 2026 Notes was RMB10,201.1 million and RMB9,404.4 million, respectively. The unamortized debt issuance costs were RMB146.0 million and RMB114.4 million as of December 31, 2021 and September 30, 2022, respectively.

During the year ended 2021, US\$70.6 million in aggregate principal amount of April 2026 Notes were converted, pursuant to which the Company issued 2,854,253 ADSs to the holders of such Notes. Accordingly, the balance of the notes converted were derecognized and recorded as ordinary shares and additional paid-in capital. During the nine months ended September 30, 2022, no April 2026 Notes were converted.

During the year ended 2021, US\$1,000 in aggregate principal amount of 2027 Notes were converted, pursuant to which the Company issued 24 ADSs to the holders of such Notes. Accordingly, the balance of the notes converted were derecognized and recorded as ordinary shares and additional paid-in capital. During the nine months ended September 30, 2022, no 2027 Notes were converted.

As of September 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).

The following table provides a summary of the Company's unsecured senior notes as of December 31, 2021 and September 30, 2022:

	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>Effective interest rate</u>
	<u>Amounts</u>	<u>Amounts</u>	
	RMB in thousands		
April 2026 Notes	2,697,698	3,011,738	1.74%
2027 Notes	5,031,312	—	1.52%
December 2026 Notes	10,055,082	9,289,954	0.80%
Carrying value	17,784,092	12,301,692	
Unamortized discount and debt issuance costs	255,033	151,051	
Total principal amounts of unsecured senior notes	<u>18,039,125</u>	<u>12,452,743</u>	

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-based Compensation

As of September 30, 2022, total unrecognized compensation expenses related to unvested awards granted under the Global Share Plan and the 2018 Plan, adjusted for estimated forfeitures, was RMB3,900.8 million, which is expected to be recognized over a weighted-average period of 3.7 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 nine months ended September 30, 2022:

	Total Number of shares	Weighted Average Exercise Price
	(In thousands)	US\$
Outstanding at January 1, 2022	22,510	2.0010
Granted	5,830	0.0036
Exercised	(3,169)	0.0001
Forfeited	(1,642)	0.3455
Outstanding at September 30, 2022	<u>23,529</u>	<u>1.8944</u>
Exercisable at September 30, 2022	<u>4,037</u>	<u>3.3579</u>

The weighted average grant date fair value of share options granted for the nine months ended September 30, 2022 was RMB126.8 (US\$18.5) per share, respectively.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Net Loss per Share

For the nine months ended September 30, 2021 and 2022, the Company had potential ordinary shares, including share options 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 nine months ended September 30, 2021 and 2022, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share.

For the nine months ended September 30, 2021, the numbers of share options and the number of ordinary shares issuable upon the conversion of the April 2026 Notes and 2027 Notes, which were anti-dilutive and excluded from the computation of diluted net loss per share, were 13,143,917 shares, 19,164,376 shares and 19,641,280 shares, respectively.

For the nine months ended September 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 2,581,321 shares, 17,347,747 shares, 19,641,256 shares and 15,013,771 shares, respectively.

The following table sets forth the computation of basic and diluted net loss per share for the nine months ended September 30, 2021 and 2022:

	For the Nine Months Ended September 30,	
	2021	2022
	RMB in thousands, except for share and per share data	
Numerator:		
Net loss	(4,712,972)	(6,010,617)
Net loss attributable to noncontrolling interests	11,758	8,258
Net loss attributable to Bilibili Inc.'s shareholders for basic/dilutive net loss per share calculation	<u>(4,701,214)</u>	<u>(6,002,359)</u>
Denominator:		
Weighted average number of ordinary shares outstanding, basic	376,073,065	394,452,475
Weighted average number of ordinary shares outstanding, diluted	376,073,065	394,452,475
Net loss per share, basic	(12.50)	(15.22)
Net loss per share, diluted	(12.50)	(15.22)

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Related Party Transactions and Balances

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

	For the Nine Months Ended September 30,	
	2021	2022
	RMB in thousands	
Purchases of goods and services	56,494	150,298
Transfer of long-term investments ¹	—	275,000
Sales of goods and services	11,078	13,082
Investment income and interest income	3,109	67,162

The Group had the following significant related party balances as of December 31, 2021 and September 30, 2022, respectively:

	December 31, 2021	September 30, 2022
	RMB in thousands	
Amount due from related parties		
Due from an investment fund	48,135	176,188
Due from an entity (“Entity” ²)	1,709,689	1,299,473
Due from other investees	283,492	252,866
Total	2,041,316	1,728,527
Amount due to related parties	216,434	94,661

- In September 2022, the Company transferred several equity investments of the Group to an investment fund, of which the Company is as a limited partner. Pro forma results of operations for the disposed investments have not been presented because they were not material to the unaudited interim condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2021 and 2022, either individually or in aggregate.
- 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 Company made capital contribution of RMB1,530.5 million and provided interest-bearing guaranteed loans of RMB 1,254.8 million to the Entity for its operation. The balance as of September 30, 2022 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 3.3%.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Acquisitions

Transactions with one animation content production company (“Anime Business”)

Prior to 2021, the Group held 8.1% equity share of Anime Business through several investments with preferred rights, which was accounted for as long-term investments using alternative measure method. In January 2021, the Group acquired remaining equity with the total consideration of RMB612.3 million, including the cash consideration of RMB369.1 million and 400,000 restricted Class Z ordinary shares. Upon the completion of this transaction in January 2021, the Group held 100% of equity interests in the Anime Business, which became a consolidated subsidiary of the Group.

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

	<u>Amount</u> RMB in thousands	<u>Amortization</u> <u>Period</u>
Net assets acquired	189,763	
Intangible assets		
—Brand	85,000	8 years
—Vendor relationship	75,000	10 years
—Non-compete clause	54,000	6 years
Goodwill	283,402	
Total	687,165	

Total purchase price comprised of:

	<u>Amount</u> RMB in thousands
Cash consideration	369,124
Share consideration	243,203
Fair value of previously held equity interests	74,838
Total	687,165

Goodwill arising from this acquisition was attributable to the synergies between ability of animation content production and the Group’s strategy to expand its content library.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Acquisitions (Continued)

Transactions with one Comics distribution company (“Comics Business”)

In November 2021, the Company signed an agreement to acquire all of the equity interests in Comics Business with a total cash consideration of RMB600.0 million. Upon the completion of this transaction, the Group held 100 % of equity interests in the Comics Business, which became a consolidated subsidiary of the Group.

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

	<u>Amount</u> RMB in thousands	<u>Amortization</u> <u>Period</u>
Net assets acquired	48,764	
Intangible assets		
—Brand	23,000	10 years
—User base	11,000	3 years
—Copyrights	269,000	8 years
—Technology	4,000	3 years
—Non-compete clause	5,000	2 years
Deferred tax liabilities	(42,133)	
Goodwill	281,369	
Total	600,000	

Total purchase price comprised of:

	<u>Amount</u> RMB in thousands
Cash consideration	600,000

Goodwill arising from this acquisition was attributable to the synergies between ability of comics distribution and the Group’s strategy to expand its content library.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Acquisitions (Continued)

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:

	<u>Amount</u> RMB in thousands	<u>Amortization Period</u>
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:

	<u>Amount</u> 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.

BILIBILI INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Acquisitions (Continued)

Other acquisitions

For the years ended December 31, 2021 and the nine months ended September 30, 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:

	<u>For the Year Ended December 31, 2021</u>	<u>For the nine months ended September 30, 2022</u>	<u>Amortization Period</u>
	<u>Amount</u> <u>RMB in thousands</u>		
Net assets acquired	28,320	85,369	
Intangible assets			
—Brand	66,000	—	5 years
—Customer relationship	83,000	—	5 years
—Non-compete clause	28,000	9,000	6 years
—Others	71,100	61,000	1 to 10 years
Deferred tax liabilities	—	(17,500)	
Goodwill	477,746	42,131	
Total	<u>754,166</u>	<u>180,000</u>	

Total purchase price comprised of:

	<u>Amount</u> <u>RMB in thousands</u>	
	Cash consideration	244,949
Share consideration	391,244	—
Fair value of previously held equity interests	117,973	30,000
Total	<u>754,166</u>	<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 statements of operations and comprehensive loss for the years ended December 31, 2021 and to the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2022, either individually or in aggregate.

18. Subsequent Events

On top of the repurchase shares with the amount of US\$53.6 million (RMB347.6 million) during the nine months ended September 30, 2022, in the fourth quarter 2022, the Company repurchased an aggregate principal amount of US\$54.0 million (RMB385.7 million) of 2027 Notes for a total cash consideration of US\$49.3 million (RMB352.0 million) and an aggregate principal amount of US\$492.9 million (RMB3.4 billion) of December 2026 Notes for a total cash consideration of US\$370.9 million (RMB2.6 billion).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the related notes for the same periods included in Exhibit 99.1 to our current report on Form 6-K furnished to the SEC on January 9, 2023 and "Item 5. Operating and Financial Review and Prospects" in our 2021 Annual Report. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors.

Key Factors Affecting Our Results of Operations

User growth and engagement

Our business depends on our ability to grow our user base and maintain and increase user engagement. We have experienced rapid user growth since our inception. The following table sets forth our average DAUs and MAUs for each of the quarters indicated:

	For the Three Months Ended									
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
	(In millions)									
Average DAUs ⁽¹⁾	50.5	53.3	54.0	60.1	62.7	72.1	72.2	79.4	83.5	90.3
Average MAUs ⁽¹⁾	171.6	197.2	202.0	223.3	237.1	267.2	271.7	293.6	305.7	332.6

Note:

- (1) Starting from the second quarter of 2022, we count our active users as the sum of active users on mobile apps and PC ends during a given period. We calculate active users on mobile apps based on the number of mobile devices (including smart TV and other smart devices) that have launched our mobile apps during a given period. Active users on the PC ends refer to the sum of valid logged-in users who visit our PC website at www.bilibili.com and engage in PC application during a given period, after eliminating duplicates.

Our active users generally view and consume a multitude of content offered on our platform, including videos, live broadcasting, mobile games and other content. The number of our users and the level of their engagement on our platform affect our revenues. Revenue from our mobile game services has been an important contributor to our total net revenues in 2019, 2020 and 2021 and nine months ended September 30, 2021 and 2022. The mobile game user base growth and engagement are primarily driven by the launch of new games and the release of updates of our existing games. We witnessed strong growth in the revenues generated from VAS due to the increasing number of active viewers of our live broadcasting and subscribers of our premium membership program. We also generate advertising revenues from advertisers driven by the size of our user base, the engagement of our users and our brand equity.

We will continue to implement our strategy to grow our DAU base and increase penetration in Generation Z+ and attract users from wider demographics. We will continue to support our content creators, enrich video content, strengthen our brand recognition and invest in high quality user growth.

Our provision and commercialization of diversified product and service offerings

Our revenues and results of operations depend on our ability to convert more users to paying users and to increase their spending on our platform, which is driven by our provision of diversified product and service offerings appealing to our users. Paying users on our platform refer to users who make payments for various products and services on our platform, including purchases in games and payments for VAS (excluding purchases on our e-commerce platform). A user who makes payments across different products and services offered on our platform using the same registered account is counted as one paying user and we add the number of paying users of Maer toward our total paying users without eliminating duplicates. Starting from the second quarter of 2022, we add the number of paying users of smart TVs toward our total paying users without eliminating duplicates.

The following table sets forth our average DAUs, MAUs, our average monthly paying users, and average monthly revenue per paying user for each of the quarters indicated:

	For the Three Months Ended									
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
	(In millions)									
Average DAUs	50.5	53.3	54.0	60.1	62.7	72.1	72.2	79.4	83.5	90.3
Average MAUs	171.6	197.2	202.0	223.3	237.1	267.2	271.7	293.6	305.7	332.6
Average monthly paying users	12.9	15.0	17.9	20.5	20.9	23.9	24.5	27.2	27.5	28.5
	(In RMB)									
Average monthly revenue per paying user	53.8	50.1	44.2	43.4	45.8	46.0	43.4	41.7	38.2	43.1

The number of average monthly paying users has generally been increasing primarily attributable to the popularity of our premium membership program driven by the high-quality content that we offer, the expansion of our mobile games operations, and diversification of other value-added services offerings. The decrease of our average monthly revenue per paying user was mainly due to a substantial increase in the number of paying users attributable to our premium membership program, who on average make lower payments than other paying users such as those for the mobile games. Paying users who subscribe to our premium membership program are likely to consume derivative products of their interested OGV on our platform. For example, while enjoying an anime in our content library, such paying users are also likely to pay for the games developed based on that anime offered on our platform, the same theme of comic books, audio dramas, and figure toys of the characters in the anime. We therefore see large commercial potentials in the derivative content consumptions.

We are continuing to diversify our product and service offerings and refine our commercialization avenues without compromising user experience. We will continue our efforts to enrich our content library and product offerings to convert more users to paying users. We plan to launch more high-quality games to satisfy our users' evolving needs. In addition, we expect to have increased revenues from advertising, as advertisers across different industries are turning to Bilibili to tap into the coveted Generation Z+ in China. We will also continue to develop our live broadcasting and other VAS. Our revenue growth will be affected by our ability to effectively execute our commercialization strategies and expand our paying user base.

Our brand recognition and market leadership

Our brand recognition as a leading video community among the Generation Z+ in China is crucial for us to attract and retain users, content creators and our business partners, and increase our revenues. We will continue to promote our brand name among broader young generations and increase our appeal to mass market.

Our ability to manage our costs and expenses

Our results of operations depend on our ability to manage our costs and expenses. Our cost of revenues consists primarily of revenue-sharing costs, content costs, server and bandwidth service costs and e-commerce and other costs. We expect our revenue-sharing costs to increase in absolute amount due to our business expansion in mobile games, live broadcasting and advertising businesses. We expect our content costs to increase in absolute amount as we continue to produce and procure high-quality content for our users. We will implement additional cost control measures to operate more efficiently, including rationalizing headcount planning and further controlling sales and marketing expenses.

Investment in technology and talents

Our technology is critical for us to better understand our users, improve user experience, maintain a vibrant community, and execute our commercialization strategy. Our current research and development efforts in technology are primarily focused on enhancing our artificial intelligence technology, big data analytics capabilities and cloud technology, which we believe are crucial for us to develop user insights so as to provide more relevant and engaging content to our users and to improve our operating efficiency. In addition, there is a strong demand in China's internet industry for talented and experienced personnel. We must recruit, retain and motivate talented employees while controlling our personnel-related expenses, including share-based compensation expenses.

Impact of COVID-19 on Our Operations and Financial Performance

A substantial majority of our revenues and workforce are concentrated in China. To contain the spread of COVID-19, the Chinese government has taken certain emergency measures, including implementation of travel bans, blockade of certain roads and closure of factories and businesses, encouragement of remote working arrangements and cancellation of public activities. Due to recurrence of COVID-19 outbreaks driven by various COVID-19 variants in certain provinces of China in 2022, including Shanghai, the Chinese government implemented similar emergency measures to contain further spread of COVID-19. However, starting from November 2022, the PRC government has gradually lifted its precautionary measures to curb COVID-19 pandemic.

COVID-19 pandemic and the preventative measures implemented by authorities from time to time to help limit the spread of illness had the following impacts on our business operations in the nine months ended September 30, 2022, among other things, (i) lock-downs disrupted our supply chain, delayed our ability to timely fulfill our e-commerce orders and led to higher fulfillment expenses, (ii) increased the volatility of our customers' demand for our advertising services and their advertising expenditure patterns from period-to-period, (iii) increased the volatility of the size and engagement of our active user base, and caused us to incur higher bandwidth costs, and (iv) led to delays in production and uncertainty in scheduling of content of our licensed content providers, which in turn had a negative impact on our premium membership subscription and the amount of advertising sponsorship received by us.

Throughout the COVID-19 pandemic, we have prioritized the health and safety of our employees by (i) adopting remote working arrangements for our employees in affected regions, (ii) upgrading our telecommuting system, (iii) monitoring our employees' health, and (iv) optimizing our technology system to support potential growth in user traffic. However, the remote working arrangement could reduce the capacity and efficiency of our operations and negatively impact the normal business operations.

We continue to monitor the evolving situation and guidance from government and public health authorities and may take additional actions based on their recommendations. There remains uncertainty around the severity and duration of the COVID-19 pandemic and the measures taken, or may be taken, in response to the COVID-19 pandemic, which will depend on numerous factors, including, among others, the emergence of new cases of COVID-19 and its variants, hospitalization and mortality rates, and the availability and distribution of safe and effective treatments and vaccines. Accordingly, we cannot reasonably estimate the full impact of the COVID-19 pandemic on our business, financial condition and results of operations at this time, which may be material. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face risks related to natural disasters, health epidemics and other outbreaks, such as the COVID-19 pandemic, which could significantly disrupt our operations" in our 2021 Form 20-F.

As of September 30, 2022, we had cash and cash equivalents, time deposits and short-term investments of RMB23.9 billion (US\$3.4 billion). Our principal sources of liquidity have been cash generated from operating activities, as well as the proceeds we received from our public offerings of ordinary shares and other financing activities. We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty.

Key Components of Results of Operations

Net revenues

The following table sets forth the components of our net revenues by amounts and percentages of our total net revenues for the periods presented:

	For the Year Ended						For the Nine Months Ended					
	December 31, 2019		December 31, 2020		December 31, 2021		September 30, 2021		September 30, 2022			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%	
Net revenues:	(in thousands, except for percentages)											
Mobile games	3,597,809	53.1%	4,803,382	40.0%	5,090,926	26.3%	3,795,576	27.9%	3,875,385	544,793	24.6%	
VAS	1,641,043	24.2%	3,845,663	32.0%	6,934,886	35.8%	5,040,368	37.1%	6,365,361	894,828	40.4%	
Advertising	817,016	12.1%	1,842,772	15.4%	4,523,421	23.3%	2,935,805	21.6%	3,553,856	499,593	22.6%	
E-commerce and others	722,054	10.6%	1,507,159	12.6%	2,834,451	14.6%	1,831,152	13.4%	1,962,079	275,825	12.4%	
Total net revenues	6,777,922	100.0%	11,998,976	100.0%	19,383,684	100.0%	13,602,901	100.0%	15,756,681	2,215,039	100.0%	

Mobile games. We primarily offer exclusively distributed mobile games and jointly operated mobile games developed by third-party game developers. For exclusively distributed mobile games, we are responsible for game launch, hosting and maintenance of game servers, game promotions and customer services. We also develop localized versions for games licensed from overseas developers. For jointly operated mobile game services, we provide our mobile game platform for mobile games developed by third-party developers. We earn game distribution service revenue within the applicable contract periods by providing payment solutions and game promotion services, while game developers are responsible for providing game products, hosting and maintaining game servers and determining the pricing of in-game virtual items. As of September 30, 2022, we operated multiple exclusively distributed mobile games, self-developed games, and hundreds of jointly operated mobile games. Our revenues from mobile games depend on the number of paying users, and ultimately are determined by our ability to select, procure and offer engaging games tailored to our platform and our user preferences. We expect revenues from mobile games to fluctuate but remain as an important stream of revenues. At the same time, we expect greater contribution by revenues from other streams of business as we take initiatives to grow our other revenue streams.

VAS. We primarily generate VAS revenues from (i) subscription fees of our premium membership program, which offers paying members benefits including an exclusive or advance access to certain high-quality OGV, and (ii) sales of in-channel virtual items for use in our live broadcasting so that users can send them to hosts to show their support, which comprise of either consumable items, such as gifts and items that create special visual effects, or time-based items, such as privileges and titles. Meanwhile, we also generate revenues from other VAS including sales of paid content and virtual items on our video, audio and comic platforms. We expect revenues from VAS to continue to grow driven by the increasing popularity of our premium membership programs and live broadcasting.

Advertising. We generate advertising revenues primarily from brand advertising, performance-based feed advertisements and native advertisements. Brand advertisements primarily appear on the app opening page, the top banner, the website home page banner and the inline video feed alongside organic feeds. Brand advertisements can also be customized according to advertisers' need and appeared in Bilibili-produced OGV or events. Performance-based advertisements primarily appear as video, picture or text-based feeds alongside with organic feeds, the banner underneath the video-playing frame and in the Story Mode. This format allows us to push personalized feed advertisements to users throughout our platform. Native advertisings are customized according to advertisers' needs, produced by our content creators and embedded naturally in their video creations. As the native advertisements are usually cohesive with the content of our platform, assimilated into the design and consistent with the form of content presentation on our platform, our users tend to view them as regular video content. We expect our advertising revenues to increase in the foreseeable future as we continue to introduce new advertising and marketing solutions and attract more advertisers.

E-commerce and others. Our e-commerce and others primarily consist of sales of products on our e-commerce platform. We expect revenues from e-commerce and others to fluctuate in the foreseeable future but represent as a meaningful stream of revenues.

Cost of revenues

The following table sets forth the components of our cost of revenues by amounts and percentages of cost of revenues for the periods presented:

	For the Year Ended						For the Nine Months Ended					
	December 31, 2019		December 31, 2020		December 31, 2021		September 30, 2021		September 30, 2022			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%	
(in thousands, except for percentages)												
Cost of revenues:												
Revenue-sharing costs	2,494,416	44.6%	4,366,490	47.7%	7,733,330	50.4%	5,304,845	49.8%	6,597,991	927,531	50.1%	
Content costs	1,001,600	17.9%	1,875,546	20.5%	2,694,839	17.6%	1,868,595	17.5%	2,470,806	347,340	18.8%	
Server and bandwidth costs	919,753	16.5%	1,141,257	12.5%	1,565,923	10.2%	1,098,202	10.3%	1,313,571	184,659	10.0%	
E-commerce and others	1,171,904	21.0%	1,775,507	19.3%	3,346,445	21.8%	2,385,914	22.4%	2,774,571	390,043	21.1%	
Total cost of revenues	5,587,673	100%	9,158,800	100.0%	15,340,537	100.0%	10,657,556	100.0%	13,156,939	1,849,573	100.0%	

Revenue-sharing costs consist of fees paid to game developers, distribution channels (app stores) and payment channels, and fees we share with hosts of our live broadcasting and content creators in accordance with our revenue-sharing arrangements. Content costs mainly consist of amortized costs of purchased licensed content from copyright owners or content distributors and our production costs. Server and bandwidth costs are the fees we pay to telecommunication carriers and other service providers for telecommunication services, hosting our servers at their internet data centers, and providing content delivery network and application services. E-commerce and others consist of cost of goods sold associated with our e-commerce business, staff cost, depreciation and others.

Operating expenses

The following table sets forth the components of our operating expenses by amounts and percentages of operating expenses for the periods presented:

	For the Year Ended						For the Nine Months Ended					
	December 31, 2019		December 31, 2020		December 31, 2021		September 30, 2021		September 30, 2022			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%	
(in thousands, except for percentages)												
Operating expenses:												
Sales and marketing expenses	1,198,516	44.6%	3,492,091	58.4%	5,794,853	55.3%	4,033,248	54.7%	3,654,596	513,755	42.3%	
General and administrative expenses	592,497	22.1%	976,082	16.3%	1,837,506	17.6%	1,299,386	17.6%	1,704,327	239,590	19.8%	
Research and development expenses	894,411	33.3%	1,512,966	25.3%	2,839,862	27.1%	2,042,245	27.7%	3,271,561	459,909	37.9%	
Total operating expenses	2,685,424	100%	5,981,139	100.0%	10,472,221	100.0%	7,374,879	100.0%	8,630,484	1,213,254	100.0%	

Sales and marketing expenses. Sales and marketing expenses consist primarily of marketing and promotional expenses, salaries and other compensation-related expenses for our sales and marketing personnel. We will keep implementing our cost control strategy, including to control our sales and marketing expenses more effectively, so as to improve our cost efficiency.

General and administrative expenses. General and administrative expenses consist primarily of salaries and other compensation-related expenses for our general and administrative personnel, professional fees, rental expenses and allowance for doubtful accounts. We will keep implementing our cost control strategy, including to rationalize our headcount, to improve our cost efficiency.

Research and development expenses. Research and development expenses consist primarily of salaries and benefits, including share-based compensation expenses, for research and development personnel dedicated to the development and enhancement of our app/websites and development of online games. We will continue to invest in our research and development, enhance our artificial intelligence technology, big data analytics capabilities, cloud technology and game development capacity, and develop new features and functionalities on our platform. Meanwhile, we will keep implementing our cost control strategy, including to rationalize our headcount, to improve our cost efficiency.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as a percentage of our revenues for the periods presented. This information should be read together with our consolidated financial statements and the related notes in our 2021 Annual Report and our unaudited interim condensed consolidated financial statements and the related notes included in Exhibit 99.1 to our current report on Form 6-K furnished to the SEC on January 9, 2023. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended						For the Nine Months Ended					
	December 31, 2019		December 31, 2020		December 31, 2021		September 30, 2021		September 30, 2022			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%	
	(in thousands, except for percentages)											
Net revenues	6,777,922	100.0%	11,998,976	100.0%	19,383,684	100%	13,602,901	100.0%	15,756,681	2,215,039	100.0%	
Cost of revenues ⁽¹⁾	(5,587,673)	(82.4)%	(9,158,800)	(76.3)%	(15,340,537)	(79.1)%	(10,657,556)	(78.3)%	(13,156,939)	(1,849,573)	(83.5)%	
Gross profit	1,190,249	17.6%	2,840,176	23.7%	4,043,147	20.9%	2,945,345	21.7%	2,599,742	365,466	16.5%	
Operating expenses:												
Sales and marketing expenses ⁽¹⁾	(1,198,516)	(17.7)%	(3,492,091)	(29.1)%	(5,794,853)	(29.9)%	(4,033,248)	(29.6)%	(3,654,596)	(513,755)	(23.2)%	
General and administrative expenses ⁽¹⁾	(592,497)	(8.7)%	(976,082)	(8.1)%	(1,837,506)	(9.5)%	(1,299,386)	(9.6)%	(1,704,327)	(239,590)	(10.8)%	
Research and development expenses ⁽¹⁾	(894,411)	(13.2)%	(1,512,966)	(12.6)%	(2,839,862)	(14.7)%	(2,042,245)	(15.0)%	(3,271,561)	(459,909)	(20.8)%	
Total operating expenses	(2,685,424)	(39.6)%	(5,981,139)	(49.8)%	(10,472,221)	(54.1)%	(7,374,879)	(54.2)%	(8,630,484)	(1,213,254)	(54.8)%	
Loss from operations	(1,495,175)	(22.0)%	(3,140,963)	(26.1)%	(6,429,074)	(33.2)%	(4,429,534)	(32.5)%	(6,030,742)	(847,788)	(38.3)%	
Other income/ (expenses):												
Investment income/ (losses), net (including impairments)	96,610	1.4%	28,203	0.2%	(194,183)	(1.0)%	(100,852)	(0.7)%	(365,670)	(51,405)	(2.3)%	
Interest income	162,782	2.4%	83,301	0.7%	70,367	0.4%	43,784	0.3%	172,745	24,284	1.1%	
Interest expense	(46,543)	(0.7)%	(108,547)	(0.9)%	(155,467)	(0.8)%	(105,370)	(0.8)%	(187,365)	(26,339)	(1.2)%	
Exchange (losses)/gains	(11,789)	(0.2)%	41,717	0.3%	(15,504)	(0.1)%	(19,560)	(0.1)%	(84,393)	(11,864)	(0.5)%	
Others, net	26,412	0.4%	95,641	0.8%	10,411	0.1%	(38,938)	(0.3)%	568,492	79,917	3.6%	

	For the Year Ended						For the Nine Months Ended					
	December 31, 2019		December 31, 2020		December 31, 2021		September 30, 2021		September 30, 2022			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US\$	%	
	(in thousands, except for percentages)											
Loss before tax	(1,267,703)	(18.7)%	(3,000,648)	(25.0)%	(6,713,450)	(34.6)%	(4,650,470)	(34.1)%	(5,926,933)	(833,195)	(37.6)%	
Income tax	(35,867)	(0.5)%	(53,369)	(0.4)%	(95,289)	(0.5)%	(62,502)	(0.5)%	(83,684)	(11,764)	(0.5)%	
Net loss	(1,303,570)	(19.2)%	(3,054,017)	(25.4)%	(6,808,739)	(35.1)%	(4,712,972)	(34.6)%	(6,010,617)	(844,959)	(38.1)%	

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended			For the Nine Months Ended		
	December 31, 2019	December 31, 2020	December 31, 2021	September 30, 2021	September 30, 2022	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Cost of revenues	23,281	37,087	76,232	50,069	54,188	7,618
Sales and marketing expenses	14,269	40,808	53,452	38,195	41,226	5,795
General and administrative expenses	68,497	181,753	553,526	387,857	418,295	58,803
Research and development expenses	66,503	126,250	316,607	216,226	272,179	38,262
Total	172,550	385,898	999,817	692,347	785,888	110,478

Nine months ended September 30, 2021 compared to nine months ended September 30, 2022

Net revenues

Our net revenues increased by 15.8% from RMB13,602.9 million in the nine months ended September 30, 2021 to RMB15,756.7 million (US\$2,215.0 million) in the nine months ended September 30, 2022. Our paying ratio, being the product of dividing average monthly paying user by average MAUs, was 9.0% and 8.9% in the nine months ended September 30, 2021 and 2022, respectively.

Mobile games. Our net revenues from mobile games increased by 2.1% from RMB3,795.6 million in the nine months ended September 30, 2021 to RMB3,875.4 million (US\$544.8 million) in the nine months ended September 30, 2022. This was mainly due to the newly launched mobile games.

VAS. Our net revenues from VAS increased by 26.3% from RMB5,040.4 million in the nine months ended September 30, 2021 to RMB6,365.4 million (US\$894.8 million) in the nine months ended September 30, 2022, mainly attributable to our enhanced monetization efforts, led by increases in the number of paying users for our value-added services including the premium membership program, live broadcasting services and other value-added services.

Advertising. Our net revenues from advertising increased by 21.1% from RMB2,935.8 million in the nine months ended September 30, 2021 to RMB3,553.9 million (US\$499.6 million) in the nine months ended September 30, 2022. This increase was primarily attributable to further recognition of Bilibili's brand name in China's online advertising market, as well as our improved advertising efficiency.

E-commerce and Others. We had RMB1,831.2 million and RMB1,962.1 million (US\$275.8 million) of e-commerce and other net revenues in the nine months ended September 30, 2021 and 2022, respectively. The increase was primarily attributable to the increase in sales of products on our e-commerce platform.

Cost of revenues

Our cost of revenues increased by 23.5% from RMB10,657.6 million in the nine months ended September 30, 2021 to RMB13,156.9 million (US\$1,849.6 million) in the nine months ended September 30, 2022, as all components of cost of revenues increased due to our business growth and the expansion of our user base.

Revenue-sharing costs increased by 24.4% from RMB5,304.8 million in the nine months ended September 30, 2021 to RMB6,598.0 million (US\$927.5 million) in the nine months ended September 30, 2022, primarily due to an increase in payments made to developers of exclusively distributed games, an increase in payments made to hosts of live broadcasting programs and content creators on our platform, and an increase in payments made to distribution channels.

Content costs increased by 32.2% from RMB1,868.6 million in the nine months ended September 30, 2021 to RMB2,470.8 million (US\$347.3 million) in the nine months ended September 30, 2022 as we continued to expand and diversify our content offerings. We procured selected anime, documentaries, TV shows, movies and variety shows to enrich our content library. Our investment in content costs has contributed to the growth in our user base and the number of average monthly paying user for VAS.

Server and bandwidth costs increased by 19.6% from RMB1,098.2 million in the nine months ended September 30, 2021 to RMB1,313.6 million (US\$184.7 million) in the nine months ended September 30, 2022, primarily due to an increase in server and bandwidth capacity to keep pace with the expansion of our user base and the increase in active users, so as to support a massive and continuously increasing volume of data generated and video views on our platform every day.

E-commerce and others increased by 16.3% from RMB2,385.9 million in the nine months ended September 30, 2021 to RMB2,774.6 million (US\$390.0 million) in the nine months ended September 30, 2022, primarily due to an increase in cost of goods sold associated with our e-commerce business. As our user base increased and more users became engaged in interest-based sub-communities, the demand for interest related merchandise also grew, which drove the increase in our revenues from e-commerce. We endeavored to enlarge the types of goods available on our e-commerce platform.

Gross profit

As a result of the foregoing, we had gross profit of RMB2,599.7 million (US\$365.5 million) in the nine months ended September 30, 2022, compared to gross profit of RMB2,945.3 million in the nine months ended September 30, 2021.

Operating expenses

Our total operating expenses increased by 17.0% from RMB7,374.9 million in the nine months ended September 30, 2021 to RMB8,630.5 million (US\$1,213.3 million) in the nine months ended September 30, 2022, as general and administrative expenses, as well as research and development expenses increased due to our business growth and the expansion of our user base, partially offset by the decrease in the sales and marketing expenses.

Sales and marketing expenses. Our sales and marketing expenses decreased by 9.4% from RMB4,033.2 million in the nine months ended September 30, 2021 to RMB3,654.6 million (US\$513.8 million) in the nine months ended September 30, 2022. The decrease was primarily attributable to reduced promotional spending.

General and administrative expenses. Our general and administrative expenses increased by 31.2% from RMB1,299.4 million in the nine months ended September 30, 2021 to RMB1,704.3 million (US\$239.6 million) in the nine months ended September 30, 2022. The increase was primarily attributable to increased headcount in general and administrative personnel and higher rental expenses.

Research and development expenses. Our research and development expenses increased by 60.2% from RMB2,042.2 million in the nine months ended September 30, 2021 to RMB3,271.6 million (US\$459.9 million) in the nine months ended September 30, 2022, primarily due to increased headcount in research and development personnel and depreciation expenses of server and equipment.

Loss from operations

As a result of the foregoing, we incurred loss from operations of RMB6,030.7 million (US\$847.8 million) in the nine months ended September 30, 2022, compared to loss from operations of RMB4,429.5 million in the nine months ended September 30, 2021.

Other income/(expenses)

Investment income/(losses), net (including impairments). Net investment income/(losses), net (including impairments) primarily includes return earned on financial products issued by banks and other financial institutions, return from investments in money market funds, and the fair value change of investments. We had net investment loss of RMB100.9 million and RMB365.7 million (US\$51.4 million) in the nine months ended September 30, 2021 and 2022, respectively.

Interest income. Interest income primarily represents interest earned on cash and cash equivalents and time deposits. We had interest income of RMB43.8 million and RMB172.7 million (US\$24.3 million) in the nine months ended September 30, 2021 and 2022, respectively.

Interest expense. Interest expense primarily represents interest payment and amortized issuance costs related to long-term debt. We had interest expense of RMB187.4 million (US\$26.3 million) in the nine months ended September 30, 2022, primarily attributable to our 0.50% convertible senior notes due December 2026 (the “December 2026 Notes”) issued in November 2021, our 1.25% convertible senior notes due 2027 (the “2027 Notes”) issued in June 2020 and our 1.375% convertible senior notes due April 2026 (the “April 2026 Notes”) issued in April 2019. We had interest expense of RMB105.4 million in the nine months ended September 30, 2021, primarily attributable to interest expense related to our 2027 Notes issued and our April 2026 Notes.

Others, net. Others, net was RMB568.5 million (US\$79.9 million) in the nine months ended September 30, 2022 compared with a negative RMB38.9 million in the same period of 2021. The increase was primarily attributable to gains of RMB475.8 million resulted from the repurchase of convertible senior notes.

Income tax

We recorded income tax of RMB83.7 million (US\$11.8 million) in the nine months ended September 30, 2022, compared to RMB62.5 million in the nine months ended September 30, 2021.

Net loss

As a result of the foregoing, we incurred net loss of RMB6,010.6 million (US\$845.0 million) in the nine months ended September 30, 2022, compared to net loss of RMB4,713.0 million in the nine months ended September 30, 2021.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended			For the Nine Months Ended		
	December 31, 2019	December 31, 2020	December 31, 2021	September 30, 2021	September 30, 2022	
	RMB	RMB	RMB	RMB	RMB	US\$
(in thousands)						
Summary Consolidated Statements of Cash Flows Data:						
Net cash provided by / (used in) operating activities	194,551	753,103	(2,647,008)	(2,024,278)	(3,204,114)	(450,425)
Net cash (used in) / provided by investing activities	(3,958,277)	(8,906,821)	(24,578,111)	(12,094,503)	2,387,228	335,591
Net cash provided by / (used in) financing activities	5,078,842	8,335,419	30,389,152	20,051,892	(1,566,552)	(220,223)
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	107,513	(466,252)	(319,034)	(140,983)	326,445	45,889

	For the Year Ended			For the Nine Months Ended		
	December	December	December	September	September	
	31, 2019	31, 2020	31, 2021	30, 2021	30, 2022	US\$
	RMB	RMB	RMB	RMB	RMB	

(in thousands)

Summary Consolidated Statements of Cash Flows Data:

Net increase/(decrease) in cash and cash equivalents	1,422,629	(284,551)	2,844,999	5,792,128	(2,056,993)	(289,168)
Cash and cash equivalents at beginning of the year/period	3,540,031	4,962,660	4,678,109	4,678,109	7,523,108	1,057,582
Cash and cash equivalents at end of the year/period	4,962,660	4,678,109	7,523,108	10,470,237	5,466,115	768,414

As of December 31, 2019, 2020 and 2021, our cash and cash equivalents were RMB4,962.7 million, RMB4,678.1 million and RMB7,523.1 million, respectively. As of September 30, 2022, our cash and cash equivalents were RMB5,466.1 million (US\$768.4 million). Our cash and cash equivalents primarily consist of cash on hand, demand deposits placed with large reputable banks in the United States and China, and highly liquid investments that are readily convertible to known amounts of cash and with original terms of three months or less. We entered into several one-year revolving loan facilities provided by certain financial institutions with an aggregate principal amount of RMB1,410.0 million (US\$198.2 million) as of September 30, 2022. We have utilized RMB892.5 million (US\$125.5 million) of such loan facilities as of September 30, 2022.

Our principal sources of liquidity had been cash generated from operating activities (from 2019 to 2020), as well as the proceeds we received from our public offerings of ordinary shares, our offerings of convertible senior notes and other financing activities in the past three years and during the nine months ended September 30, 2022.

- In April 2019, we concurrently issued the April 2026 Notes and completed a registered offering of 14,173,813 ADSs at a price of US\$18.00 per ADS. We raised from foregoing concurrent offerings a total of US\$733.9 million in net proceeds after deducting commissions and offering expenses.
- In April 2020, we issued 17,310,696 Class Z ordinary shares to Sony Corporation of America for its investment of US\$399.4 million in cash after deducting transaction expenses.
- In June 2020, we issued the 2027 Notes, from which we raised US\$786.1 million after deducting commissions and offering expenses.
- In March and April 2021, in connection with our Hong Kong secondary listing, we issued 28,750,000 Class Z ordinary shares (including over-allotment of an aggregate of 3,750,000 Class Z ordinary shares in April 2021), consisting of an international offering of 28,000,000 Class Z ordinary shares and a Hong Kong public offering of 750,000 Class Z ordinary shares. We raised from such global offering approximately HK\$22.9 billion, after deducting underwriting expenses and other offering expenses.
- In November 2021, we issued the December 2026 Notes, from which we raised US\$1,576.6 million after deducting commissions and offering expenses.
- As of September 30, 2022, we 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). In the fourth quarter of 2022, we repurchased an aggregate principal amount of US\$54.0 million (RMB385.7 million) of 2027 Notes for a total cash consideration of US\$49.3 million (RMB352.0 million) and an aggregate principal amount of US\$492.9 million (RMB3.4 billion) of December 2026 Notes for a total cash consideration of US\$370.9 million (RMB2.6 billion).
- As of the date hereof, an aggregate principal amount of US\$429.3 million, US\$831.7 million and US\$746.0 million of our April 2026 Notes, December 2026 Notes, and 2027 Notes, respectively, remained outstanding.
- As of September 30, 2022, we had cash and cash equivalents, time deposits and short-term investments of RMB23.9 billion (US\$3.4 billion).

We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures for at least the next 12 months. However, we may enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Operating activities

Net cash used in operating activities in the nine months ended September 30, 2022 was RMB3,204.1 million (US\$450.4 million), as compared to net loss of RMB6,010.6 million (US\$845.0 million) in the same period. The difference was primarily due to an increase of RMB506.4 million (US\$71.2 million) in prepayments and other assets, an increase of RMB462.2 million (US\$65.0 million) in other long-term assets and a decrease of RMB549.2 million (US\$77.2 million) in accrued liabilities and other payables, partially offset by an increase of RMB 412.9 million (US\$58.0 million) in accounts payable, an increase of RMB207.7 million (US\$29.2 million) in deferred revenue and an increase of RMB288.1 million (US\$40.5 million) in other long-term liabilities. The changes in working capital were attributable to our business expansion, particularly, the expansion of VAS offerings and advertising operations. The principal non-cash items affecting the difference between our net loss and our net cash used in operating activities in the nine months ended September 30, 2022 were RMB2,493.2 million (US\$350.5 million) in depreciation and amortization of property and equipment and intangible assets, and RMB785.9 million (US\$110.5 million) in share-based compensation expenses.

Investing activities

Net cash provided by investing activities in the nine months ended September 30, 2022 was RMB2,387.2 million (US\$335.6 million), primarily due to proceeds from maturities of short term investments of RMB73.1 billion (US\$10.3 billion) and maturity of time deposits of RMB6.3 billion (US\$880.4 million), partially offset by purchase of short-term investments of RMB63.5 billion (US\$8.9 billion), placements of time deposits of RMB9.5 billion (US\$1.3 billion), purchase of intangible assets of RMB1.5 billion (US\$211.3 million), which primarily consist of licensed copyrights of video content, cash paid for long-term investments including loans of RMB1.4 billion (US\$199.8 million), and cash consideration paid for purchase of subsidiaries, net of cash acquired of RMB1.1 billion (US\$158.6 million).

Financing activities

Net cash used in financing activities in the nine months ended September 30, 2022 was RMB1,566.6 million (US\$220.2 million), primarily attributable to repurchase of convertible senior notes of RMB1.3 billion (US\$178.7 million) and repurchase of our ADSs of RMB347.6 million (US\$48.9 million).

Material cash requirements

Our material cash requirements as of September 30, 2022 primarily include our capital expenditures, operating lease commitments, convertible senior notes obligations, and purchase obligations.

We intend to fund our existing and future material cash requirements with our existing cash balance and other financing alternatives. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

Capital expenditures

Our capital expenditures are primarily incurred for purchases of intangible assets and property and equipment. Our capital expenditures were RMB2,219.3 million (US\$312.0 million) in the nine months ended September 30, 2022. Purchases of intangible assets, which primarily consist of licensed copyrights of video content, accounted for 67.7% of our total capital expenditures in the nine months ended September 30, 2022.

Operating lease commitments

Our operating lease commitments consist of the commitments under the lease agreements for our office premises. As of September 30, 2022, the amount of total future lease payments under operating leases, whose weighted average remaining lease term is 3.6 years, was RMB830.7 million (US\$116.8 million), of which RMB258.6 million (US\$36.4 million) is short-term.

Convertible senior notes obligations

Our convertible senior notes obligations consist of the principal amount and cash interests in connection with our April 2026 Notes, 2027 Notes and December 2026 Notes.

In 2021, holders of April 2026 Notes converted in aggregate of US\$70.6 million principal amount, and we issued 2,854,253 ADSs to the relevant holders accordingly. In 2021, holders of 2027 Notes converted in aggregate of US\$1,000 principal amount, and we issued 24 ADSs to the relevant holders accordingly. In December 2022, holders of April 2026 Notes converted in aggregate of US\$14 thousand principal amount, and we issued 565 ADSs to the relevant holders accordingly. The balance of the notes converted were derecognized and recorded as ordinary shares and additional paid-in capital.

As of September 30, 2022, we 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) and in the fourth quarter of 2022, we repurchased an aggregate principal amount of US\$54.0 million (RMB385.7 million) of 2027 Notes for a total cash consideration of US\$49.3 million (RMB352.0 million) and an aggregate principal amount of US\$492.9 million (RMB3.4 billion) of December 2026 Notes for a total cash consideration of US\$370.9 million (RMB2.6 billion).

As of September 30, 2022, the principal amount of April 2026 Notes was RMB3,048.3 million (US\$429.4 million), the principal amount of 2027 Notes was RMB5,679.8 million (US\$800.0 million), and the principal amount of December 2026 Notes was RMB9,404.4 million (US\$1,324.6 million). The effective interest rates of April 2026 Notes, 2027 Notes and December 2026 Notes were 1.74%, 1.52% and 0.80%, respectively.

As of September 30, 2022, RMB18.6 billion (US\$2.6 billion) in aggregate principal amount and interest expenses related to April 2026 Notes, 2027 Notes and December 2026 Notes are expected to be repaid, unless earlier converted, redeemed or repurchased.

Purchase obligation

Our purchase obligation consists of the commitment under the contract signed in September 2020 to purchase the three-year license for live broadcasting the League of Legends World Championship in China starting from 2020 at an aggregate purchase price of RMB800 million (US\$112.5 million). The unpaid purchase price was RMB105.0 million (US\$14.8 million) as of September 30, 2022.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have retained or contingent interests in assets transferred. We have not entered into contractual arrangements that support the credit, liquidity or market risk for transferred assets. We do not have obligations that arise or could arise from variable interests held in an unconsolidated entity, or obligations related to derivative instruments that are both indexed to and classified in our own equity, or not reflected in the statement of financial position.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of September 30, 2022.