2Q26 EARNINGS UPDATE

Bilibili Inc.

In Line; Ads Resilient, Watch on Game Release Pipeline

KEY POINTS

In line with market expectation. In 2Q26, total revenue was up by 8% YoY to RMB7.94bn, in line with market expectation of RMB7.92bn; adjusted net income increased by 26% YoY to RMB708mn, in line with market expectation of RMB690mn. Looking ahead, we see Bili's target to deliver high-single-digit% yoy topline, low 20% yoy ads in 3Q and continued OP margin expansion towards 10% to low-teen% level in 2H despite the AI investment as a solid indicator of resilience in the company's differentiated platform in the AI era and cost efficiency potential. Looking into 4Q26 and 2027, we believe Bili will enter a fresh product cycle for games and see accelerating topline/profit growth.

Healthy user community and margin expansion. Bili's overall mid-teens% yoy timespent growth suggests still healthy user community status, and we believe AI generated content is so far fueling the growth and user dynamics on the platform, rather than potential competitive threats. For the margin, 2Q26 OPM at 8%+ and 3Q guided to further expansion of 10%, suggesting continued favorable revenue mix and cost discipline. We see the management balancing well profits vs. investment, and believe the company is now on track for RMB1bn AI capex/investment, mainly for internal AI usage.

Ads sequentially slower but still show relative strength. Given the weak macro into 3Q, Bili is now targeting low 20% yoy ads growth in 3Q, slower vs. high 20% yoy in 1H26. This slowdown is reasonable given the high comp, and we note that the 20%+ yoy growth is still much faster vs. industry and ahead of most of Internet peers. Ad load lift and better ads target/matching efficiency should help Bili sustain a faster-than-industry growth in coming quarters.

Games set for accelerate from 4Q26 onwards. While Bili has experienced a few quarters of game revenue decline due to lack of new games, we believe growth is set to accelerate with the launch of series new games. We expect Lumi Master (global release on Sep 17, 2026) and Sangokushi: Wangdao Tianxia (end-4Q26) launch by year-end and another few key titles including Sanguo: The Ravages of Time and RO3 for 2027, as BILI renews fresh product cycles.

August 28, 2026

Gelonghui Research
Chujie (Jack) Sun, CFA
Senior Research Analyst
sunchujie@guruhk.com

Yuecong (Marco) Zhang
Senior Research Analyst
zhangyuecong@guruhk.com

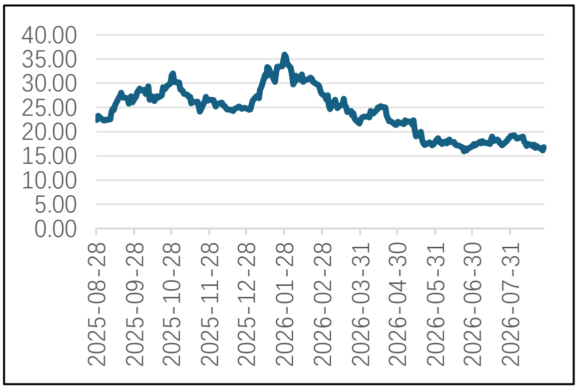
KEY DATA

Exchange: NASDAQ, HKEX
Ticker: BILI, HK9626
Current Price: $16.77
52-Week Range: $15.79-$36.40
Average Volume (3M): 3.44M
Shares Outstanding (MM): 419
Market Capitalization ($MM): $7,016
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY24A	FY25	FY26E	FY27E
Revenue	26,832	30,348	32,735	36,336
Gross Profit	8,774	11,114	12,046	13,880
EBIT	-1,344	1,124	1,408	2,652
Non GAAP Net Income	-22	2,590	3,185	4,064

PRICE PERFORMANCE



Key Catalysts & Upside Drivers, and Downside Risks.

Key Catalysts & Upside Drivers

* Accelerated Share Repurchase Program: Year-to-date, the company has repurchased 5.8 million shares for $118 million (approximately 2% of current market cap). In June 2026, the board approved an upsized $300 million buyback authorization spanning two years—a step-up in capital return relative to the previous program. Execution has progressed rapidly, with $30 million completed in June alone.
* Favorable Base Effect & Pipeline Momentum: Growth is set to re-accelerate in H2 as high comparison baselines fade. As the company approaches the launch of its new gaming cycle in 4Q26, market sentiment is expected to recover further.

Key Downside Risks

* Overhang from Major Shareholder Divestment: Tencent's recent stake reduction presents a short-term headwind for the stock. With Tencent still holding a 4% equity interest in Bilibili, potential further divestment may continue to weigh on valuation in the near term.

Bilibili's stock is currently trading at US$16.77 per ADS, with a diluted EPS of US$ 0.56/0.86 in 26E/27E, corresponding to 30x/20x P/E. This compares to the peer group, which is trading at 20x and 16x P/E, respectively. We project the company to sustain upper-single-digit top-line growth and 20%+ bottom-line growth over the next two years, outpacing industry peers.

FINANCIALS AND VALUATION UPDATES

Figure 1: BILI's Financials 2024 – 2027E.

Unit： Million RMB	2024	2025	2026E	2027E
Net revenues	26,832	30,348	32,735	36,336
Cost of revenues	-18,058	-19,234	-20,398	-22,455
Gross (loss)/profit	8,774	11,114	12,046	13,880
Operating expenses:				
Sales and marketing expenses	-4,402	-4,394	-4,550	-5,014
General and administrative expenses	-2,031	-2,062	-2,030	-2,180
Research and development expenses	-3,685	-3,533	-4,059	-4,033
Total operating expenses	-10,118	-9,990	-10,639	-11,228
Profit (Loss) from operations	-1,344	1,124	1,408	2,652
Other income/(expenses):				
Investment income, net	-470	-242	-196	-363
Interest income	435	432	393	436
Interest expense	-89	-151	-131	-145
Exchange (losses)/gains	-69	-80	-98	-91
Debt extinguishment gain	-39	0	0	0
Others, net	175	125	360	273
Profit (Loss) before tax	-1,400	1,208	1,735	2,762
Income tax	37	-17	-85	-83
Net Profit (Loss)	-1,364	1,191	1,650	2,680
Non-GAAP Adjustment Items and noncontrolling interests	1342	1399	1535	1384
Non-GAAP net loss attributable to the Bilibili Inc.'s shareholders	-22	2,590	3,185	4,064

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

				Diluted EPS			P/E			
Company	Ticker	Market Cap	Share Price	2025A	2026E	2027E	2025A	2026E	2027E	Category
Netflix Inc	NFLX.O	332,449	79.84	2.53	3.59	3.82	32	22	21	U.S. Entertainment Companies
Meta Platforms Inc	META.O	1,450,000	571.10	23.49	31.16	34.96	24	18	16	U.S. Entertainment Companies
Spotify Technology SA	SPOT.K	108,394	527.25	12.34	14.22	18.11	43	37	29	U.S. Entertainment Companies
iQIYI Inc	IQ.OQ	892	0.92	-0.03	-0.07	0.08	-	-	12	Chinese Video Companies
Kuaishou Technology	1024.HK	145,645	33.66	4.71	2.38	3.01	7	14	11	Chinese Video Companies
Mango Excellent Media Co Ltd	300413.SZ	26,527	14.18	0.66	0.64	0.79	21	22	18	Chinese Video Companies
Tencent Holdings Ltd	0700.HK	4,080,000	447.80	26.88	33.88	36.18	17	13	12	Chinese Gaming Companies
NetEase Inc	9999.HK	618,482	193.20	11.67	14.30	16.54	17	14	12	Chinese Gaming Companies
						Median	21x	18x	14x	
						Mean	23x	20x	16x	
Bilibili Inc	BILI.O	7,016	16.77	0.39	0.56	0.86	43x	30x	20x	

Notes:
1. Data as of 8/28/2026.
2. For for US stock, share price and diluted EPS are in US$ Million; for A-share, share price and diluted EPS are in RMB Million; for H-shares, share price and diluted EPS are in HKD Million.
3. Diluted EPS estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

Chujie (Jack) Sun, CFA

Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

Yuecong (Marco) Zhang

Senior Research Analyst

Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

DISCLOSURES

Gelonghui Research ("GLH") is a professional publisher of investment research reports on public companies and, to a lesser extent, private firms ("the Companies"). GLH provides investor-focused content and digital distribution strategies designed to help companies communicate with investors.

GLH is not a FINRA registered broker/dealer or investment adviser and does not provide investment banking services. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security. GLH operates as an exempt investment adviser under the so called "publishers' exemption" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940. GLH does not provide investment ratings/recommendations or price targets on the companies it reports on. Readers are advised that the research reports are published and provided solely for informational purposes and should not be construed as an offer to sell or the solicitation of an offer to buy securities or the rendering of investment advice. The information provided in this report should not be construed in any manner whatsoever as personalized advice. All users and readers of GLH's reports are cautioned to consult their own independent financial, tax and legal advisors prior to purchasing or selling securities.

Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements". Such statements are based on expectations, estimates and projections at the time the statements are made and involve many risks and uncertainties such as competitive factors, technological development, market demand and the company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues, which could cause actual results or events to differ materially from those presently anticipated.

The analyst who is principally responsible for the content of this report has represented that neither he/she nor members of his/her household have personal or business-related relationships to the subject company other than providing digital content and any ancillary services that GLH may offer. Unless otherwise indicated, GLH intends to provide continuing coverage of the covered companies. GLH will notify its readers through website postings or other appropriate means if GLH determines to terminate coverage of any of the companies covered.

GLH is being compensated for its research by the company which is the subject of this report. GLH may receive up to US$200,000 in total within a year for research and potentially other services from a given client and is required to have at least a 1-year commitment. None of the earned fees are contingent on, and GLH's client agreements are not cancellable for the content of its reports. GLH does not accept any compensation in the form of warrants or stock options or other equity instruments that could increase in value based on positive coverage in its reports. GLH or an affiliate may seek to receive compensation for non-research services to covered companies, such as charges for presenting at sponsored investor conferences, distributing press releases, advising on investor relations and broader corporate communications and public relations strategies as well as performing certain other related services ("Ancillary Services"). The companies that GLH covers in our research are not required to purchase or use Ancillary Services that GLH or an affiliate might offer to clients.

The manner of GLH's potential research compensation and Ancillary Services to covered companies raise actual and perceived conflicts of interest. GLH is committed to manage those conflicts to protect its reputation and the objectivity of employees/analysts by adhering to strictly-written compliance guidelines. The views and analyses included in our research reports are based on current public information that we consider to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our analysts, directors, officers, employees, representatives, independent contractors, agents or affiliate shall be liable for any omissions, errors or inaccuracies, regardless of cause, foreseeability or the lack of timeliness of, or any delay or interruptions in the transmission of our reports to content users. This lack of liability extends to direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, losses, lost income, lost profit or opportunity costs. All investment information contained herein should be independently verified by the reader or user of this report. For additional information, all readers of this report are encouraged to visit GLH's website https://www.gelonghui.com.