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Under our weighted voting rights structure, our share capital comprises Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote, and each Class B ordinary share entitles the holder to exercise 10 votes, respectively, on all matters subject to the vote at general meetings of the Company. Shareholders and prospective investors should be aware of the potential risks of investing in a company with a weighted voting rights structure. Our American depositary shares, each representing eight of our Class A ordinary shares, are listed on Nasdaq in the United States under the symbol BIDU.



Baidu, Inc.

百度集團股份有限公司

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

(Stock Codes: 9888 (HKD counter) and 89888 (RMB counter))

ANNOUNCEMENT OF THE 2025 SECOND QUARTER RESULTS

We hereby announce our results for the second quarter of 2025, which contains unaudited financial results for the three months and six months ended June 30, 2025 (“**2025 Second Quarter Results**”). This results announcement is also provided to shareholders as our interim report for 2025 under Rule 13.48(1) of the Listing Rules. The 2025 Second Quarter Results are available for viewing on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and our website at <https://ir.baidu.com>.

By order of the Board
Baidu, Inc.
Mr. Robin Yanhong Li
*Chairman of the Board
and Chief Executive Officer*

Hong Kong, August 20, 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Robin Yanhong Li as director, and Mr. James Ding, Mr. Yuanqing Yang, Mr. Jixun Foo, Ms. Sandy Ran Xu and Ms. Xiaodan Liu as independent directors.

Baidu Announces Second Quarter 2025 Results

BEIJING, China, Aug 20, 2025 — Baidu, Inc. (NASDAQ: BIDU and HKEX: 9888 (HKD Counter) and 89888 (RMB Counter)), (“**Baidu**” or the “**Company**”), a leading AI company with strong Internet foundation, today announced its unaudited financial results for the second quarter ended June 30, 2025.

“In the second quarter, our AI Cloud business continued to deliver robust and healthy revenue growth, supported by our strengthening full-stack AI capabilities and comprehensive end-to-end AI products and solutions. This performance helped mitigate the near-term pressure on online marketing business, as we intensified the AI transformation of Baidu Search to elevate user experience and establish a stronger foundation for long-term growth. Apollo Go accelerated global expansion while actively exploring new business models, underscored by our leadership in both left-hand drive and right-hand drive robotaxi markets globally,” said Robin Li, Co-founder and CEO of Baidu. “We remain focused on AI initiatives that offer the greatest long-term value creation potential, where our technology and innovation can make the most meaningful and lasting impact.”

“In Q2, mainly propelled by new AI initiatives, Baidu Core’s non-online marketing revenue exceeded RMB10 billion for the first time, delivering 34% year-over-year growth and marking a more balanced, diversified mix,” said Haijian He, CFO of Baidu. “We remain committed to our AI investments, focusing on advancing AI transformation across the Mobile Ecosystem, sustaining healthy growth momentum in AI Cloud, and accelerating Apollo Go’s global expansion. While navigating near-term challenges, we believe these strategic priorities will drive significant long-term value.”

Second Quarter 2025 Financial Highlights¹

(In millions except per ADS, unaudited)	Baidu, Inc.					
	Q2	Q1	Q2 2025		YOY	QOQ
	2024	2025	RMB	US\$		
	RMB	RMB	RMB	US\$		
Total revenues	33,931	32,452	32,713	4,567	(4%)	1%
Operating income	5,944	4,508	3,277	457	(45%)	(27%)
Operating income (non-GAAP)²	7,500	5,333	4,445	620	(41%)	(17%)
Net income to Baidu	5,488	7,717	7,322	1,022	33%	(5%)
Net income to Baidu (non-GAAP)²	7,396	6,469	4,795	669	(35%)	(26%)
Diluted earnings per ADS	15.01	21.59	20.35	2.84	36%	(6%)
Diluted earnings per ADS (non-GAAP)²	21.02	18.54	13.58	1.90	(35%)	(27%)
Adjusted EBITDA²	9,147	7,209	6,492	906	(29%)	(10%)
Adjusted EBITDA margin	27%	22%	20%	20%		

¹ Unless otherwise noted, RMB to USD was converted at an exchange rate of RMB7.1636 as of June 30, 2025, as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. Translations are provided solely for the convenience of the reader.

² Non-GAAP measures are defined in the Non-GAAP Financial Measures section (see also “Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures” for more details).

(In millions, unaudited)	Baidu Core					
	Q2	Q1	Q2 2025		YOY	QOQ
	2024	2025				
	RMB	RMB	RMB	US\$		
Total revenues	26,687	25,463	26,251	3,664	(2%)	3%
Operating income	5,608	4,164	3,322	464	(41%)	(20%)
Operating income (non-GAAP)²	7,005	4,872	4,385	612	(37%)	(10%)
Net income to Baidu Core	5,462	7,633	7,382	1,030	35%	(3%)
Net income to Baidu Core (non-GAAP)²	7,290	6,330	4,792	669	(34%)	(24%)
Adjusted EBITDA²	8,617	6,712	6,397	893	(26%)	(5%)
Adjusted EBITDA margin	32%	26%	24%	24%		

Operational Highlights

Corporate

- Baidu open-sourced the ERNIE 4.5 series, its latest and most advanced family of foundation models comprising ten models of different architectures and sizes, in June 2025. The ERNIE 4.5 series delivers strong performance particularly in instruction following, world knowledge memorization, and visual understanding.
- Baidu has returned US\$677 million to shareholders since the beginning of Q1 2025, bringing the cumulative repurchase to US\$2.3 billion under the 2023 share repurchase program.
- Baidu launched MuseSteamer, its proprietary video generation model in July 2025.

AI Cloud

- Baidu AI Cloud was ranked the No. 1 AI cloud provider for the sixth consecutive year, according to IDC's 2024 report on China's AI public cloud market, issued in July 2025.
- Qianfan, Baidu's MaaS platform, expanded its model library with the open-sourced ERNIE 4.5 series and additional third-party models, while integrating more AI tools and functions to better support AI-native application development.

Intelligent Driving

- Apollo Go, Baidu's autonomous ride-hailing service, provided over 2.2 million fully driverless rides in the second quarter of 2025, representing a 148% year-over-year increase. As of August 2025, the cumulative rides provided to the public by Apollo Go surpassed 14 million.
- Apollo Go entered into a multi-year strategic partnership with Uber Technologies, Inc. in July 2025 to deploy thousands of Apollo Go's fully autonomous vehicles on the Uber platform across multiple international markets, with initial deployments planned for Asia and the Middle East.
- Apollo Go entered into a strategic partnership with Lyft, Inc. in August 2025 to deploy Apollo Go's fully autonomous vehicles across key European markets through the Lyft platform, starting with Germany and the United Kingdom and scaling to thousands of vehicles across Europe.
- Apollo Go expanded its open-road testing area in Hong Kong to Tung Chung residential areas in June 2025, and to the Southern District in August.
- Apollo Go commenced open-road testing in designated areas in both Dubai and Abu Dhabi in August 2025.
- Apollo Go's global footprint covered 16 cities as of June 2025.

Mobile Ecosystem

- The AI transformation of Baidu Search accelerated rapidly. By the end of June, over 50% of mobile search result pages contained AI-generated content, up from 35% in April. By July, 64% of mobile search result pages contained AI-generated content, with traditional link-based results progressively replaced by structured, intelligent and multimodal-first AI answers.
- In June 2025, Baidu App's MAUs reached 735 million, up 5% year over year.
- Managed Page accounted for 50% of Baidu Core's online marketing revenue in the second quarter of 2025.

Second Quarter 2025 Financial Results

Total revenues were RMB32.7 billion (\$4.57 billion), decreasing 4% year over year.

- **Revenue from Baidu Core** was RMB26.3 billion (\$3.66 billion), decreasing 2% year over year; **online marketing revenue** was RMB16.2 billion (\$2.27 billion), decreasing 15% year over year, and **non-online marketing revenue** was RMB10.0 billion (\$1.40 billion), up 34% year over year, primarily driven by the boost of AI Cloud business.
- **Revenue from iQIYI** was RMB6.6 billion (\$926 million), decreasing 11% year over year.

Cost of revenues was RMB18.4 billion (\$2.56 billion), increasing 12% year over year, primarily due to an increase in costs related to AI Cloud business and content costs.

Selling, general and administrative expenses were RMB6.0 billion (\$832 million), increasing 5% year over year, primarily due to an increase in channel spending expenses, partially offset by a decrease in personnel-related expenses.

Research and development expenses were RMB5.1 billion (\$715 million), decreasing 13% year over year, primarily due to a decrease in personnel-related expenses.

Operating income was RMB3.3 billion (\$457 million). **Baidu Core operating income** was RMB3.3 billion (\$464 million), and **Baidu Core operating margin** was 13%. **Non-GAAP operating income** was RMB4.4 billion (\$620 million). **Non-GAAP Baidu Core operating income** was RMB4.4 billion (\$612 million), and **non-GAAP Baidu Core operating margin** was 17%.

Total other income, net was RMB4.9 billion (\$678 million), increasing 531% year over year, primarily due to an increase in fair value gain and pickup of earnings from long-term investments, partially offset by an increase in net foreign exchange loss arising from exchange rate fluctuation between Renminbi and U.S. dollar.

Income tax expense was RMB881 million (\$123 million), compared to RMB1.1 billion in the same period last year.

Net income attributable to Baidu was RMB7.3 billion (\$1.02 billion), and diluted earnings per ADS was RMB20.35 (\$2.84). **Net income attributable to Baidu Core** was RMB7.4 billion (\$1.03 billion), and **net margin for Baidu Core** was 28%. **Non-GAAP net income attributable to Baidu** was RMB4.8 billion (\$669 million). **Non-GAAP diluted earnings per ADS** was RMB13.58 (\$1.90). **Non-GAAP net income attributable to Baidu Core** was RMB4.8 billion (\$669 million), and **non-GAAP net margin for Baidu Core** was 18%.

Adjusted EBITDA was RMB6.5 billion (\$906 million) and **adjusted EBITDA margin** was 20%. **Adjusted EBITDA for Baidu Core** was RMB6.4 billion (\$893 million) and **adjusted EBITDA margin for Baidu Core** was 24%.

As of June 30, 2025, **cash, cash equivalents, restricted cash and short-term investments** were RMB124.2 billion (\$17.34 billion), and **cash, cash equivalents, restricted cash and short-term investments excluding iQIYI** were RMB119.9 billion (\$16.74 billion). As of June 30, 2025, **cash, cash equivalents, short-term investments and long-term time deposits and held-to-maturity investments for Baidu Core** were RMB229.7 billion (\$32.07 billion). **Free cash flow** was negative RMB4.7 billion (negative \$653 million), and **free cash flow excluding iQIYI** was negative RMB4.6 billion (negative \$648 million), primarily due to an increase of investment in AI business. We define net cash position as total cash, cash equivalents, restricted cash, short-term investments, net, long-term time deposits and held-to-maturity investments, and others, less total loans, convertible senior notes, and notes payable. As of June 30, 2025, **net cash position for Baidu** was RMB155.1 billion (\$21.66 billion).

Conference Call Information

Baidu's management will hold an earnings conference call at 8.00 AM on Aug 20, 2025, U.S. Eastern Time (8.00 PM on Aug 20, 2025, Beijing Time).

Please register in advance of the conference call using the link provided below. It will automatically direct you to the registration page of "Baidu Inc. Q2 2025 Earnings Conference Call". Please follow the steps to enter your registration details, then click "Register". Upon registering, you will then be provided with the dial-in number, the passcode, and your unique access PIN. This information will also be emailed to you as a calendar invite.

For pre-registration, please click:

<https://s1.c-conf.com/diamondpass/10049043-p7skv7.html>

In the 10 minutes prior to the call start time, you may use the conference access information (including dial-in number(s), the passcode and unique access PIN) provided in the calendar invite that you have received following your pre-registration.

Additionally, a live and archived webcast of this conference call will be available at <https://ir.baidu.com>.

About Baidu

Founded in 2000, Baidu's mission is to make the complicated world simpler through technology. Baidu is a leading AI company with strong Internet foundation, trading on NASDAQ under "BIDU" and HKEX under "9888". One Baidu ADS represents eight Class A ordinary shares.

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Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident” and similar statements. Among other things, Baidu’s and other parties’ strategic and operational plans, contain forward-looking statements. Baidu may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in announcements made on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including but not limited to statements about Baidu’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Baidu’s growth strategies; its future business development, including development of new products and services; its ability to attract and retain users and customers; competition in the Chinese Internet search and newsfeed market; competition for online marketing customers; changes in the Company’s revenues and certain cost or expense items as a percentage of its revenues; the outcome of ongoing, or any future, litigation or arbitration, including those relating to intellectual property rights; the expected growth of the Chinese-language Internet search and newsfeed market and the number of Internet and broadband users in China; Chinese governmental policies relating to the Internet and Internet search providers, and general economic conditions in China and elsewhere. Further information regarding these and other risks is included in the Company’s annual report on Form 20-F and other documents filed with the Securities and Exchange Commission, and announcements on the website of the Hong Kong Stock Exchange. Baidu does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of the press release, and Baidu undertakes no duty to update such information, except as required under applicable law.

Non-GAAP Financial Measures

To supplement Baidu’s consolidated financial results presented in accordance with GAAP, Baidu uses the following non-GAAP financial measures: non-GAAP operating income, non-GAAP operating margin, non-GAAP net income attributable to Baidu, non-GAAP net margin, non-GAAP diluted earnings per ADS, adjusted EBITDA, adjusted EBITDA margin and free cash flow. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

Baidu believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding certain items that may not be indicative of its recurring core business operating results, such as operating performance excluding non-cash charges or non-operating in nature. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate management's internal comparisons to Baidu's historical performance and liquidity. The Company believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using these non-GAAP financial measures is that these non-GAAP measures exclude certain items that have been and will continue to be for the foreseeable future a significant component in the Company's results of operations. These non-GAAP financial measures presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to the Company's data.

Non-GAAP operating income represents operating income excluding share-based compensation expenses, and amortization and impairment of intangible assets resulting from business combinations.

Non-GAAP net income attributable to Baidu represents net income attributable to Baidu excluding share-based compensation expenses, amortization and impairment of intangible assets resulting from business combinations, disposal gain or loss, impairment of long-term investments, and fair value gain or loss of long-term investments and exchangeable bonds, adjusted for related income tax effects. Baidu's share of equity method investments for these non-GAAP reconciling items, amortization and impairment of intangible assets not on the investees' books, accretion of their redeemable non-controlling interests, and the gain or loss associated with the issuance of shares by the investees at a price higher or lower than the carrying value per share, adjusted for related income tax effects, are also excluded.

Non-GAAP diluted earnings per ADS represents diluted earnings per ADS calculated by dividing non-GAAP net income attributable to Baidu, by the weighted average number of ordinary shares expressed in ADS. Adjusted EBITDA represents operating income excluding depreciation, amortization and impairment of intangible assets resulting from business combinations, and share-based compensation expenses.

For more information on non-GAAP financial measures, please see the tables captioned "Reconciliations of non-GAAP financial measures to the nearest comparable GAAP measure."

Baidu, Inc.**Condensed Consolidated Statements of Income**

(In millions except for per share (or ADS) information, unaudited)

	Three Months Ended				Six Months Ended		
	June 30,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2024	2025	2025	2025	2024	2025	2025
	RMB	RMB	RMB	US\$ ⁽²⁾	RMB	RMB	US\$ ⁽²⁾
Revenues:							
Online marketing services	20,625	17,306	17,485	2,441	39,115	34,791	4,857
Others	13,306	15,146	15,228	2,126	26,329	30,374	4,240
Total revenues	33,931	32,452	32,713	4,567	65,444	65,165	9,097
Costs and expenses:							
Cost of revenues ⁽¹⁾	16,398	17,487	18,357	2,563	31,689	35,844	5,004
Selling, general and administrative ⁽¹⁾	5,700	5,913	5,960	832	11,075	11,873	1,657
Research and development ⁽¹⁾	5,889	4,544	5,119	715	11,252	9,663	1,349
Total costs and expenses	27,987	27,944	29,436	4,110	54,016	57,380	8,010
Operating income	5,944	4,508	3,277	457	11,428	7,785	1,087
Other income:							
Interest income	1,993	2,664	1,957	273	4,084	4,621	645
Interest expense	(742)	(801)	(701)	(98)	(1,508)	(1,502)	(210)
Foreign exchange gain (loss), net	93	(210)	(621)	(87)	494	(831)	(116)
Share of (losses) earnings from equity method investments	(119)	574	694	97	(324)	1,268	177
Others, net	(454)	2,260	3,534	493	(729)	5,794	809
Total other income, net	771	4,487	4,863	678	2,017	9,350	1,305
Income before income taxes	6,715	8,995	8,140	1,135	13,445	17,135	2,392
Income tax expense	1,131	1,177	881	123	2,014	2,058	287
Net income	5,584	7,818	7,259	1,012	11,431	15,077	2,105
Net income (loss) attributable to noncontrolling interests	96	101	(63)	(10)	495	38	5
Net income attributable to Baidu	5,488	7,717	7,322	1,022	10,936	15,039	2,100

	Three Months Ended				Six Months Ended		
	June 30,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2024	2025	2025	2025	2024	2025	2025
	RMB	RMB	RMB	US\$ ⁽²⁾	RMB	RMB	US\$ ⁽²⁾
Earnings per ADS (1 ADS representing 8 Class A ordinary shares):							
— Basic	15.11	21.86	20.90	2.92	30.12	42.76	5.97
— Diluted	15.01	21.59	20.35	2.84	29.98	41.95	5.86
Earnings per share for Class A and Class B ordinary shares:							
— Basic	1.89	2.73	2.61	0.36	3.77	5.35	0.75
— Diluted	1.88	2.70	2.54	0.35	3.74	5.24	0.73
Weighted average number of Class A and Class B ordinary shares outstanding (in millions):							
— Basic	2,796	2,751	2,720	2,720	2,800	2,735	2,735
— Diluted	2,804	2,762	2,730	2,730	2,810	2,746	2,746

(1) Includes share-based compensation expenses as follows:

Cost of revenues	146	77	120	17	254	197	28
Selling, general and administrative	385	313	276	38	802	589	82
Research and development	981	361	685	96	1,599	1,046	146
Total share-based compensation expenses	1,512	751	1,081	151	2,655	1,832	256

(2) All translations from RMB to U.S. dollars are made at a rate of RMB7.1636 to US\$1.00, the exchange rate in effect as of June 30, 2025 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System.

Baidu, Inc.
Condensed Consolidated Balance Sheets
(In millions, unaudited)

	December 31, 2024	June 30, 2025	June 30, 2025
	RMB	RMB	US\$
ASSETS			
Current assets:			
Cash and cash equivalents	24,832	29,940	4,179
Restricted cash	11,697	320	45
Short-term investments, net	102,608	93,926	13,112
Accounts receivable, net	10,104	11,568	1,615
Amounts due from related parties	790	758	106
Other current assets, net	18,818	20,706	2,890
Total current assets	168,849	157,218	21,947
Non-current assets:			
Fixed assets, net	30,102	32,456	4,531
Licensed copyrights, net	6,930	6,670	931
Produced content, net	14,695	14,468	2,020
Intangible assets, net	772	3,266	456
Goodwill	22,586	37,637	5,254
Long-term investments, net	41,721	45,103	6,296
Long-term time deposits and held-to-maturity investments	98,535	110,123	15,373
Amounts due from related parties	137	119	17
Deferred tax assets, net	2,193	2,352	328
Operating lease right-of-use assets	10,898	10,682	1,491
Receivables related to the proposed acquisition of YY Live, net	13,547	—	—
Other non-current assets	16,815	30,475	4,253
Total non-current assets	258,931	293,351	40,950
Total assets	427,780	450,569	62,897

	December 31, 2024	June 30, 2025	June 30, 2025
	RMB	RMB	US\$
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY			
Current liabilities:			
Short-term loans	10,669	7,048	984
Accounts payable and accrued liabilities	41,443	38,208	5,334
Customer deposits and deferred revenue	14,624	13,142	1,835
Deferred income	684	490	68
Long-term loans, current portion	168	15,022	2,097
Convertible senior notes, current portion	242	1,484	207
Notes payable, current portion	8,026	4,653	650
Amounts due to related parties	1,794	1,636	228
Operating lease liabilities	3,303	3,442	480
Total current liabilities	80,953	85,125	11,883
Non-current liabilities:			
Deferred income	231	194	27
Deferred revenue	585	663	93
Amounts due to related parties	56	46	6
Long-term loans	15,596	2,300	321
Notes payable	27,996	46,512	6,493
Convertible senior notes	8,351	6,739	941
Deferred tax liabilities	3,870	4,196	586
Operating lease liabilities	4,973	4,643	648
Other non-current liabilities	1,557	2,239	312
Total non-current liabilities	63,215	67,532	9,427
Total liabilities	144,168	152,657	21,310
Redeemable noncontrolling interests	9,870	12,652	1,766
Equity			
Total Baidu shareholders' equity	263,620	275,057	38,396
Noncontrolling interests	10,122	10,203	1,425
Total equity	273,742	285,260	39,821
Total liabilities, redeemable noncontrolling interests, and equity	427,780	450,569	62,897

Baidu, Inc.
Selected Information
(In millions, unaudited)

	Three months ended June 30, 2024 (RMB)				Three months ended March 31, 2025 (RMB)				Three months ended June 30, 2025 (RMB)				Three months ended June 30, 2025 (US\$)			
	Baidu Core	iQIYI	Elim & adj ⁽²⁾	Baidu, Inc.	Baidu Core	iQIYI	Elim & adj ⁽²⁾	Baidu, Inc.	Baidu Core	iQIYI	Elim & adj ⁽²⁾	Baidu, Inc.	Baidu Core	iQIYI	Elim & adj ⁽²⁾	Baidu, Inc.
Total revenues	26,687	7,439	(195)	33,931	25,463	7,186	(197)	32,452	26,251	6,628	(166)	32,713	3,664	926	(23)	4,567
<i>YOY</i>									(2%)	(11%)		(4%)				
<i>QOQ</i>									3%	(8%)		1%				
Costs and expenses:																
Cost of revenues ⁽¹⁾	10,888	5,678	(168)	16,398	12,246	5,406	(165)	17,487	13,214	5,292	(149)	18,357	1,844	739	(20)	2,563
Selling, general and administrative ⁽¹⁾	4,751	970	(21)	5,700	4,921	1,026	(34)	5,913	5,018	960	(18)	5,960	700	134	(2)	832
Research and development ⁽¹⁾	5,440	449	—	5,889	4,132	412	—	4,544	4,697	422	—	5,119	656	59	—	715
Total costs and expenses	21,079	7,097	(189)	27,987	21,299	6,844	(199)	27,944	22,929	6,674	(167)	29,436	3,200	932	(22)	4,110
<i>YOY</i>																
<i>Cost of revenues</i>									21%	(7%)		12%				
<i>Selling, general and administrative</i>									6%	(1%)		5%				
<i>Research and development</i>									(14%)	(6%)		(13%)				
<i>Costs and expenses</i>									9%	(6%)		5%				
Operating income (loss)	5,608	342	(6)	5,944	4,164	342	2	4,508	3,322	(46)	1	3,277	464	(6)	(1)	457
<i>YOY</i>									(41%)	—		(45%)				
<i>QOQ</i>									(20%)	—		(27%)				
<i>Operating margin</i>	21%	5%		18%	16%	5%		14%	13%	(1%)		10%				
Add: total other income (loss), net	1,011	(240)	—	771	4,602	(115)	—	4,487	4,925	(62)	—	4,863	687	(9)	—	678
Less: income tax expense	1,105	26	—	1,131	1,136	41	—	1,177	854	27	—	881	119	4	—	123
Less: net income (loss) attributable to NCI	52	7	37 ⁽³⁾	96	(3)	4	100 ⁽³⁾	101	11	(1)	(73) ⁽³⁾	(63)	2	—	(12) ⁽³⁾	(10)
Net income (loss) attributable to Baidu	5,462	69	(43)	5,488	7,633	182	(98)	7,717	7,382	(134)	74	7,322	1,030	(19)	11	1,022
<i>YOY</i>									35%	—		33%				
<i>QOQ</i>									(3%)	—		(5%)				
<i>Net margin</i>	20%	1%		16%	30%	3%		24%	28%	(2%)		22%				

	Three months ended June 30, 2024 (RMB)			Three months ended March 31, 2025 (RMB)			Three months ended June 30, 2025 (RMB)			Three months ended June 30, 2025 (US\$)		
	Baidu Core	Elim & iQIYI adj ⁽²⁾	Baidu, Inc.	Baidu Core	Elim & iQIYI adj ⁽²⁾	Baidu, Inc.	Baidu Core	Elim & iQIYI adj ⁽²⁾	Baidu, Inc.	Baidu Core	Elim & iQIYI adj ⁽²⁾	Baidu, Inc.
<i>Non-GAAP financial measures:</i>												
Operating income (non-GAAP)	7,005	501	7,500	4,872	459	5,333	4,385	59	4,445	612	9	620
<i>YOY</i>							(37%)	(88%)	(41%)			
<i>QOQ</i>							(10%)	(87%)	(17%)			
<i>Operating margin (non-GAAP)</i>	26%	7%	22%	19%	6%	16%	17%	1%	14%			
Net income attributable to Baidu (non-GAAP)	7,290	247	7,396	6,330	304	6,469	4,792	15	4,795	669	2	669
<i>YOY</i>							(34%)	(94%)	(35%)			
<i>QOQ</i>							(24%)	(95%)	(26%)			
<i>Net margin (non-GAAP)</i>	27%	3%	22%	25%	4%	20%	18%	0%	15%			
Adjusted EBITDA	8,617	536	9,147	6,712	495	7,209	6,397	94	6,492	893	14	906
<i>YOY</i>							(26%)	(82%)	(29%)			
<i>QOQ</i>							(5%)	(81%)	(10%)			
<i>Adjusted EBITDA margin</i>	32%	7%	27%	26%	7%	22%	24%	1%	20%			

(1) Includes share-based compensation as follows:

Cost of revenues	117	29	146	50	27	77	88	32	120	12	5	17
Selling, general and administrative	292	93	385	257	56	313	238	38	276	33	5	38
Research and development	945	36	981	329	32	361	652	33	685	91	5	96
Total share-based compensation	1,354	158	1,512	636	115	751	978	103	1,081	136	15	151

(2) Relates to intersegment eliminations and adjustments

(3) Relates to the net income attributable to iQIYI noncontrolling interests

Baidu, Inc.
Condensed Consolidated Statements of Cash Flows

(In millions, unaudited)

	Three months ended June 30, 2024 (RMB)			Three months ended March 31, 2025 (RMB)			Three months ended June 30, 2025 (RMB)			Three months ended June 30, 2025 (US\$)		
	Baidu excl. iQIYI			Baidu excl. iQIYI			Baidu excl. iQIYI			Baidu excl. iQIYI		
	iQIYI	iQIYI	Inc.	iQIYI	iQIYI	Inc.	iQIYI	iQIYI	Inc.	iQIYI	iQIYI	Inc.
Net cash provided by (used in)												
operating activities	7,970	409	8,379	(6,340)	339	(6,001)	(864)	(13)	(877)	(120)	(2)	(122)
Net cash provided by (used in)												
investing activities	13,824	337	14,161	(1,175)	(30)	(1,205)	(8,428)	(113)	(8,541)	(1,176)	(16)	(1,192)
Net cash (used in) provided by												
financing activities	(9,946)	869	(9,077)	19,639	860	20,499	(8,688)	(465)	(9,153)	(1,213)	(65)	(1,278)
Effect of exchange rate changes												
on cash, cash equivalents and												
restricted cash	<u>66</u>	<u>22</u>	<u>88</u>	<u>(5)</u>	<u>(1)</u>	<u>(6)</u>	<u>(210)</u>	<u>(28)</u>	<u>(238)</u>	<u>(29)</u>	<u>(4)</u>	<u>(33)</u>
Net increase (decrease) in cash,												
cash equivalents and												
restricted cash	11,914	1,637	13,551	12,119	1,168	13,287	(18,190)	(619)	(18,809)	(2,538)	(87)	(2,625)
Cash, cash equivalents and												
restricted cash												
At beginning of period	36,964	6,270	43,234	32,999	3,590	36,589	45,118	4,758	49,876	6,298	664	6,962
At end of period	48,878	7,907	56,785	45,118	4,758	49,876	26,928	4,139	31,067	3,760	577	4,337
Net cash provided by (used in)												
operating activities	7,970	409	8,379	(6,340)	339	(6,001)	(864)	(13)	(877)	(120)	(2)	(122)
Less: Capital expenditures	<u>(2,090)</u>	<u>(28)</u>	<u>(2,118)</u>	<u>(2,869)</u>	<u>(31)</u>	<u>(2,900)</u>	<u>(3,779)</u>	<u>(21)</u>	<u>(3,800)</u>	<u>(528)</u>	<u>(3)</u>	<u>(531)</u>
Free cash flow	5,880	381	6,261	(9,209)	308	(8,901)	(4,643)	(34)	(4,677)	(648)	(5)	(653)

Note: Baidu excl. iQIYI represents Baidu, Inc. minus iQIYI's consolidated cash flows.

Baidu, Inc.
Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures

(In millions except for per ADS information, unaudited)

	Three months ended June 30, 2024 (RMB)			Three months ended March 31, 2025 (RMB)			Three months ended June 30, 2025 (RMB)			Three months ended June 30, 2025 (US\$)		
	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.
Operating income (loss)	5,608	342	5,944	4,164	342	4,508	3,322	(46)	3,277	464	(6)	457
Add: Share-based compensation expenses	1,354	158	1,512	636	115	751	978	103	1,081	136	15	151
Add: Amortization and impairment of intangible assets ⁽¹⁾	43	1	44	72	2	74	85	2	87	12	—	12
Operating income (non-GAAP)	7,005	501	7,500	4,872	459	5,333	4,385	59	4,445	612	9	620
Add: Depreciation of fixed assets	1,612	35	1,647	1,840	36	1,876	2,012	35	2,047	281	5	286
Adjusted EBITDA	8,617	536	9,147	6,712	495	7,209	6,397	94	6,492	893	14	906
Net income (loss) attributable to Baidu	5,462	69	5,488	7,633	182	7,717	7,382	(134)	7,322	1,030	(19)	1,022
Add: Share-based compensation expenses	1,353	158	1,425	635	115	687	977	103	1,024	136	14	142
Add: Amortization and impairment of intangible assets ⁽¹⁾	41	1	41	70	2	71	83	2	84	12	—	12
Add: Disposal (gain)	(30)	—	(30)	(91)	—	(91)	(262)	—	(267)	(37)	—	(37)
Add: Impairment of long-term investments	26	17	34	—	2	1	101	26	113	14	4	16
Add: Fair value loss (gain) of long-term investments and exchangeable bonds	531	2	531	(1,889)	(2)	(1,890)	(3,317)	18	(3,309)	(462)	3	(462)
Add: Reconciling items on equity method investments ⁽²⁾	83	—	83	(66)	5	(64)	(121)	—	(121)	(17)	—	(17)
Add: Tax effects on non-GAAP adjustments ⁽³⁾	(176)	—	(176)	38	—	38	(51)	—	(51)	(7)	—	(7)
Net income attributable to Baidu (non-GAAP)	7,290	247	7,396	6,330	304	6,469	4,792	15	4,795	669	2	669

	Three months ended June 30, 2024 (RMB)			Three months ended March 31, 2025 (RMB)			Three months ended June 30, 2025 (RMB)			Three months ended June 30, 2025 (US\$)		
	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.	Baidu Core	iQIYI	Baidu, Inc.
Diluted earnings per ADS			15.01			21.59			20.35			2.84
Add: Accretion of the redeemable noncontrolling interests			0.57			0.57			0.64			0.09
Add: Non-GAAP adjustments to earnings per ADS			<u>5.44</u>			<u>(3.62)</u>			<u>(7.41)</u>			<u>(1.03)</u>
Diluted earnings per ADS (non-GAAP)			21.02			18.54			13.58			1.90

- (1) This represents amortization and impairment of intangible assets resulting from business combinations.
- (2) This represents Baidu's share of equity method investments for other non-GAAP reconciling items, amortization and impairment of intangible assets not on the investee's books, accretion of their redeemable noncontrolling interests, and the gain or loss associated with the issuance of shares by the investees at a price higher or lower than the carrying value per share.
- (3) This represents tax impact of all non-GAAP adjustments.

Reconciliation between U.S. GAAP and International Financial Reporting Standards

Ernst & Young was engaged by the Company to conduct limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“**ISAE 3000 (Revised)**”) issued by the International Auditing and Assurance Standards Board (IAASB) on the ‘Reconciliation between U.S. GAAP and IFRS Accounting Standards (the “**IFRSs**”)’ as set out on pages 20 to 25 of the 2025 Second Quarter Results (together, the “**GAAP Difference Reconciliation**”).

Ernst & Young’s engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with ISAE 3000 (Revised) is different in scope from an audit or a review conducted in accordance with International Standards on Auditing or International Standards on Review Engagements issued by the IAASB and consequently, Ernst & Young did not express an audit opinion nor a review conclusion on the GAAP Difference Reconciliation. Ernst & Young’s engagement was intended solely for the use of the Directors in connection with the above purpose for this 2025 Second Quarter Results and may not be suitable for another purpose.

The procedures performed by Ernst & Young were based on their professional judgment, having regard to their understanding of the management’s process on preparing the GAAP Difference Reconciliation, nature, business performance and financial information of the Company and its subsidiaries (“**the Group**”). Given the circumstances of the engagement, the procedures performed included:

- (i) Comparing the relevant financial information in the columns “Amounts as reported under U.S. GAAP” as disclosed in the GAAP Difference Reconciliation with the respective line items in the Group’s unaudited interim condensed consolidated statement of income for the six months ended June 30, 2025 and the unaudited condensed consolidated balance sheet as at June 30, 2025 (the “**Interim Financial Statements**”) prepared in accordance with the accounting principles generally accepted in the United States of America (the “**U.S. GAAP**”), as appropriate;
- (ii) Evaluating the assessment made by the board of directors in identifying the differences between the accounting treatments according to the Company’s accounting policies in accordance with the U.S. GAAP and IFRSs, and the evidence supporting the IFRS adjustments made in the GAAP Difference Reconciliation in arriving at the “Amounts under IFRSs” as disclosed in the GAAP Difference Reconciliation; and
- (iii) Checking the arithmetic accuracy of the computation of the Group’s financial information in the columns “Amounts under IFRSs” as disclosed in the GAAP Difference Reconciliation.

The procedures performed by Ernst & Young in this limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, Ernst & Young do not express a reasonable assurance opinion.

Based on the procedures performed and evidence obtained, Ernst & Young has concluded that nothing has come to their attention that causes them to believe:

- (i) the amounts in the columns “Amounts as reported under U.S. GAAP” as disclosed in the GAAP Difference Reconciliation for the six months ended June 30, 2025 are not, in agreement with the respective line items in the Interim Financial Statements prepared in accordance with the U.S. GAAP;
- (ii) the IFRSs adjustments as disclosed in the GAAP Difference Reconciliation, do not reflect, in all material respects, the different accounting treatments according to the Group’s accounting policies in accordance with the U.S. GAAP and the IFRSs of the relevant period; and
- (iii) the computation of the amounts in the columns “Amounts under IFRSs” as disclosed in the GAAP Difference Reconciliation are not arithmetically accurate.

Reconciliation of Condensed Consolidated Statements of Income (Extract)

		For the six months ended June 30, 2024							
Amounts as reported under U.S. GAAP	IFRS adjustments							Amounts under IFRSs	
	Investments in debt investments	Investments measured at fair value	Equity method investments	Operating leases	Redeemable preferred shares	Share-based compensation	Convertible senior notes		
	(Note (i))	(Note (ii))	(Note (iii))	(Note (iv))	(Note (v))	(Note (vi))	(Note (vii))		
	(RMB in millions)								
Cost of revenues	31,689	—	—	—	(139)	—	(24)	—	31,526
Selling, general and administrative	11,075	—	—	—	(5)	—	(92)	—	10,978
Research and development	11,252	—	—	—	(44)	—	(202)	—	11,006
Other income (loss):									
— Interest income	4,084	(1,245)	—	—	—	—	—	—	2,839
— Interest expense	(1,508)	—	—	—	(158)	—	—	461	(1,205)
— Others ⁽¹⁾	(1,053)	1,110	(286)	3,087	—	475	—	217	3,550
Income before income taxes	13,445	(135)	(286)	3,087	30	475	318	678	17,612
Income taxes	2,014	(11)	(102)	(5)	8	(45)	—	—	1,859
Net income	11,431	(124)	(184)	3,092	22	520	318	678	15,753
Less: net income (loss) attributable to noncontrolling interests	495	—	(94)	—	(2)	1	16	371	787
Net income attributable to Baidu, Inc.	10,936	(124)	(90)	3,092	24	519	302	307	14,966

Reconciliation of Condensed Consolidated Statements of Income (Extract)

		For the six months ended June 30, 2025								
		IFRS adjustments								
Amounts as		Investments	Investments	Equity		Redeemable		Convertible	Amounts	
reported		in debt	measured at	method	Operating	preferred	Share-based	senior notes	under IFRSs	
under U.S.		investments	fair value	investments	leases	shares	compensation			
GAAP		(Note (i))	(Note (ii))	(Note (iii))	(Note (iv))	(Note (v))	(Note (vi))	(Note (vii))		
(RMB in millions)										
Cost of revenues	35,844	—	—	—	(73)	—	(19)	—	35,752	
Selling, general and administrative	11,873	—	—	—	(6)	—	(52)	—	11,815	
Research and development	9,663	—	—	—	(16)	—	(109)	—	9,538	
Other income (loss):										
— Interest income	4,621	(1,386)	—	—	—	—	—	—	3,235	
— Interest expense	(1,502)	—	—	—	(149)	—	—	362	(1,289)	
— Others ⁽¹⁾	7,062	1,591	(106)	37	—	186	—	(347)	8,423	
Income before income taxes	17,135	205	(106)	37	(54)	186	180	15	17,598	
Income taxes	2,058	17	(9)	(5)	(8)	(7)	—	—	2,046	
Net income	15,077	188	(97)	42	(46)	193	180	15	15,552	
Less: net income attributable to noncontrolling interests	38	—	(47)	—	(1)	—	25	8	23	
Net income attributable to Baidu, Inc.	15,039	188	(50)	42	(45)	193	155	7	15,529	

(1) “Others” represents net of “Others, net” and “Share of losses from equity method investments” as reported under U.S. GAAP.

Reconciliation of Consolidated Balance Sheets (Extract)

		As of December 31, 2024								
		IFRS adjustments								
Amounts as		Investments	Investments	Equity		Redeemable				Amounts
reported		in debt	measured at	method	Operating	preferred	Share-Based	Convertible		under IFRSs
under U.S.		investments	fair value	investments	leases	shares	compensation	senior notes		
GAAP		(Note (i))	(Note (ii))	(Note (iii))	(Note (iv))	(Note (v))	(Note (vi))	(Note (vii))		
(RMB in millions)										
Short-term investments, net	102,608	105	—	—	—	—	—	—	—	102,713
Long-term investments, net	41,721	—	653	(1,021)	—	—	—	—	—	41,353
Long-term time deposits and held-to-maturity investments	98,535	86	—	—	—	—	—	—	—	98,621
Operating lease right-of-use assets	10,898	—	—	—	(136)	—	—	—	—	10,762
Deferred tax assets, net	2,193	—	—	—	10	—	17	—	—	2,220
Total assets	427,780	191	653	(1,021)	(126)	—	17	—	—	427,494
Convertible senior notes	8,593	—	—	—	—	—	—	(682)	—	7,911
Redeemable preferred shares	—	—	—	—	—	7,752	—	—	—	7,752
Deferred tax liabilities	3,870	28	29	(16)	—	(23)	—	—	—	3,888
Total liabilities	144,168	28	29	(16)	—	7,729	—	(682)	—	151,256
Redeemable noncontrolling interests	9,870	—	—	—	—	(9,870)	—	—	—	—
Total Baidu, Inc. shareholders' equity	263,620	163	405	(1,005)	(92)	1,955	17	308	—	265,371
Noncontrolling interests	10,122	—	219	—	(34)	186	—	374	—	10,867
Total equity	273,742	163	624	(1,005)	(126)	2,141	17	682	—	276,238

Reconciliation of Consolidated Balance Sheets (Extract)

As of June 30, 2025								
Amounts as reported under U.S. GAAP	IFRS adjustments							Amounts under IFRSs
	Investments in debt investments	Investments measured at fair value	Equity method investments	Operating leases	Redeemable preferred shares	Share-Based compensation	Convertible senior notes	
	(Note (i))	(Note (ii))	(Note (iii))	(Note (iv))	(Note (v))	(Note (vi))	(Note (vii))	
(RMB in millions)								
Short-term investments, net	93,926	300	—	—	—	—	—	94,226
Long-term investments, net	45,103	—	540	(1,033)	—	—	—	44,610
Long-term time deposits and held-to-maturity investments	110,123	96	—	—	—	—	—	110,219
Operating lease right-of-use assets	10,682	—	—	(192)	—	—	—	10,490
Deferred tax assets, net	2,352	—	—	19	—	17	—	2,388
Total assets	450,569	396	540	(1,033)	(173)	17	—	450,316
Convertible senior notes	8,223	—	—	—	—	—	(681)	7,542
Redeemable preferred shares	—	—	—	—	9,701	—	—	9,701
Deferred tax liabilities	4,196	45	18	(21)	(4)	—	—	4,234
Total liabilities	152,657	45	18	(21)	9,697	—	(681)	161,715
Redeemable noncontrolling interests	12,652	—	—	—	(12,652)	—	—	—
Total Baidu, Inc. shareholders' equity	275,057	351	318	(1,012)	2,768	17	307	277,669
Noncontrolling interests	10,203	—	204	—	187	—	374	10,932
Total equity	285,260	351	522	(1,012)	(173)	2,955	681	288,601

Notes:

(i) Investments in debt investments

Under U.S. GAAP, the classification and measurement of debt investments are based on the entity's investment intent. Debt investments that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity (HTM) investments and stated at amortized cost less allowance for credit losses. Debt investments that are bought and held principally for the purpose of selling them in the near term are classified as trading investments and measured at fair value through profit or loss. Debt investments that are not classified as trading or as HTM are classified as available-for-sale (AFS) investments and measured at fair value with unrealized gains and losses recorded in other comprehensive income (loss).

Under IFRSs, the classification and measurement of debt instruments, depends on the instrument's contractual cash flow (CCF) characteristics and the business model under which they are managed. The assessment of the CCF determines whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt investments are measured at amortized cost if they pass the CCF characteristics test and are held with the objective of collecting CCF. Debt investments are measured at fair value through other comprehensive income (loss) if they pass the CCF characteristics test and are held with the objective of both collecting CCF and selling financial assets. Debt investments that are not measured at amortized cost or fair value through other comprehensive income (loss) is measured at fair value through profit or loss. Therefore, adjustments were made to the debt investments that should be classified as fair value through profit or loss because they did not meet CCF under IFRSs.

(ii) Investments measured at fair value

Under U.S. GAAP, for equity investments without readily determinable fair value and do not qualify for the net asset value per share practical expedient, the Group elects to use the measurement alternative to measure these investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any.

Available-for-sale debt investments are convertible debt instruments and investments in preferred shares that are currently redeemable at the Group's option. Under U.S. GAAP, these available-for-sale debt investments are measured at fair value. Interest income is recognized in earnings. All other changes in the carrying amount of these debt investments are recognized in other comprehensive income (loss).

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

(iii) Equity method investments

The Group as the investor recorded its share of earnings or losses from its equity method investees in accordance with U.S. GAAP. Under IFRSs, the accounting policies of the equity method investees must be the same as those of the investor. Therefore, adjustments were made to the Group's share of earnings or losses of the investees, from U.S. GAAP to IFRSs, for the IFRS reconciliation.

(iv) Operating leases

Under U.S. GAAP, at lease commencement date, the Group classifies a lease as a finance lease or an operating lease. For operating leases, the lease liability is based on the present value of the remaining lease payments using the discount rate determined at lease commencement date, while the right-of-use asset is remeasured at the amount of the lease liability, adjusted for the remaining balance of any lease incentives received cumulative prepaid or accrued rents, unamortized initial direct costs and any impairment. This treatment under U.S. GAAP generally results in expenses being incurred on a straight-line basis over the lease term.

Under IFRSs, all leases are accounted for similar to finance leases under U.S. GAAP where right-of-use assets are generally depreciated on a straight-line basis while lease liabilities are measured under the effective interest method, which results in higher expenses at the beginning of the lease term and lower expenses towards the end of the lease term.

(v) Redeemable preferred shares

Under U.S. GAAP, the Group classified the redeemable preferred shares in redeemable noncontrolling interests (mezzanine-equity), in the consolidated balance sheets, initially recorded at fair value, net of issuance costs. The Group elects to use the effective interest method to account for the changes of redemption value over the period from the date of issuance to the earliest redemption date of the preferred shares.

Under IFRSs, these investments were classified as financial liabilities at fair value through profit or loss and measured at fair value with changes in fair value recognized through profit or loss. The amounts of changes in fair value of the redeemable preferred shares that were attributed to changes in credit risk of the redeemable preferred shares were recognized in other comprehensive income (loss).

(vi) Share-based compensation

Under U.S. GAAP, the Group elects to recognize share-based compensation using the straight-line method for all share-based awards issued with no performance obligations. Under U.S. GAAP, the Group elects to determine the total fair value of the share options by estimating the value of the option subject to graded vesting as a single award using an average expected life.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting. Under IFRSs, the total fair value of the share options is required to be determined by estimating the value of each vesting tranche separately using a separate expected life.

(vii) Convertible senior notes

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

Under IFRSs, the convertible debts were designated as at fair value through profit or loss. The convertible debts were initially recognized at their fair value. Subsequent to initial recognition, changes in fair value of the convertible debts were generally recognized in the profit or loss, except for the portion of change in fair value attributable to changes in credit risk of the convertible debts, which is recognized in other comprehensive income (loss).

Under U.S. GAAP, the classification of the convertible debts as current or non-current is not affected by the holder's option to convert the convertible debts into an equity instrument. Under the amendments to IAS 1 in 2024, the convertible debts are classified as current if the holder has an option to convert the host liability into the Group's own equity instruments at any time before maturity, as the Group does not have the right to defer settlement for at least twelve months from the reporting date. The Group applied the amendments retrospectively as required by the amendments to IAS 1.