2022 Annual Business and Social Responsibility Report

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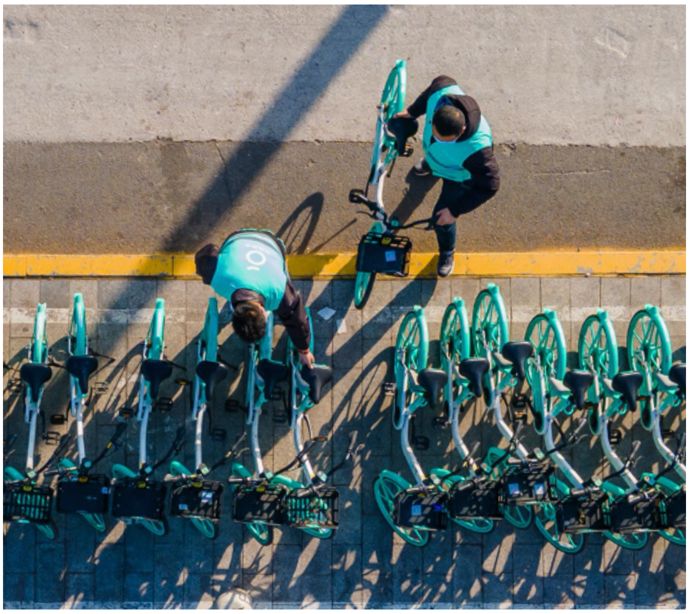
In 2021, Beijing driver Wang Jun was awarded the “Positive Energy Award” and the title of "Role Model of DiDi Public Welfare" for his brave act of saving a person who fell into the water.

Xu Jinjin, a driver for Piggy Express in Wuhan, often visits his local service center to learn about platform-related policies or just take a break. He also takes the opportunity to wash his car until it's spotless.

By organizing annual driver activities with different themes, such as "Shine On! Taxi Drivers" and "Taxi Drivers, Together with Love," DiDi helps to bring more attention and recognition to the excellent service and positive stories of taxi drivers.

Shi Jinlong, a DiDi Hitch driver, is an avid outdoor enthusiast. On weekends, he enjoys short-distance road trips and often publishes his travel plans on DiDi Hitch to share rides with passengers heading to the same destination. This not only helps him save on fuel costs but also contributes to a more sustainable, low-carbon environment.

Hu Yanping, a chauffeur driver in Beijing, is getting ready to head to the bar district where there are plenty of opportunities for her to find customers. She frequently encounters other chauffeur drivers on the late night buses.



The service partners conduct daily inspections; they are responsible for the maintenance, arrangement, cleaning, and protection as well as real-time dispatching of bikes and e-bikes.

Mr. Zhou, a DiDi Freight driver, is on the way to pick up an order.

In March 2023, DiDi Autonomous Driving officially launched commercial operations in Huadu District, Guangzhou.

Andrea da Silva Costa Ananias is a driver on the 99 platform, a subsidiary of DiDi in Brazil. She finds the flexibility and autonomy she has been looking for, allowing her to earn an income while also spending more time with her family.

Oscar Zamora is a delivery rider for DiDi Food in Colombia. After working part-time for DiDi Food, he was able to save enough money to make the down payment on his apartment. Currently, he is pursuing a Bachelor's degree in Physical Education at Corporación Universitaria Minuto de Dios. With this opportunity he is able to balance work and school and pursue his passion for sports.

Disclaimer

We operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in this report. Please consider all risk factors relating to our company, our business and our industry that we have disclosed or may disclose in the future.

This annual report also contains forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by such statements. You should thoroughly read this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect.

Foreword

Our mission is to make life better by transforming mobility. Since our founding in 2012, we have been continually improving our safety capabilities and investing in technology in the past decade. We strive to make our contribution in areas such as creating income opportunities, promoting sustainable development, and providing safe, affordable and convenient mobility services. Today, we operate in China and 15 other countries through our platforms or our partnerships across the world. We had 587 million annual active users and 23 million annual active drivers worldwide for the twelve months ended March 31, 2023.

DiDi delisted in June 2022. Through this report, we hope to share with our riders, drivers, partners, and shareholders what we have been doing in the past year, as well as our thoughts and plans for long-term healthy development.

We are committed to contributing to the development of a healthier and more sustainable industry. We improve mobility efficiency through our shared mobility services. We support our drivers with transparent income opportunities, various daily support initiatives, healthcare and insurance benefits, and public welfare efforts. We continually invest in safety by improving our safety management tools, processes and technology. We also focus on diverse and inclusive needs in mobility, and actively participate in low-carbon and sustainable mobility transformation. Progress has been made in adoption of electric vehicles in shared mobility and greener mobility options.

At present, all sectors of society have expressed new expectations and higher requirements for technology companies. We sincerely appreciate the feedback from our riders, drivers, partners and the public, which help us to develop in a healthier and more sustainable way. We will move forward prudently with full appreciation for the responsibilities that we bear, and work together with our riders, drivers and partners to build a more reliable, transparent, and mutually respectful and beneficial industry ecosystem.

Business and Financial Overview

Business Overview

We are a leading technology platform for shared mobility, with operations in China and 15 other countries through our platforms or our partnerships across the world. We had 587 million annual active users and 23 million annual active drivers worldwide for the twelve months ended March 31, 2023.

Our business model comprises four key components:

· shared mobility;

· energy and vehicle services;

· electric mobility; and

· autonomous driving.

Shared mobility. In China, we are a leading brand for shared mobility and provide consumers with a range of safe, affordable and convenient mobility services. Our services include ride hailing, taxi hailing, chauffeur, hitch, and other forms of shared mobility. We have also expanded our platform globally to markets outside China with similar challenges and opportunities. We leverage the technology and expertise that we gained from building and scaling a shared mobility network in China to create localized solutions that fit the needs of consumers in these new markets.

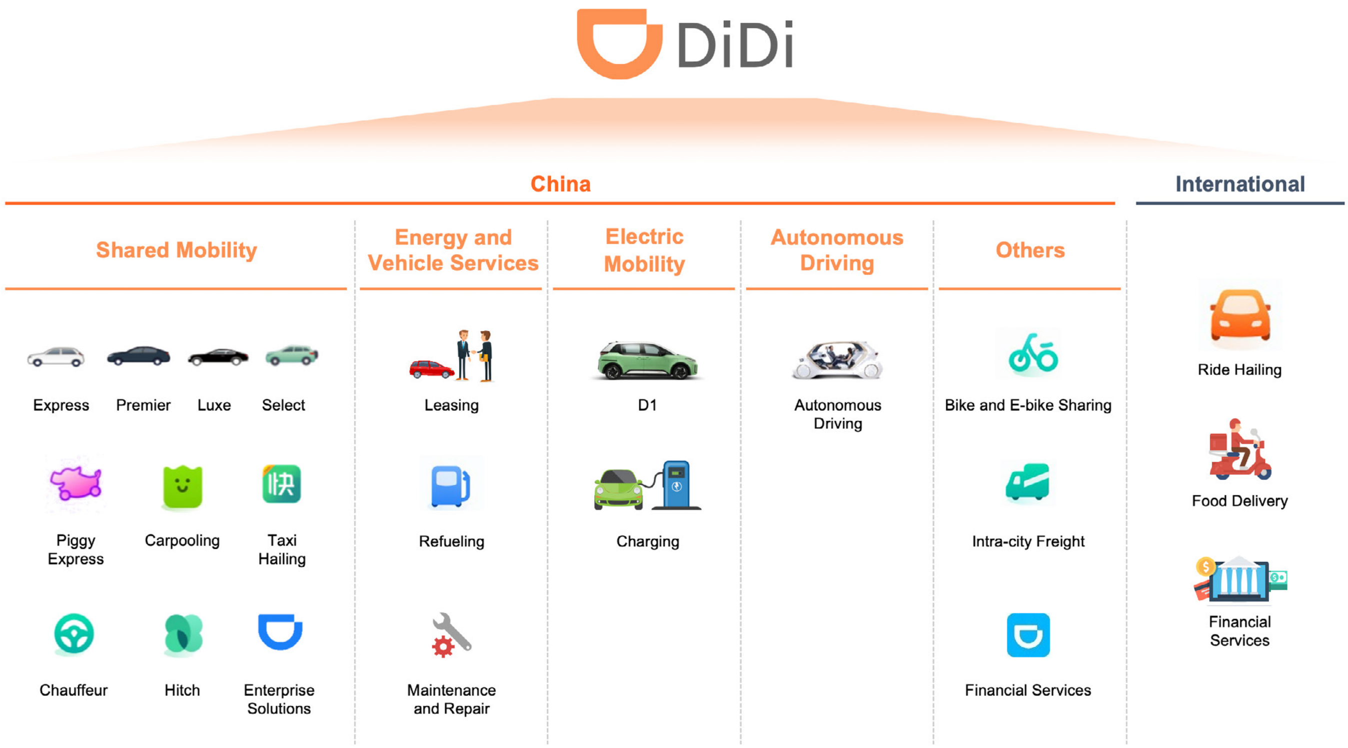
Energy and vehicle services. In 2018, we launched energy and vehicle services in China to support the growth of shared mobility by increasing our ability to attract drivers and vehicles onto our platform. We partner with leasing companies and financial institutions to help drivers obtain vehicles. We also help lower the ongoing operating costs for drivers and increase their earning potential. We provide drivers with access to fuel discounts at gas stations in our network as well as to a network of maintenance and repair shops.

Electric mobility. Electric vehicles are a natural fit for shared mobility. The benefits of lower operating and maintenance costs for electric vehicles as compared to vehicles with internal combustion engines are amplified by greater usage and higher mileage from shared mobility. To support the electric vehicles on our platform, we have built a large electric vehicle charging network in China. Our insights into the needs of both riders and drivers gave us the confidence to design and develop the D1, the world’s first electric vehicle purpose-built for shared mobility.

Autonomous driving. We are developing proprietary autonomous driving software and we design custom autonomous driving hardware. Our technology is powered by a large repository of traffic data from our shared mobility fleet which we leverage to power key features of autonomous driving such as localization, prediction, and vehicle control. We test our technology in our own autonomous vehicles and also partner with multiple leading automakers to test our autonomous driving hardware and software in their vehicles. Our autonomous driving technology has not yet been commercialized at scale.

We provide consumers with a comprehensive range of safe, affordable and convenient mobility services, including ride hailing, taxi hailing, carpooling, chauffeur, hitch, and other forms of shared mobility. We will continue to innovate new mobility services and solutions that address consumers' evolving needs in each market we serve.

The following diagram shows our service offerings in China and international markets.



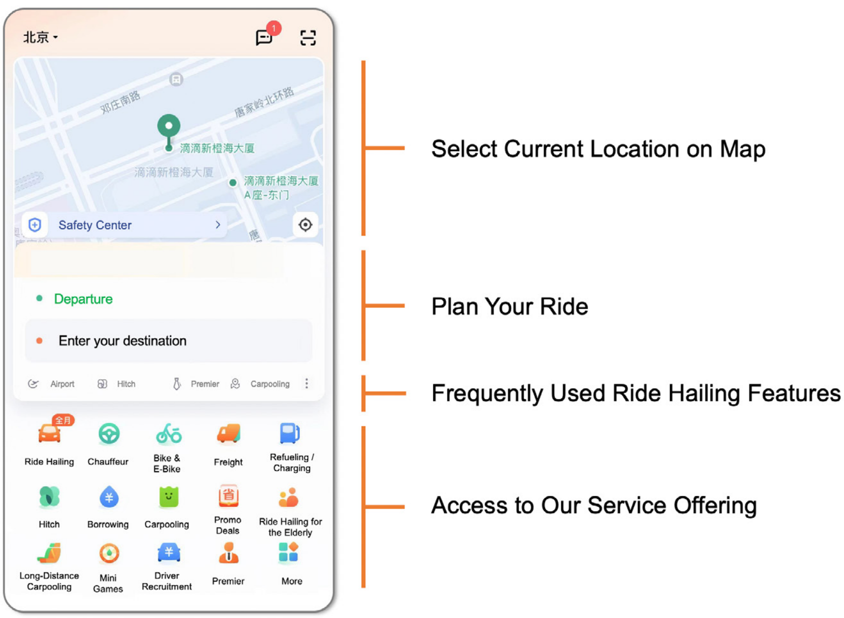
Consumers, drivers and business partners access our platform through our mobile apps, which are set out in the diagram below. We also make our service offerings available through mini-programs on mobile apps such as WeChat and Alipay.

DiDi Chuxing 滴滴出行	• Flagship App that provides mobility and essential services
Piggy Express 花小猪	• Provides ride hailing services catering to younger consumers
DiDi Enterprise 滴滴企业版	• Provides ride hailing services to business clients
Qingju Bike 滴滴青桔单车	• Provides bike and e-bike sharing services
DiDi Financce 滴滴金融	• Provides financial services including loans and insurance
99	• Provides mobility and other essential services in Brazil

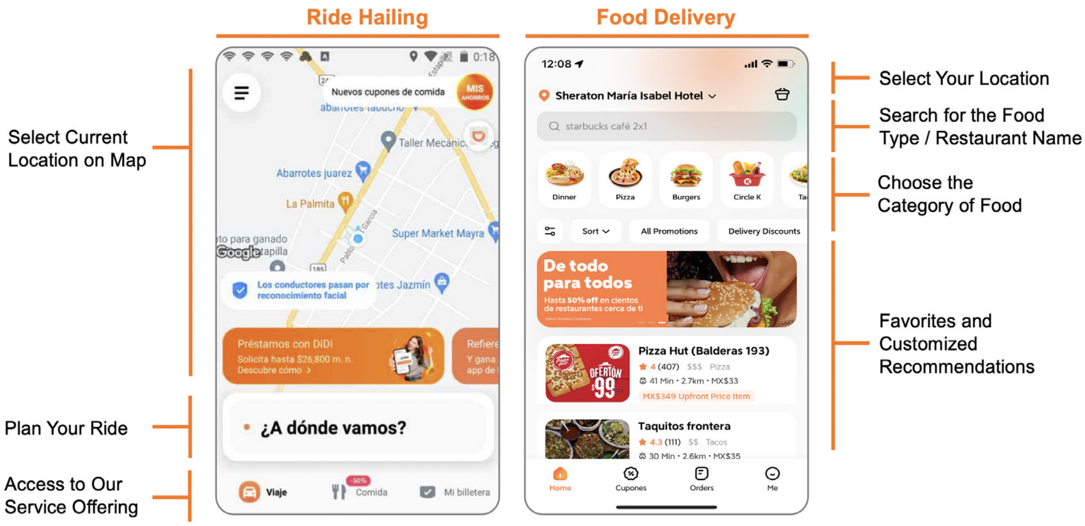
DiDi Driver 滴滴车主	• App for drivers that provide shared mobility services on our platform
DiDi Chauffeur Driver 滴滴代驾司机	• App for drivers that provide Chauffeur Service
DiDi Freight Driver 滴滴货运司机	• App for drivers that provide Freight Service
DiDi Energy 滴滴加油	• Provides refueling and charging services to drivers on our platform and car owners in China

We address a wide variety of rider preferences by offering a comprehensive range of ride hailing services on our platform. All services other than Piggy Express can be accessed through the same app. Below, we explain some of the key characteristics of each of our services.

The diagram below depicts the home screen of our DiDi Chuxing app in China where consumers can access our mobility and other essential services:



The following diagrams depict the home screens of our ride hailing app in Brazil and our food delivery app in Mexico:



Since our establishment in 2012, our mission has been the same, namely, to make life better by transforming mobility. Electrification and autonomous driving are the core factors that will drive the future of shared mobility. In 2022, we continued to strive and make progress in these two areas.

Electric Mobility

We provide comprehensive energy solutions to drivers and private car owners. As of the end of 2022, our extensive charging network covers more than 130,000 fast charging devices, enabling more drivers to charge their electric vehicles quickly and conveniently.

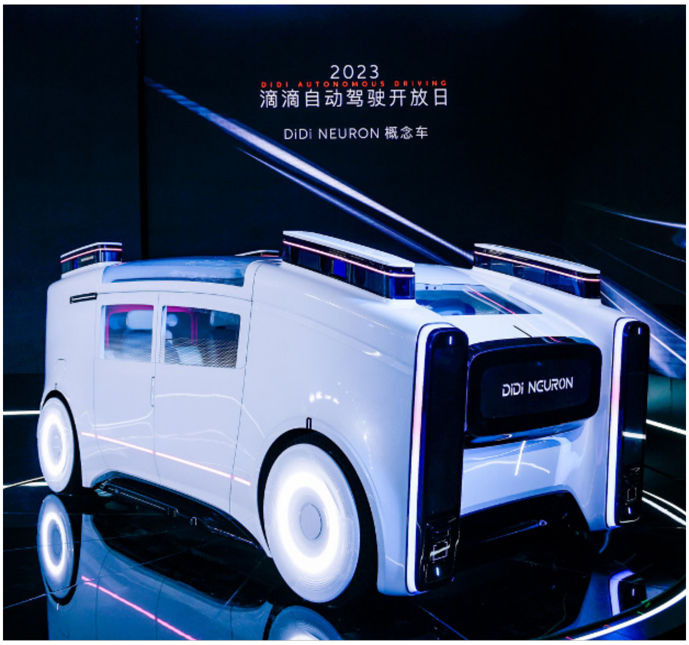
Electric vehicles cost less to operate per kilometer traveled and make shared mobility more affordable and sustainable. There were over 2 million electric vehicles registered on our platform as of December 31, 2022, and electric vehicles fulfilled over 50% of the monthly mileage on our ride hailing platform in December 2022.

Electric vehicles in our charging stations.

Autonomous Driving

We have been building and refining our autonomous driving business. We have developed proprietary Level 4 full-stack autonomous driving software built upon both real-world driving data and simulative data. Our comprehensive technology includes onboard software modules such as localization, perception, prediction, planning and vehicle control; off-board tools and infrastructure such as simulation and data pipeline; and vehicle-to-everything (V2X) technology. We have assembled a team of over 900 experts in the field and have a self-driving fleet of more than 200 test vehicles. We have been conducting testing of our fleet in Shanghai, Guangzhou, Beijing and the Bay Area in California. We launched our Level 4 non-commercial robotaxi services, which include in-vehicle human safety drivers, in Shanghai, and Guangzhou.

In 2022, we obtained a license for remote autonomous driving testing in Guangzhou and launched autonomous driving tests without safety driver at the driver seat. At the same time, we also obtained a commercial license to operate robotaxis in Guangzhou, and in March 2023 we officially launched commercial operations in Huadu District. We held an autonomous driving open day event on April 13, 2023, where we unveiled our first concept robotaxi, the DiDi Neuron.



In March 2023, DiDi Autonomous Driving received one of the first Intelligent Connected Vehicle (ICV) demonstration operation licenses from the Guangzhou government, officially launching commercial operations in Huadu District.

In April 2023, DiDi Autonomous Driving unveiled its first concept robotaxi, the DiDi Neuron.

International

We use the shared mobility technologies to also address local mobility needs in our international markets through product innovation. In 2022, we launched the shared motorcycle service "Moto" in multiple countries in Latin America and in Egypt, helping passengers further reduce mobility costs and fulfilling their demand for mobility in congested traffic scenarios.

In 2022, we also achieved milestones in food delivery and financial services in Latin America. We started offering food delivery services in additional countries such as Chile and Peru. In addition, we continued to add options to our local online payment services.

Financial Overview

Our business has achieved significant scale since our founding in 2012. Our revenues were RMB173.8 billion and RMB140.8 billion in 2021 and 2022, respectively. Our net loss was RMB49.3 billion and RMB23.8 billion in 2021 and 2022, respectively.

Our Adjusted EBITA (non-GAAP) results were losses of RMB19.2 billion and RMB12.8 billion in 2021 and 2022, respectively. This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. It should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. See “Our Financial and Operating Performance – Key Operating and Financial Metrics by Segment – Non-GAAP Financial Measure.”

Our Financial and Operating Performance

Key Operating and Financial Metrics by Segment

We operate our business in three segments: China Mobility, International and Other Initiatives. Our China Mobility segment accounts for the vast majority of our total revenues. Our International segment consists of our businesses outside of China, and our Other Initiatives segment comprises our new initiatives.

The table below sets forth our principal operations under each of the segments.

China Mobility	International	Other Initiatives
• Ride Hailing	• Ride Hailing	• Bike and E-Bike Sharing
• Taxi Hailing	• Food Delivery	• Certain Energy and Vehicle Services[1]
• Chauffeur		• Intra-city Freight
		• Autonomous Driving
		• Financial Services

(1) Certain Energy and Vehicle Services include our refueling, charging, maintenance and repair businesses, plus the leasing business that we carry out ourselves. The leasing business carried out by our business partners is included under China Mobility.

To evaluate our performance, we primarily look at several metrics:

Transactions. The number of completed rides for our China Mobility segment, completed rides or food deliveries for our International segment, and completed bike and e-bike sharing, energy and vehicle services, intra-city freight and financial services transactions. Transactions are counted by the number of orders completed, so a carpooling ride with two paying consumers represents two transactions, even if both consumers start and end their ride at the same place, whereas two passengers on the same ride hailing transaction count as one transaction.

GTV. The total dollar value, including any applicable taxes, tolls and fees, of completed Transactions without any adjustment for consumer incentives or for earnings and incentives paid to drivers for mobility services, merchant or delivery partners for food delivery services, or service partners for other initiatives.

Platform Sales: We define Platform Sales as GTV less all of the earnings and incentives paid to drivers and partners, tolls, fees, taxes and others. Platform Sales enables us to compare the performance of our China Mobility and International segments on a like-for-like basis.

Revenues. For each of our service offerings, we recognize revenues differently depending on who the customer is and whether we are the principal or agent in providing the service. We recognize revenues (i) on a gross basis (before subtracting driver earnings and incentives) when we are the principal in providing the service and (ii) on a net basis (after subtracting driver and partner earnings and incentives) when we are the agent in providing the service. For additional discussion related to revenues, see Note 3.24 to our consolidated financial statements included in Appendix I of this annual report.

Adjusted EBITA. We define Adjusted EBITA as net income (loss) before (i) interest income, (ii) interest expenses, (iii) investment income (loss), net, (iv) impairment loss for equity investments accounted for using Measurement Alternative, (v) income (loss) from equity method investments, net, (vi) other income (loss), net, (vii) income tax benefits (expenses), (viii) share-based compensation expense, (ix) amortization of intangible assets and (x) impairment of goodwill and intangible assets acquired from business combination, which we do not believe are reflective of our operating performance. See "Non-GAAP Financial Measure".

The table below illustrates key metrics for our China Mobility segment for the periods indicated.

	For the Year Ended December 31,	
	2021	2022
Operating Metrics		
Transactions (in millions)	9,514	7,733
GTV (in RMB millions)	233,845	186,174
Platform Sales (in RMB millions)	38,962	34,627
Financial Metrics		
Revenues (in RMB millions)	160,521	125,931
Adjusted EBITA (non-GAAP)(1) (in RMB millions)	6,129	(1,450)

The table below illustrates key metrics for our International segment for the periods indicated.

	For the Year Ended December 31,	
	2021	2022
Operating Metrics		
Transactions (in millions)	1,834	1,953
GTV (in RMB millions)	37,700	49,821
Platform Sales (in RMB millions)	3,254	6,013
Financial Metrics		
Revenues (in RMB millions)	3,622	5,863
Adjusted EBITA (non-GAAP)(1) (in RMB millions)	(5,788)	(4,024)

The table below illustrates key metrics for our Other Initiatives segment for the periods indicated.

	For the Year Ended December 31,	
	2021	2022
	(RMB in millions)	
Financial Metrics		
Revenues	9,684	8,998
Adjusted EBITA (non-GAAP)(1)	(19,514)	(7,295)

Note:
(1) See "Non-GAAP Financial Measure".

Non-GAAP Financial Measure

Adjusted EBITA is a non-GAAP financial measure used by our management to evaluate our operating performance. We believe that it provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors.

We define Adjusted EBITA (non-GAAP) as net income (loss) before (i) interest income, (ii) interest expenses, (iii) investment income (loss), net, (iv) impairment loss for equity investments accounted for using Measurement Alternative, (v) income (loss) from equity method investments, net, (vi) other income (loss), net, (vii) income tax benefits (expenses), (viii) share-based compensation expense, (ix) amortization of intangible assets and (x) impairment of goodwill and intangible assets acquired from business combination.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. It should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review this historical non-GAAP financial measure in light of the most directly comparable GAAP measure, as shown below. The non-GAAP financial measure 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 our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of Adjusted EBITA (non-GAAP) to the most comparable financial measure or measures calculated and presented in accordance with U.S. GAAP, which is net loss, for each of the periods indicated.

	For the Year Ended December 31,	
	2021	**2022**
	(RMB in millions)	
Net loss	**(49,334)**	**(23,783)**
Less: Interest income	(819)	(1,310)
Add: Interest expenses	278	197
Add: Investment loss, net	167	5,770
Add: Impairment loss for equity investments accounted for using Measurement Alternative	—	19
Less: Income (loss) from equity method investments, net	476	(36)
Add: Other loss, net	624	1,315
Add: Income tax expenses	166	4
Loss from operations	**(48,442)**	**(17,824)**
Add: Share-based compensation expense	24,655	3,424
Add: Amortization of intangible assets	1,825	1,631
Add: Impairment of goodwill and intangible assets acquired from business combination	2,789	—
Adjusted EBITA (non-GAAP)	**(19,173)**	**(12,769)**

The following table presents the total Adjusted EBITA by segment and consolidated loss from operations for the periods presented:

	For the Year Ended December 31,	
	2021	2022
	(RMB in millions)	
China Mobility	6,129	(1,450)
International	(5,788)	(4,024)
Other Initiatives	(19,514)	(7,295)
Total Adjusted EBITA	**(19,173)**	**(12,769)**
Share-based compensation expense	(24,655)	(3,424)
Amortization of intangible assets	(1,825)	(1,631)
Impairment of goodwill and intangible assets acquired from business combination	(2,789)	—
Total consolidated loss from operations	**(48,442)**	**(17,824)**

China Mobility Segment

The Adjusted EBITA of our China Mobility segment went from a gain of RMB6.1 billion 2021 to a loss of RMB1.5 billion in 2022. The Adjusted EBITA loss in 2022 included an administrative fine imposed for the violation of the Cybersecurity Law, Data Security Law and Personal Information Protection Law.

International Segment

The Adjusted EBITA loss of our International segment decreased by 30.5% from the loss of RMB5.8 billion in 2021 to a loss of RMB4.0 billion in 2022. The decrease was primarily attributable to the increase of operating efficiencies.

Other Initiatives Segment

The Adjusted EBITA loss of our Other Initiatives segment decreased by 62.6% from a loss of RMB19.5 billion in 2021 to a loss of RMB7.3 billion in 2022, which was primarily attributable to the reduction of losses from new initiatives resulting from the improved operating efficiencies, as well as a decrease of RMB2.2 billion in impairment charges on bikes and e-bikes.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the period indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,	
	2021	2022
	(RMB in millions)	
Revenues:		
China Mobility	160,521	125,931
International	3,622	5,863
Other Initiatives	9,684	8,998
Total revenues	**173,827**	**140,792**
Costs and expenses:		
Cost of revenues	(156,863)	(115,800)
Operations and support	(7,525)	(6,520)
Sales and marketing	(16,961)	(9,756)
Research and development	(9,415)	(9,536)
General and administrative	(28,716)	(17,004)
Impairment of goodwill and intangible assets acquired from business combination	(2,789)	—
Total costs and expenses	**(222,269)**	**(158,616)**
Loss from operations	**(48,442)**	**(17,824)**
Interest income	819	1,310
Interest expenses	(278)	(197)
Investment loss, net	(167)	(5,770)
Impairment loss for equity investments accounted for using Measurement Alternative	—	(19)
Income (loss) from equity method investments, net	(476)	36
Other loss, net	(624)	(1,315)
Loss before income taxes	**(49,168)**	**(23,779)**
Income tax expenses	(166)	(4)
Net loss	**(49,334)**	**(23,783)**
Less: Net income attributable to non-controlling interest shareholders	9	1
Net loss attributable to DiDi Global Inc.	**(49,343)**	**(23,784)**
Accretion of convertible redeemable non-controlling interests to redemption value	(688)	(898)
Net loss attributable to ordinary shareholders of DiDi Global Inc.	**(50,031)**	**(24,682)**

Revenues

For each of our service offerings, we recognize revenues differently depending on who the customer is and whether we are the principal or agent in providing the service. We recognize revenues (i) on a gross basis (before subtracting driver earnings and incentives) when we are the principal in providing the service and (ii) on a net basis (after subtracting driver and partner earnings and incentives) when we are the agent in providing the service. Specifically, we recognize revenues for our ride hailing service in China on a gross basis as we consider ourselves as the ride service provider in accordance with the service agreements and the regulations in China. For additional discussions related to revenues, see Note 3.24 to our consolidated financial statements included in Appendix I of this annual report.

Cost of Revenues

Cost of revenues, which are directly related to revenue generating transactions on our platform, primarily consist of driver earnings and incentives in ride hailing services of our China Mobility segment, depreciation and impairment of bikes and e-bikes, vehicles, insurance cost related to our service offerings, payment processing charges, and bandwidth and server related costs.

Operations and Support Expenses

Operations and support expenses consist primarily of personnel-related compensation expenses, including share-based compensation for our operations and support personnel, third party customer service fees, driver operation fees, other outsourcing fees and expenses related to general operations.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of advertising and promotion expenses, certain incentives paid to consumers not considered as customers from an accounting perspective, amortization of acquired intangible assets utilized by sales and marketing functions, and personnel-related compensation expenses, including share-based compensation for our sales and marketing staff.

Research and Development Expenses

Research and development expenses consist primarily of personnel-related compensation expenses, including share-based compensation for employees in engineering, design and product development, depreciation of property and equipment utilized by research and development functions, and bandwidth and server related costs incurred by research and development functions. We expense all research and development expenses as incurred.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related compensation expenses, including share-based compensation for our managerial and administrative staff, allowances for doubtful accounts, office rental and property management fees, professional services fees, depreciation and amortization related to assets used for managerial functions, fines and miscellaneous administrative expenses.

Period to Period Comparison of Results of Operations

Year ended December 31, 2022 compared to year ended December 31, 2021

Revenues

Revenues decreased by 19.0% from RMB173.8 billion in 2021 to RMB140.8 billion in 2022. This decrease was primarily due to the decrease of GTV in our China Mobility segment due to the effects of COVID-19 pandemic outbreaks in the second and fourth quarter of 2022. The total segment revenues of our China Mobility segment decreased by 21.5% from RMB160.5 billion in 2021 to RMB125.9 billion in 2022. GTV in our China Mobility segment decreased by 20.4% from RMB233.8 billion in 2021 to RMB186.2 billion in 2022. The total segment revenues of our International segment increased by 61.9% from RMB3.6 billion in 2021 to RMB5.9 billion in 2022. The increase in International segment revenue was primarily due to the growth of GTV and improved incentives efficiencies with our customers. GTV in our International segment increased by 32.2% from RMB37.7 billion in 2021 to RMB49.8 billion in 2022. Total segment revenues of our Other Initiatives segment decreased by 7.1% from RMB9.7 billion in 2021 to RMB9.0 billion in 2022, primarily due to an 8.0% decrease of our bike and e-bike sharing business revenues, as COVID-19 pandemic resurged in 2022.

Cost of Revenues

Cost of revenues decreased by 26.2% from RMB156.9 billion in 2021 to RMB115.8 billion in 2022. This decrease was primarily due to a decrease of RMB34.8 billion in driver earnings and driver incentives for our ride hailing business in China, driven primarily by the decline of China ride hailing transactions, and to a lesser extent by a decrease of RMB3.1 billion in cost of revenues from new initiatives that we launched in 2020, as well as a decrease of RMB3.0 billion in operating assets depreciation and impairment related to our bike and e-bike sharing business.

Operations and Support Expenses

Our operations and support expenses decreased by 13.4% from RMB7.5 billion in 2021 to RMB6.5 billion in 2022. This decrease was primarily due to a decrease of RMB0.8 billion in personnel-related compensation expenses, including share-based compensation, mainly due to the reduction in headcount in our new initiatives, and a decrease of RMB0.2 billion in other third-party operations support fees in line with the decrease of our bike and e-bike sharing business.

Sales and Marketing Expenses

Our sales and marketing expenses decreased by 42.5% from RMB17.0 billion in 2021 to RMB9.8 billion in 2022. The decrease was due primarily to a RMB4.7 billion decrease in incentives provided to consumers which were mainly related to the Other Initiatives and International segments. The decrease was also attributable to a RMB2.1 billion decrease in advertising and promotion expenses as we reduced our marketing spending for the Other Initiatives segment and our ride hailing business in China.

Research and Development Expenses

Our research and development expenses increased by 1.3% from RMB9.4 billion in 2021 to RMB9.5 billion in 2022, due primarily to continually investing in technology.

General and Administrative Expenses

Our general and administrative expenses decreased by 40.8% from RMB28.7 billion in 2021 to RMB17.0 billion in 2022, due primarily to RMB20.5 billion share-based compensation expenses recognized in the second quarter of 2021, partially offset by an administrative fine imposed for the violation of the Cybersecurity Law, Data Security Law and Personal Information Protection Law in 2022.

Impairment of Goodwill and Intangible Assets Acquired from Business Combination

Our impairment of goodwill and intangible assets acquired from business combination decreased from RMB2.8 billion in 2021 to nil in 2022. The impairment in 2021 was primarily relating to the goodwill and intangible assets arising from the acquisition of 99 Taxis within our International segment, and the impairement was mainly caused by the longer-term trajectory of the COVID-19 pandemic and the complex and volatile market environment. There was no impairment in 2022.

Investment income (loss), net

Our investment income (loss), net, increased from a loss of RMB167 million in 2021 to a loss of RMB5.8 billion in 2022, due primarily to fair value loss amounting to RMB7.0 billion mainly from our investments in Grab, offset by RMB1.2 billion recognized in connection with Chengxin's distribution of our share of its assets in 2022.

Liquidity and Capital Resources

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

	For the Year Ended December 31,	
	2021	2022
	(RMB in millions)	
Summary Consolidated Cash Flows Data:		
Net cash used in operating activities	(13,414)	(9,554)
Net cash provided by (used in) investing activities	1,145	(11,028)
Net cash provided by (used in) financing activities	35,191	(3,545)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(572)	1,822
Net increase (decrease) in cash and cash equivalents and restricted cash	22,350	(22,305)
Cash and cash equivalents and restricted cash at beginning of the period	21,631	43,981
Cash and cash equivalents and restricted cash at end of the period	43,981	21,676

Cash and cash equivalents represent cash on hand, time deposits and highly liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal for use, and which have original maturities less than three months. As of December 31, 2021 and 2022, cash held in accounts managed by online payment platforms such as Alipay and WeChat Pay amounted to RMB2.2 billion and RMB1.0 billion, respectively. These amounts of cash held by online payment platforms have been classified as cash and cash equivalents on our consolidated balance sheets. Cash and time deposits that are restricted as to withdrawal for use or pledged as security are reported as restricted cash. Restricted cash is classified into current and non-current based on the length of restricted period. Our restricted cash primarily represents deposits in banks which are restricted in use.

The following table sets forth a summary of assets managed by our treasury function, including cash and cash equivalents, restricted cash and treasury investments:

	As of December 31,	
	2021	2022
	(RMB in millions)	
Cash and cash equivalents and restricted cash	43,981	21,676
Time deposits stated at amortized cost (1)	16,877	25,411
Structured notes stated under fair value option (2)	5	1,755
Total	**60,863**	**48,842**

Note:
(1) Includes short-term time deposits stated at amortized cost in "short-term investments" (Note 5 to our consolidated financial statements included in Appendix I of this annual report) amounting to RMB13.2 billion and RMB17.0 billion as of December 31, 2021 and 2022, respectively, and long-term time deposits stated at amortized cost in "investment securities and other investments" (Note 9 to our consolidated financial statements included in Appendix I of this annual report) amounting to RMB3.7 billion and RMB8.4 billion as of December 31, 2021 and 2022, respectively.

(2) Includes short-term structured notes under fair value option in "short-term investments" (Note 5 to our consolidated financial statements included in Appendix I of this annual report) amounting to RMB4.6 million and nil as of December 31, 2021 and 2022, respectively, and long-term structured notes under fair value option in "investment securities and other investments" (Note 9 to our consolidated financial statements included in Appendix I of this annual report) amounting to nil and RMB1.8 billion as of December 31, 2021 and 2022, respectively.

We regularly monitor the balance of our cash and cash equivalents, restricted cash and treasury investments, as well as the funding requirements of our business. As of December 31, 2021 and 2022, cash and cash equivalents, restricted cash and treasury investments amounted to RMB60.9 billion and RMB48.8 billion, respectively. The decrease of RMB12.1 billion in 2022 was primarily attributable to the net cash used in operating activities amounting to RMB9.6 billion.

Historically, we have funded our operations through a combination of cash from operations, private and public rounds of equity financing and credit facilities from commercial banks. In April 2021, we entered into a revolving credit facility agreement with certain banks, pursuant to which we could borrow up to US$1.6 billion, with an accordion option of up to US$0.4 billion. We cancelled this agreement without drawing down any funds under it in March 2022.

We believe that our cash from operations, existing cash, cash equivalents and short-term investments are sufficient to fund our operating activities, capital expenditures and other obligations for the next 12 months. We may decide to enhance our liquidity position or increase our cash reserve 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 2022 was RMB9.6 billion, as compared to a net loss of RMB23.8 billion for the same period. The difference was due to RMB16.2 billion for non-cash or non-operating adjustments, partially offset by RMB2.0 billion for changes in our working capital accounts. Non-cash or non-operating adjustments consisted primarily of interest income and investment loss (income), net of RMB5.5 billion, depreciation and amortization expenses of RMB5.1 billion, share-based compensation of RMB3.4 billion, foreign exchange loss (gain), net of RMB1.4 billion, and allowances for credit losses of RMB1.1 billion. Changes in our working capital accounts consisted primarily of a decrease of RMB1.2 billion in accounts and notes payable, and a decrease of RMB1.0 billion in accrued expenses and other current liabilities, partially offset by an increase of RMB0.4 billion in other non-current assets.

Investing Activities

Net cash used in investing activities in 2022 was RMB11.0 billion, primarily as a result of the purchase of short-term investments of RMB25.7 billion, loan receivable originated from third parties of RMB14.7 billion, the purchase of long-term time deposits and debt investments stated at amortized cost of RMB7.8 billion, the purchase of property and equipment and intangible assets of RMB2.6 billion, and the purchase of other investment securities of RMB2.1 billion, partially offset by the proceeds from maturities of short-term investments of RMB25.2 billion, cash received from loan repayments of third parties of RMB13.6 billion, the cash proceeds from distribution of Chengxin of RMB1.8 billion, and the proceeds from disposal of property and equipment and intangible assets of RMB0.7 billion.

Financing Activities

Net cash used in financing activities in 2022 was RMB3.5 billion, primarily as a result of repayments of short-term borrowings and long-term borrowings of RMB7.0 billion, partially offset by proceeds from short-term borrowings and long-term borrowings of RMB3.8 billion.

Recovery since the Chinese New Year in 2023

Since the Chinese New Year in 2023, the demand for commuting, consumer travel, and travel to or from airports, train stations and other major transportation hubs in China has rapidly recovered, driving our China Mobility segment to return to growth. In March 2023, we completed an average of 28.2 million daily transactions for our China Mobility segment, representing a 42% increase from March 2022. During the same period, our International segment continued to develop, with an average of 6.6 million daily transactions for international mobility and food delivery in March 2023. Other initiatives, including bike and e-bike sharing, certain energy and vehicle services, intra-city freight, and financial services, completed an average of 10.2 million daily transactions.

In March 2023, we completed a total of 45.0 million average daily transactions for our China Mobility, International, and Other Initiative segments.

We had 587 million annual active users and 23 million annual active drivers worldwide for the twelve months ended March 31, 2023. Among them, our China Mobility segment had 411 million annual active users and 19 million annual active drivers. We will continue to improve our services and strengthen technological innovation to serve drivers and users worldwide.

Income Opportunity and Service for Our Drivers

A great travel experience depends on the service of the drivers. It is DiDi's responsibility to provide reliable and stable support to drivers, which is also key to our sustainable development and operation.

Overview of DiDi Driver Community

We had 23 million annual active drivers worldwide for the twelve months ended March 31, 2023. Among them, our China Mobility segment had 19 million annual active drivers.

Drivers on our platform come from various backgrounds, including breadwinners supporting their families, part-time drivers supplementing their income, and those using it as a temporary transition. They are also parents, husbands, wives, and children to others. They work hard on the road, safely transporting billions of riders every year. Stories of them returning lost items, rushing patients to the hospital, and acting bravely in times of danger happen all the time.

Reliability and Transparency in Driver Income

We practice transparent pricing by publishing the price composition and billing standards for our ride hailing, chauffeur, and freight services on the app, and displaying the pricing for each trip. Additionally, we provide advance notice of any adjustments to prices due to low or high seasons.

To promote transparency, in July 2022, DiDi became the first in the industry to implement the "Sunshine Action" promoted by the Ministry of Transportation, which displays all components of the passenger's payment amount, including driver earnings and platform’s take. DiDi also offers driver income reports, which show the driver’s income as a proportion of total fees charged to customers within the past seven days.

Furthermore, we provide a variety of rewards and subsidies for drivers who meet certain criteria, such as peak hour bonuses and completion bonuses. We also introduced holiday service fees and comprehensive energy consumption fees in 2022, with all fees fully paid to the drivers.

Driver Support and Benefits

We also support drivers through various initiatives, such as daily services, healthcare and insurance, holiday benefits, and public welfare support.

Daily Services

We have launched a variety of special daily services on our ride hailing platform to address common issues that drivers face, such as difficulty finding restrooms or parking spaces. Additionally, we provide daily services and discounts for drivers, including charging, fueling, and car washing, as well as psychological support and care.

DiDi Freight set up care service points at certain locations where drivers gather to accept orders, providing free breakfast and lunch, drinking water, fruit, and hygiene supplies. DiDi Chauffeur launched the night cafeteria project for chauffeur drivers, inviting them to enjoy a midnight snack during the winter nights to solve the problem of drivers having difficulty finding food at night.

DiDi Chauffeur driver enjoyed a midnight snack in the night cafeteria.

Healthcare and Insurance

In 2022, DiDi launched a pilot program to provide health checkups for participating ride hailing drivers, partnering with third-party institutions to provide health consultations for drivers and their families.

Our CareShield Protection program covers traffic accidents, personal injuries, property damage, and sudden illnesses that may occur during ride for ride hailing drivers on our platform, which help drivers to cover medical expenses, nutrition and care expenses, as well as living expenses for dependents in cases of injury.

We work with third-party insurance companies to offer medical insurance plan and tailored car insurances programs for drivers on voluntary basis. As of the end of 2022, over 153,000 drivers and 51,000 drivers have enrolled in such third-party medical insurance plan and car insurance programs.

In addition, DiDi Chauffeur provides personal accident insurance for chauffeur drivers, in the events such as traffic accidents and personal injuries that occur during the ride.

Holiday Benefits

We provide holiday gifts to drivers through "DiDi Welfare Stations", and organize holiday welfare activities and holiday-themed events. In 2022, seven holiday-themed events and 12 monthly events were held.

DiDi Welfare Stations

Drivers received holiday gifts

Communication and Feedback

We invite drivers, passengers, and society to participate in the platform's rule-making and improvement. We collect driver feedback through driver open days and online and offline forums. In 2022, DiDi ride hailing collected 26,392 pieces of feedback and regularly published improvement progress reports, and DiDi Chauffeur's driver representative team held a total of 96 meetings.

Training and Development

We have established a diversified skill training system, providing both online and offline training services to drivers in the platform's ride hailing, chauffeur and freight services. The training covers a range of topics, including safety, rules, service, and skills.

We also provide free skills training courses to ride hailing drivers in subjects such as "Nutrition", "Psychology", "Health Management", and "Fire Engineering". In 2022 alone, we provided a total of 58,702 free skills certification courses to over 40,000 drivers nationwide, helping drivers to grow and develop.

DiDi Driver's Day

A birthday party for DiDi drivers

DiDi drivers attended offline trainings

DiDi Freight drivers participated in a fun sports event

DiDi Chauffeur drivers participated in a parent-child activity

DiDi drivers shared feedback on driver open days

Public Welfare Support

DiDi Care Fund

DiDi Care Fund, launched by DiDi and the Red Cross Foundation of China, offers humanitarian assistance to ride hailing drivers and their families who face difficulties in their daily lives due to serious illnesses, disasters, and other factors. Since 2018, we have assisted a total of over 1,000 driver families and the special funds allocated for humanitarian assistance have exceeded RMB10 million.

DiDi Seeds Program

DiDi Seeds Program is the first domestic public welfare initiative that focuses on the education and development of ride hailing drivers' children. Over the past six years, we have awarded college entrance examination scholarships to about 600 driver families and supported approximately 40,000 driver families through programs such as family summer camps and academic tutoring. DiDi Seeds Program also assists in the education development of rural youth in various communities in China, contributing towards the rural vitalization.

Ecosystem Partners

We are committed to joining hands with more ecosystem partners to promote compliance governance, create development opportunities, build a more diverse, closely-knit, and high-quality business ecosystem, and grow together with our partners.

Over the past few years, DiDi has formed strong partnerships with thousands of car rental and driver service companies in the ride hailing, chauffeur and freight industries, as well as with leading companies across the automotive, finance, insurance, energy, public transportation, taxi, and enterprise service industries. Together, we have established a comprehensive industrial service ecosystem to better serve our drivers in areas such as vehicle purchase and leasing, insurance, energy, maintenance, and training. As we move forward, we remain committed to building lasting partnerships with industry leaders and innovators.

We work together with our partners to create more flexible and diverse products and services, and open for cooperation in technology capabilities, digital empowerment, traffic sharing, branding, and industry collaboration, jointly building a stable, transparent, respectful, and win-win industrial chain ecosystem, and serving drivers and passengers well.

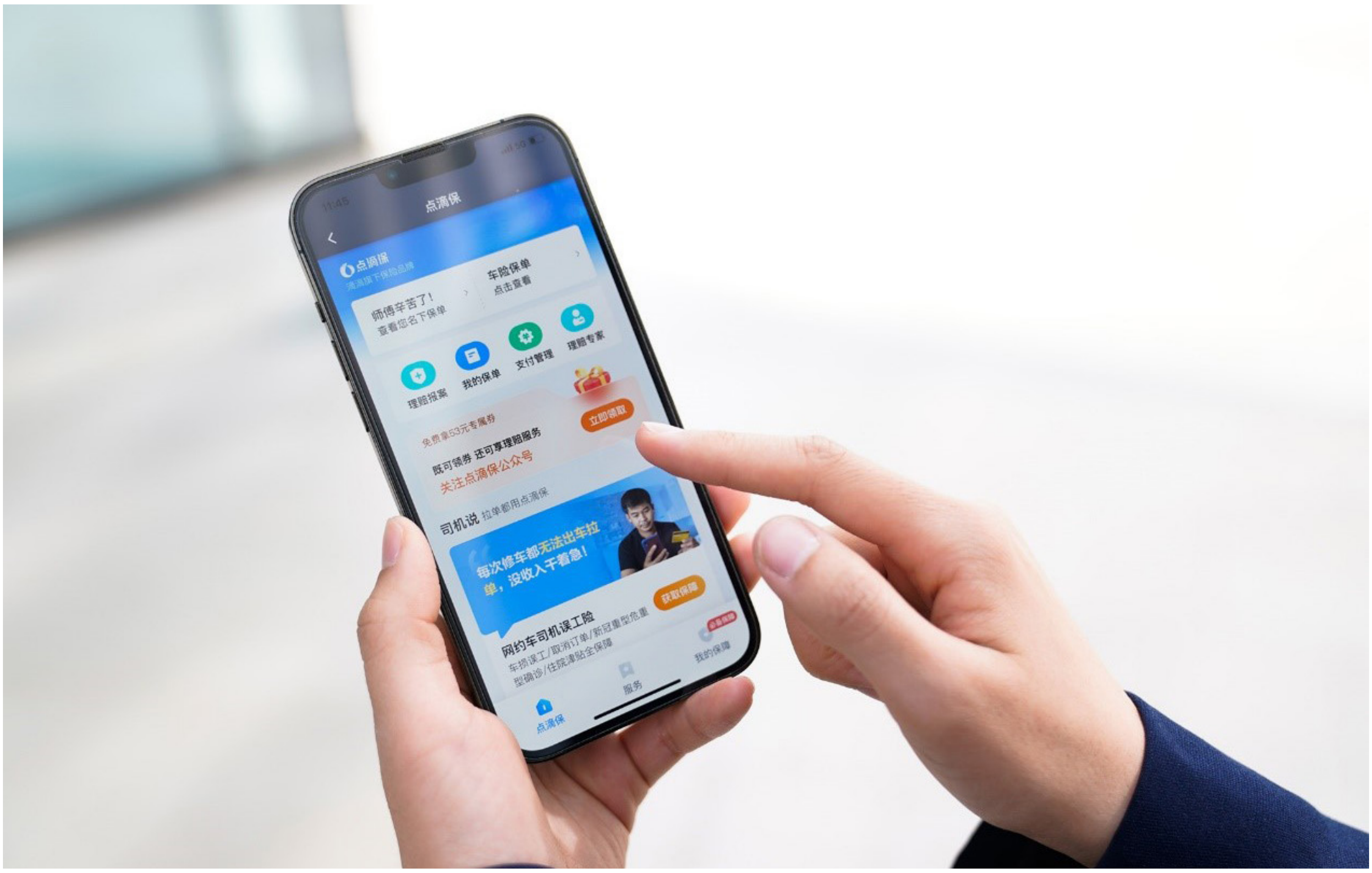
The 3rd Partner Conference of DiDi Ride-hailing in 2023

DiDi Driver Partner Co-creation Conference

Authorized stores of leasing services

DiDi Chauffeur collaborates with the police to conduct road traffic safety training

The first Partner Conference of DiDi Freight in Zhejiang



We partnered with insurance companies to launch an innovative insurance solution called "Dian Di Insurance" based on the needs of ride hailing drivers. Millions of drivers have already signed up for this insurance, and among the benefits it offers, the "Loss of Income Insurance" compensates insured drivers for economic losses worth tens of millions of RMB.

Implementing Safety Responsibilities

Safety is the cornerstone of our business. In order to ensure the safety of passengers and drivers, we constantly improve our safety management system and enhance our emergency response capabilities. We strive to cover the entire process from the beginning to the end of all trips for all business lines, and leverage the power of technology to provide risk identification and prevention as well as comprehensive and timely safety response solutions.

Building a Comprehensive Safety Strategy

We have invested a lot in implementing safety efforts, designing processes and deploying technology. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. We have also extended select safety initiatives internationally, tailoring our efforts to the conditions in each local market where we operate.

Background checks and screening. We verify the documentation of drivers who register on our platform, including their driver's license and vehicle registration license. We also have certain requirements implemented in accordance with applicable PRC regulations, including minimum and maximum age requirements, driving experience, no criminal record, no record of dangerous driving or driving under the influence, and no record of drug use. In addition to conducting background reviews of new drivers when they register on our platform, we also periodically conduct background reviews of active drivers. If an active driver fails a background review, their account will be blocked from accessing our platform to ensure the safety of riders on our platform. Riders can register on our platform by verifying their cellphone number.

Safety throughout the ride. To manage risks from potential conflicts during the trip, with authorization from the driver and passenger, the platform enables real-time location protection during the trip. For example, if a journey deviates significantly from the navigation route, or the vehicle is stopped for too long at a location during a trip, we will send a message to the rider for him or her to confirm the status of the trip through an in-app message, interactive voice inquiry or calls.

Both the driver and riders can set up emergency contacts in the safety center and choose to share their real-time trip information automatically to their emergency contacts via SMS during a pre-set time frame. We also have a one-tap police assistance button in our app, which allows riders to make emergency calls to the police. Once a rider makes an emergency call to the police, our system will automatically generate an SMS to notify all emergency contacts that the rider has reached out to the police and share the trip information and location in real time. Additionally, our customer service team is available around the clock to assist customers with any safety concerns. Through our app, customers are able to easily access messaging or calling options to obtain assistance from us. In 2022, the platform assisted 10 drivers and passengers who exhibited suicidal behavior, and prevented a number of potential conflicts.

Driving safely. During our ride hailing trips, our system detects signs of dangerous driving patterns, including fatigue, distraction, speeding, accelerating and turning too fast, and braking too hard. For example, during fatigue-prone time periods (typically afternoon and night), the platform proactively sends fatigue warnings to drivers to reduce the possibility of accidents.

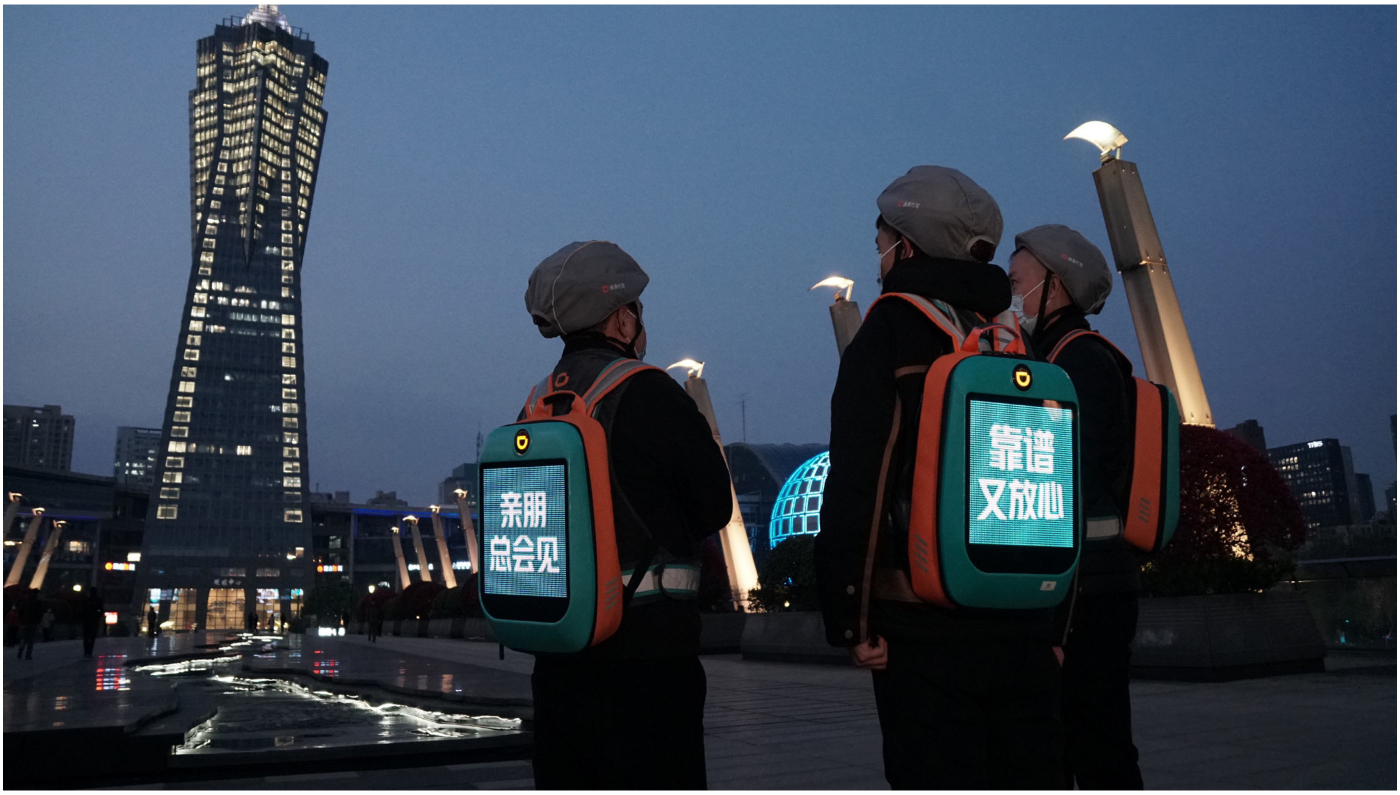
Safety education and campaigns. We have set up a comprehensive set of safety management committees. We educate drivers on our policies, service standards, safety guidelines, and how to receive ride requests, and we require them to take exams on an in-app e-learning platform to enhance their safety awareness. Our online e-learning platform, which provides tailored safety-focused e-learning programs for drivers received a cumulative total of nearly 30 million visits by the end of 2022. We also regularly communicate our approach and safety concerns and safety initiatives to riders, drivers and other stakeholders.

International safety initiatives. We are building a safe and open mobility platform by proactively communicating with riders, drivers, stakeholders and partners around the world to tailor safety measures to specific regions. For example, in countries where online payment systems are uncommon, we promote the use of DiDi Cards so that drivers do not carry lots of cash and become targets for crime.

Safeguarding Multiple Service Lines

We standardize the safety management and protection mechanisms of various business lines, strengthen the feature review of drivers and passengers, enhance the prediction of safety incidents, set up driver-passenger protection plans and emergency measures for different scenarios, and promote the safety of drivers and passengers while providing convenient ride.

To help chauffeur drivers to reach users' vehicles safely when riding e-bikes at night, we have launched functions such as "shake for help" and "fainting warning system", and built features such as "real-time speeding warning for e-bike riding" and "bumpy road warning" to reduce potential hazards. We constantly upgrade the safety helmet and reflective vest for chauffeur drivers.



In addition, we have invested in innovative safety solutions for our other business offerings, such as our bike and e-bike sharing business, charging business, and freight business. Our e-bike introduced features such as overloading sensors and smart helmets on its new models. Our charging business has built a multi-level charging safety system, which can proactively enhance protection procedures based on vehicle models and monitor battery performance as well as overheating of battery cells during the charging process. Our freight business has developed comprehensive tools to help drivers identify and reject potentially hazardous goods orders by using keyword filters, AI recognition, and offline verification methods. DiDi Autonomous Driving addresses the unique safety challenges of autonomous driving through innovation. For example, our proprietary "Gemini" platform achieves multi-level safety redundancy through core high-performance sensors, dual in-vehicle autonomous driving systems, and remote assistance systems.

Comprehensive Safety Response Mechanism

We have organized a professional safety response team and built a sound safety response mechanism, and we are continuously improving our emergency response capabilities to ensure that effective safety responses are provided promptly.

Safety Response Team. We have a dedicated safety response team. In 2022, taking into account all of the user feedback that we received through various channels such as customer service inquiries, 400 hotline and one-click help requests from vehicles, and we completed over 92% of the responses within 48 hours of the inquiry.

Incident Review Taskforce. We are deeply aware that any accident, whether involving personal safety or property loss, represents real pain. Our dedicated incident review taskforce ensures that such cases are thoroughly analyzed to improve our understanding of the causes of accidents and help us prevent further incidents.

We take user feedback and concerns related to safety very seriously and have a dedicated dispute and incident response resolution and review process, making our best efforts to respond quickly, and resolve issues in a timely manner. Through post-incident review, we also help prevent future accidents.

Our Social Responsibilities

We firmly believe that creating social value and fulfilling our responsibility to society is not only the right thing to do, but also the key to our company's success. We are committed to promoting social welfare and contributing to the betterment of our communities.

We understand the importance of diversity and inclusiveness in travel, and we strive to make our services accessible to everyone. We are working to make travel safer, easier, and more enjoyable for everyone. In addition, we strive to contribute to the environment through increased road efficiency, promotion of electric mobility and various public welfare activities.

Diversity and Inclusion

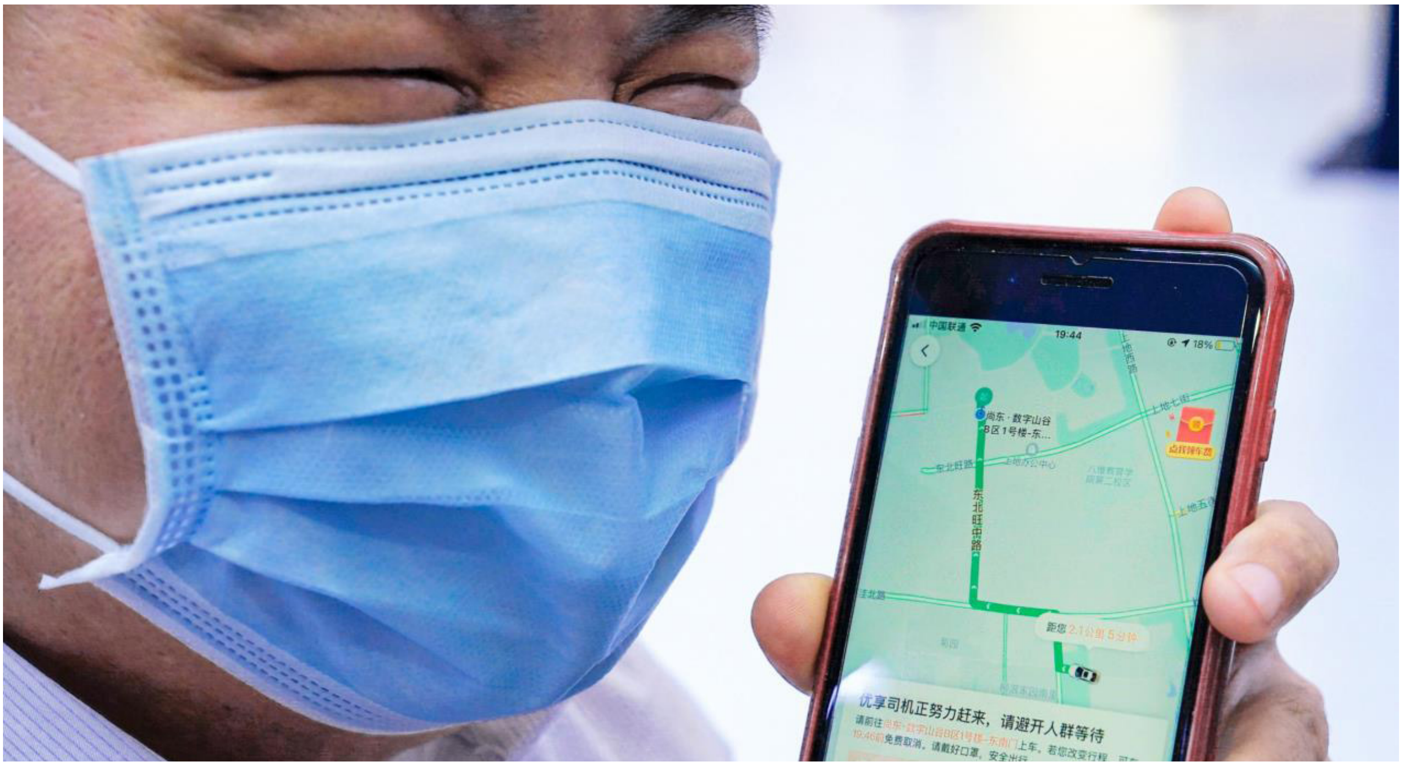
We promote diversified and inclusive growth as an integral part of our values and identity. We believe that travel should be accessible to everyone. At DiDi, we are committed to fulfilling our social responsibility by providing barrier-free travel options, especially for groups like the disabled and the elderly. Our goal is to create a world where every traveler can enjoy a safe, convenient, and inclusive travel experience. To achieve this goal, we have developed a comprehensive strategy that focuses on three key areas: information accessibility, barrier-free mobility services, and public welfare mobility support.

Accessible Mobility for the Visually Impaired

To promote information accessibility, we have added “text to speech” functions to our DiDi app, making it easier for visually impaired users to access our services. We have also established a dedicated information accessibility team that includes visually impaired employees and integrated information accessibility adaptation into our regular app development process.

In addition to ensuring that the app is accessible and easy to use for special needs populations, we also focus on providing a seamlessly accessible mobility experience during the trip.

For barrier-free mobility services, we launched an initiative to assist passengers with certified guide dogs in finding a car, avoiding rejection, and completing their trips smoothly. This service has been widely recognized and covers 117 cities, with over 2.6 million DiDi drivers completing the Accessibility Services Certification. In April 2021, DiDi signed a strategic framework agreement with the China Association of Persons with Visual Disabilities to extend accessible mobility services to a wider visually impaired population. Currently, accessible services for individuals with certified first-level visual impairment are being tested and launched in several cities.



Using accessibility services

Our accessible travel service makes travel more convenient for visually-impaired users

Care for the Elderly

On January 22, 2021, we launched the "DiDi Care Version" mini-program, later renamed the "DiDi Senior Edition". We were the first online ride hailing platform in China to launch an app designed for use by the elderly. Currently, DiDi provides an "Assisted Rides" App function, a mini-program, and telephone hotlines for senior citizens. As of March 31, 2023, we have provided over 75 million trips for over 2.7 million elderly people in 355 cities.

An elderly user requesting a ride on “DiDi Senior Version”

The DiDi Senior Version has been tailored to meet the needs of elderly users. It features simple pages, large and clear fonts, no advertisements, and only the basic necessary functions. The "one-click ride hailing" function enables users to order a ride with just one click as the system automatically locates the starting point. Additional elderly-friendly services have been implemented throughout the entire ride hailing process. Priority dispatch for medical needs is offered to seniors aged 60 and above, solving the problem of difficulty in finding a ride for elderly people going to the hospital during peak hours. At the same time, a phone call hotline (400-688-1700) has been launched to enable elderly people without smartphones or those who have difficulty using them to quickly and simply order a ride and even to pay in cash.

In addition, the DiDi Public Welfare Foundation launched the "National Smart Care Public Welfare Action for Elderly" in cooperation with the China National Research Center on Aging and Geriatric Medicine and the China Aging Development Foundation. Starting in 2021, sessions to teach the elderly to use smartphones has been carried out by senior volunteers in 29 cities across the country. As a result, 650,000 elderly people have learned how to use smart technology.

This project not only teaches the elderly how to use smartphones, it also has formed nearly 100 "Old Friends" smart care volunteer service teams. In addition, the project supports research on smart elderly care topics. With the support of this project, the School of Information at Renmin University of China released the "Research Report on Achievements and Benchmarking of Smart Elderly Care", while the China National Research Center on Aging and Geriatric Medicine and the Ministry of Transportation's Transportation Intelligence Think Tank jointly conducted research on the "Situation, Difficulties, and Solutions of Smart Travel for the Elderly."

The Public Welfare Mobility Support Program

We also pay close attention to the travel needs of special groups and have established partnerships with public welfare organizations to provide free trips for those in need. We work to support "extremely poor and special needs" groups such as poor orphans, patients with rare diseases, visually impaired and hearing-impaired children, and public welfare volunteers. As of the end of 2022, DiDi has donated more than 460,000 kilometers of travel to these special-needs groups. In addition, for three consecutive years, DiDi has provided funding for civil disaster relief teams to support over 1,200 disaster relief operations.

Serving Communities

Our drivers are not only service providers on the road, but also volunteers in better serving their communities. Through initiatives such as the "Positive Energy on the Road" program, the "DiDi Relief and Recovery Fleet," and the "DiDi Public Welfare Rescue Team," we support drivers in actively engaging in social volunteer work, promoting the development of their communities, and projecting positive energy and warmth.

The “Positive Energy on the Road” Program

DiDi initiated this program in 2016 to recognize and reward drivers’ brave and kind actions during rides. As of the end of 2022, the program had commended over 1,300 drivers on our platform for their acts of bravery, honesty, and kindness. We are proud of our drivers, who are not only providers of mobility services but also contributors to the well-being of our society, and they have earned respect from passengers and the public.

“DiDi Emergency Rescue” Project

In 2021, we established the "DiDi Emergency Rescue Project", through which we participate in emergency rescue practices. After certain provinces experienced severe flooding in July and October 2021, we donated RMB180 million in total to disaster relief efforts to support the recovery of the affected areas. Subsequently, the "DiDi Public Welfare Rescue Team" was launched to work with civilian professional rescue teams by providing ride hailing drivers with emergency skills training and opportunities to participate in volunteer services.

Currently, we have established three volunteer rescue support teams in Shenzhen, Taiyuan, and Beijing. In 2022, these three volunteer teams conducted 93 professional rescue training sessions with a total training time of over 22,000 hours. They also completed 364 volunteer projects with a total service time of over 11,000 hours.

Participating in water rescue exercises organized by the Beijing Red Cross Society

Low Carbon and Sustainability

We strive to contribute to the environment through more efficient ride hailing services and promotion of electric vehicles. Our shared mobility services contribute to the reduction of carbon emissions. Our development of the D1, the world's first electric vehicle that was designed specifically for ride hailing, and our commitment to autonomous driving are also paving the way for the future of sustainable mobility. Our ride hailing services increase the efficiency of transportation and promote the use of electric vehicles. We are actively expanding our charging network. Our bike and e-bike sharing business helps to reduce carbon footprints. We provide real time public transportation inquiry services to increase the usage of public transportation. Our enterprise services also provide paperless solutions for offices.

Leading the New Trend of Green Mobility and Powering the Decarbonized Future of Mobility

We provide green mobility options such as carpooling, bike and e-bike sharing and hitch, and promote the adoption of electric vehicles in shared mobility through services such as our charging network. In 2022, the users of DiDi carpooling service shared a total of 1.69 billion kilometers in rides. By the end of 2022, our hitch service completed over 1.4 billion rides in total since its introduction, our bike and e-bike sharing provided services in over 250 cities, and our charging network covered around 120 cities and connected over 130,000 fast charging devices. As of the end of 2022, there were over 2 million electric vehicles registered on our platform.

Guarding Our Planet

We are actively involved in initiatives related to climate change and biodiversity protection. We partnered with the China Environmental Protection Foundation and launched the “Decarbonize Guardian” project to support climate change response and biodiversity conservation. In 2021, DiDi became the first Chinese internet company to participate in the construction of the "Sanjiangyuan National Park - Yellow River Source Area", supporting the planting and maintenance of seeds in degraded grassland. Through this project, over 1.6 square kilometers of degraded grassland has been restored, achieving a plant coverage rate of over 65%. This project was selected as one of the "Biodiversity 100+ Global Typical Cases" at the COP15 conference in 2021.

In 2022, the project entered its second phase with a focus on biodiversity conservation and supporting the protection and development of habitats for migratory birds, the Giant Panda, and the Chinese White Dolphin. DiDi partnered with the China Environmental Protection Foundation and DiDi Public Welfare Foundation to launch the "Guardian of Migratory Birds" public welfare project, in which DiDi's platform provides matching donations for users' low-carbon travel behavior, and the funds are used to support the patrol of migratory bird habitats.

In 2022, we launched the "Tanyuanqi" project in 298 cities. This project encourages users to choose low-carbon mobility methods to protect the environment. Currently, the project has attracted over 170 million users, taking a positive step towards optimizing mobility structures and cultivating users’ choice for green mobility.

Our “Decarbonize Guardian” project was selected as one of the "Biodiversity 100+ Global Typical Cases"in 2021

Corporate Governance

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors in office as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Will Wei Cheng	39	Founder, Chairman of the Board and Chief Executive Officer
Jean Qing Liu	44	Co-Founder, Director and President
Fengxia Liang	46	Director
Yi Zhang	47	Director
Zhihui Yang	49	Independent Director
Gaofei Wang	44	Independent Director
Yusuo Wang	59	Independent Director
Bob Bo Zhang	39	Co-Founder and Chief Technology Officer
Alan Yue Zhuo	35	Chief Financial Officer
Shu Sun	36	Chief Executive Officer of China Ride Hailing

Mr. Will Wei Cheng is our founder and has served as chairman of our board of directors since January 2013 and our chief executive officer since February 2015. Mr. Cheng founded Beijing Xiaoju Science and Technology Co., Ltd. in 2012 and, shortly thereafter, launched the DiDi Dache app to provide taxi hailing services. Since then, Mr. Cheng has led us to become the world's leading mobility technology platform, having overseen our acquisition of Kuaidi and Uber China, diversification of our service offerings and expansion around the globe. Prior to founding us, Mr. Cheng worked at Alibaba from 2005 to 2011, most recently as deputy general manager of Alipay, with responsibility for Alipay's business-to-consumer functions, and before that, in a number of sales-related positions, including as regional manager at Alibaba. Mr. Cheng has been featured on Fortune China's 50 Most Influential Business Leaders list for three consecutive years from 2017 to 2019. In 2017, Mr. Cheng was selected as a Global Game Changer by Forbes. In 2016, Mr. Cheng was named Fortune's Businessperson of the Year and Forbes Asia's Businessman of the Year. Mr. Cheng has received honors and awards such as "National Outstanding Individual in Poverty Alleviation", "National Outstanding Individual of Private Economy Fighting against COVID-19", "Beijing Youth 'May 4th' Medal" and "Beijing Outstanding Young Talent." Mr. Cheng received a bachelor's degree in administration management from the Beijing University of Chemical Technology in July 2004.

Ms. Jean Qing Liu is one of our co-founders and an executive director of our company. Ms. Liu has been serving as our director and president since December 2014. Ms. Liu also leads the DiDi Women's Network, the first career development program for women in the Chinese internet sector. Prior to joining us in July 2014, Ms. Liu worked at Goldman Sachs (Asia) from August 2002 to June 2014. Ms. Liu was featured on Fortune's Most Powerful Women International List from 2016 to 2020, and was named on Time's 100 list of the World's Most Influential People in 2017. Ms. Liu was also selected for the list of "40 Overseas Returnees in 40 Years of China' Reform and Opening-up" in December 2018 and the list of "China's 70 Overseas Returnees" in December 2019. Ms. Liu received a bachelor's degree in computer science from Peking University and a master's degree in computer science from Harvard University.

Ms. Fengxia Liang has served as our director since April 2022. Ms. Liang currently serves as Associate General Counsel of Tencent Holdings Limited, an internet company listed on the Hong Kong Stock Exchange (stock code: 00700). Ms. Liang joined Tencent in March 2008. Prior to joining Tencent, she worked at Deloitte as Senior Legal Counsel, and prior to that she practiced law at an Asian law firm specializing in M&A and commercial transactions. Ms. Liang received her LLM degree from University of London and LLB degree from Fudan University.

Mr. Yi Zhang has served as our director since December 2021. Mr. Zhang joined Alibaba Group in August 2014. Mr. Zhang has been serving as senior legal director of Alibaba Group and is currently the general counsel of Alibaba Local Service Company. Prior to joining Alibaba Group, Mr. Zhang practiced law with several international law firms, such as Simpson Thatcher & Bartlett. Mr. Zhang is a licensed attorney of the State of New York. Mr. Zhang received a bachelor's degree in sociology from Renmin University of China in July 2000, a master of arts from Columbia University in May 2002, and a juris doctor degree from Cornell Law School in May 2005.

Mr. Zhihui Yang has served as our independent director since April 28, 2023. Mr. Yang currently serves as the executive president and chief financial officer of New Oriental Education and Technology Group Inc. (NYSE: EDU; HKEX: 9901). He held multiple positions since he joined New Oriental in April 2006, including vice president of finance, deputy director of president office and senior financial manager. He has served as New Oriental's chief financial officer since April 2015 and executive president since January 2021. Prior to joining New Oriental, Mr. Yang served as the financial director of Beijing Hua De Xin Investment Co., Ltd., and worked for PricewaterhouseCoopers as a senior auditor. Mr. Yang received his bachelor's degree in economics from Guanghua School of Management of Peking University.

Mr. Gaofei Wang has served as our independent director since June 29, 2021. Mr. Wang has served as a director and the Chief Executive Officer of Weibo Corporation since August 2020 and February 2014, respectively. Since Weibo's inception, Mr. Wang has had various product and business development roles at Weibo and was promoted to general manager in December 2012. Mr. Wang joined SINA Corporation in August 2000 and worked in the product development department until early 2004 when he transferred to the mobile division of SINA, or SINA Mobile. He served as general manager of SINA Mobile from November 2006 to November 2012. Mr. Wang received a bachelor's degree in computer science from Peking University and an EMBA degree from the Guanghua School of Management of Peking University.

Mr. Yusuo Wang has served as our independent director since June 29, 2021. Mr. Wang has more than 30 years of experience in the energy sector. He is the founder and chairman of the ENN Group, a conglomerate focused on vertically-integrated natural gas, clean energy and life-health offerings, with interests in China and overseas. Among the ENN Group's publicly-listed companies, Mr. Wang serves as the chairman of ENN Natural Gas Co. Ltd., a company listed on the Shanghai Stock Exchange (600803.SH), and the chairman of ENN Energy Holdings Limited, a company listed on the Hong Kong Stock Exchange (2688.HK). Mr. Wang received a doctoral degree in management from the Tianjin University of Finance and Economics.

Mr. Bob Bo Zhang is one of our co-founders and our chief technology officer, and has also served as the chief executive officer of our autonomous driving business since August 2019. Mr. Zhang is responsible for the creation and development of our overall product, technology and data analytics framework. Prior to joining us, Mr. Zhang was a senior technology leader at Baidu. Mr. Zhang received a bachelor's degree in software engineering from Wuhan University and a master's degree focusing on human-computer interactions and artificial intelligence from the Chinese National Academy of Sciences.

Mr. Alan Yue Zhuo has served as our chief financial officer since April 2021 and was our vice president of finance and operation management from December 2018 to April 2021. Mr. Zhuo joined us in February 2017 as the deputy general manager of our ride hailing department, where he was responsible for platform operations. Prior to joining us, Mr. Zhuo worked at Sculptor Capital Management (formerly known as Och-Ziff Capital Management) in Hong Kong, from September 2014 to February 2017, where he focused on technology investments in Asia. Prior to that, Mr. Zhuo worked in the principal investment area of Goldman Sachs and the investment banking division of Morgan Stanley. Mr. Zhuo received a bachelor's degree in finance from Peking University.

Mr. Shu Sun has served as the chief executive officer of our China ride hailing business since December 2020. Mr. Sun joined us in April 2015 and previously held a number of management positions, with responsibility for devising supply and demand strategies for our ride hailing business and overseeing the overall development of our Piggy Express service. Prior to joining us, Mr. Sun was an associate at Tsing Capital from 2014 to 2015 and a Senior Associate at Bloomberg New Energy Finance from 2009 to 2014. Mr. Sun received a bachelor's degree and a master's degree, both in industrial engineering, from the University of Cambridge.

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his or her interest at a meeting of our directors. A director may vote with respect to any contract, transaction, proposed contract or transaction notwithstanding that he or she may be interested therein, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered, provided that he or she has declared his interests as described above. Our directors may exercise all the powers of our company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of three independent directors, Mr. Zhihui Yang, Mr. Gaofei Wang and Mr. Yusuo Wang, and is chaired by Mr. Zhihui Yang. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company including selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm, reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response, reviewing and approving all proposed related party transactions, discussing the annual audited financial statements with management and the independent registered public accounting firm, reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies and others.

Compensation Committee. Our compensation committee consists of Mr. Gaofei Wang and Mr. Yusuo Wang, and is chaired by Mr. Yusuo Wang. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things, reviewing the total compensation package for our executive officers, reviewing the compensation of our non-employee directors, and periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements.

Nominating and Corporate Governance Committee. Our nominating committee consists of Ms. Jean Qing Liu, Mr. Gaofei Wang and Mr. Yusuo Wang, and is chaired by Mr. Gaofei Wang. The nominating committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating committee is responsible for, among other things, recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board, reviewing with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us, selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating committee itself; and monitoring compliance with our code of business conduct and ethics.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our register of members.

Terms of Directors

Our officers are elected by and serve at the discretion of the board of directors or the nominating and corporate governance committee of the board. Our directors shall serve and hold office until expiry of his or her terms or until such time as they are removed from office by ordinary resolutions of the shareholders. Pursuant to our current memorandum and articles of association, our board of directors shall consist of not less than three but not more than nine directors, and the maximum number of Executive Directors on our board shall be the majority of the directors minus one, provided that the board shall include at least three Executive Directors or such lesser number as determined by the DiDi Partnership.

Employees

We had 20,870 full-time employees as of December 31, 2022. The following table sets forth the number of our employees by function as of December 31, 2022:

	Number of Employees	Percentage
Operations and support	5,031	24.1%
Research and development	8,633	41.4%
General and administrative	5,647	27.0%
Sales and marketing	1,559	7.5%
Total	20,870	100%

As of December 31, 2022, we had 18,700 employees in China and 2,170 employees in other countries.

Our success depends on our ability to attract, retain and motivate qualified personnel. We place great emphasis on our corporate culture to ensure that we maintain consistently high standards everywhere we operate. We primarily recruit our employees through recruitment agencies, campus recruiting, internal referrals and online channels. We supplement our employees with workers sourced through third-party staffing agencies, generally for temporary or part-time positions.

As required by PRC laws and regulations, we participate in housing fund and various employee social security plans that are organized by the regional government authorities, including housing, pension, medical, work-related injury, maternity insurance and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees.

In August 2021, we founded a union at our company to represent our employees. To date, we have not experienced any labor strikes or other material labor disputes that have affected our operations. We believe that we have a good relationship with our employees.

Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2023:

- each of our directors and executive officers currently in office; and
- each person known to us to beneficially own more than 5% of our total outstanding shares.

The calculations in the table below are based on 1,214,880,130 ordinary shares outstanding as of February 28, 2023, comprising of 1,097,544,294 Class A ordinary shares (excluding 11,889,620 Class A ordinary shares repurchased by us and not yet cancelled or issued to our depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our Share Incentive Plans) and 117,335,836 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Class A ordinary shares with an economic interest	Class B ordinary shares with an economic interest	% of equity ownership†	Total ordinary shares beneficially owned in terms of voting power	% of aggregate voting power††
Directors and executive officers:**					
Will Wei Cheng	—	78,384,741 [1]	6.5	117,337,851 [2]	32.3
Jean Qing Liu	—	19,172,128 [3]	1.6	74,919,775 [4]	22.6
Fengxia Liang[5]	—	—	—	—	—
Yi Zhang[6]	—	—	—	—	—
Zhihui Yang[7]	—	—	—	—	—
Gaofei Wang[8]	—	—	—	—	—
Yusuo Wang[9]	—	—	—	—	—
Bob Bo Zhang	* [10]	* [10]	*	* [11]	*
Alan Yue Zhuo	* [12]	—	*	—	*
Shu Sun	* [13]	—	*	—	—
All directors and executive officers as a group	5,607,086	99,467,808	8.6	169,385,118	54.0
Principal shareholders:					
Softbank Vision Fund Entity[14]	242,115,016	—	19.9	242,115,016	10.7
Uber Entity[15]	143,911,749	—	11.8	143,911,749	6.3
Tencent Entities[16]	78,986,858	—	6.5	78,986,858	3.5

Notes:

* Less than 1% of our total ordinary shares on an as-converted basis outstanding as of February 28, 2023.

** Except as otherwise indicated below, the business address of our directors and executive officers is DiDi Xinchenghai, Building 1, Yard 6, North Ring Road, Tangjialing, Haidian District, Beijing, People's Republic of China.

† For each person and group included in this column, percentage of equity ownership is calculated by dividing the number of shares held by such person or group and its respective affiliates by the sum of the total number of shares outstanding as of February 28, 2023.

†† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to ten votes per share, subject to certain conditions, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

(1) Represents (i) 31,156,189 Class B ordinary shares held by Xiaocheng Investments Limited, and (ii) 47,228,552 Class B ordinary shares held by Steady Prominent Limited, an entity holding ordinary shares for the benefit of certain directors, executive officers and employees of our company in connection with the exercise of options granted under our Share Incentive Plans, in which Mr. Will Wei Cheng has an indirect economic interest. Xiaocheng Investment Limited is beneficially owned by Mr. Will Wei Cheng through a trust, of which Mr. Cheng is the settlor and Mr. Cheng and his family members are the beneficiaries. The registered address of Xiaocheng Investments Limited is Sertus Incorporation (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Island.

(2) Represents (i) 18,693,713 Class B ordinary shares held by Xiaocheng Investments Limited that Mr. Cheng has voting power over, (ii) 22,617,576 Class A ordinary shares held by certain existing shareholders who have granted voting proxies to Mr. Cheng as of February 28, 2023, (iii) 49,874,455 Class B ordinary shares held by Steady Prominent Limited that Mr. Cheng has sole voting power over, and (iv) 26,152,107 Class A ordinary shares held by Oriental Holding Investment Limited and New Amigo Holding Limited, entities holding ordinary shares for the benefit of certain directors, executive officers and employees of our company in connection with the exercise of options granted under our Share Incentive Plans. Each of Steady Prominent Limited, Oriental Holding Investment Limited and New Amigo Holding Limited has established an advisory committee, each consisting of Mr. Cheng and Ms. Jean Qing Liu as of the date of this annual report, which has the sole power to make all decisions relating to the voting and disposal of the shares held by Steady Prominent Limited, Oriental Holding Investment Limited and New Amigo Holding Limited, as applicable. The members of the advisory committee of Steady Prominent Limited have agreed to certain voting arrangements in connection with their respective voting power over the shares held by such entities with the other members of the applicable advisory committee, and therefore may each be deemed to beneficially own, in terms of voting power, such shares. Mr. Cheng has granted a voting proxy to Ms. Jean Qing Liu in connection with ordinary shares held by Xiaocheng Investments Limited, and Mr. Cheng's beneficial ownership does not take into account the portion of the shares that are subject to such voting proxy.

(3) Represents (i) 3,055,556 Class B ordinary shares held by Investor Link Investments Limited, and (ii) 16,116,572 Class B ordinary shares held by Steady Prominent Limited in which Ms. Jean Qing Liu has an indirect economic interest. Investor Link Investments Limited is beneficially owned by Ms. Jean Qing Liu through a trust, of which Ms. Liu is the settlor and Ms. Liu and her family members are the beneficiaries. The address of Investor Link Investments Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(4) Represents (i) 3,055,556 Class B ordinary shares held by Investor Link Investments Limited, (ii) 12,462,476 Class B ordinary shares held by Xiaocheng Investments Limited that Mr. Will Wei Cheng has granted voting proxy to Ms. Liu, (iii) 33,249,636 Class B ordinary shares held by Steady Prominent Limited that Ms. Liu has sole voting power over, and (iv) 26,152,107 Class A ordinary shares held by Oriental Holding Investment Limited and New Amigo Holding Limited that Ms. Liu may be deemed to beneficially own, in terms of voting power, by virtue of her membership of the advisory committees of Oriental Holding Investment Limited and New Amigo Holding Limited, which have the sole power to make all decisions relating to the voting and disposal of the shares held by these entities. Ms. Liu shares voting and disposal rights of the shares held by Oriental Holding Investment Limited and New Amigo Holding Limited with other members of the applicable advisory committee.

(5) The business address of Ms. Fengxia Liang is Building A, No.397 Tianlin Road, Xuhui District, Shanghai, China.

(6) The business address of Mr. Yi Zhang is 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong SAR.

(7) The business address of Mr. Zhihui Yang is 9/F, No.6 Haidian Zhongjie, Haidian District, Beijing, China.

(8) The business address of Mr. Gaofei Wang is No.8 Sina Plaza Courtyard 10, the West XiBeiWang E.Rd, Haidian District, Beijing, China.

(9) The business address of Mr. Yusuo Wang is No. 38 Hongrun Rd, Economic and Technological Development Zone, Langfang City, Hebei Province, P.R. China.

(10) Represents (i) Class B ordinary shares held by Steady Prominent Limited in which Mr. Bob Bo Zhang has an indirect economic interest and (ii) Class A ordinary shares held by Doctorate Investment Limited. Doctorate Investment Limited is beneficially owned by Mr. Zhang through a trust, of which Mr. Zhang and his spouse are the settlors and Mr. Zhang and his family members are the beneficiaries. The address of Doctorate Investment Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

(11) Represents Class A ordinary shares held by Doctorate Investment Limited.

(12) Represents Class A ordinary shares held by Oriental Holding Investment Limited in which Mr. Alan Yue Zhuo has an indirect economic interest.

(13) Represents Class A ordinary shares held by Oriental Holding Investment Limited in which Mr. Shu Sun has an indirect economic interest.

(14) Representing 242,115,016 Class A ordinary shares held by SVF XKI Subco (Singapore) Pte. Ltd. as of December 31, 2021, as reported in a Schedule 13G filed by SB Investment Advisers (UK) Limited, SoftBank Vision Fund LP, SVF Holdings (UK) LLP, SVF Holdings (Singapore) Pte. Ltd. and SVF XKI Subco (Singapore) Pte. Ltd. on February 14, 2022. Softbank Vision Fund L.P. is the managing member of SVF Holdings (UK) LLP, which is the sole owner of SVF Holdings (Singapore) Pte. Ltd., which in turn is the sole owner of SVF XKI Subco (Singapore) Pte. Ltd. The registered address of SVF XKI Subco (Singapore) Pte Ltd. is 138 Market Street #27-01A, Capitagreen, Singapore.

(15) Representing 143,911,749 Class A ordinary shares held by Uber International B.V. as of December 31, 2021, as reported in a Schedule 13G filed by Uber Technologies, Inc. on February 14, 2022. Uber International B.V. is wholly-owned, indirect subsidiary of Uber Technologies, Inc., a company listed on the NYSE. The registered address of Uber Technologies, Inc. is 1515 3rd Street, San Francisco, CA 94158.

(16) Representing 75,777,780 Class A ordinary shares held by THL A11 Limited, 1,918,974 Class A ordinary shares represented by ADSs held of record by THL E Limited and 1,290,104 Class A ordinary shares held of record by Tencent Growthfund Limited as of December 31, 2022, as reported in a Schedule 13G filed by Tencent Holdings Limited and THL A11 Limited on February 10, 2023. Each of THL A11 Limited, THL E Limited and Tencent Growthfund Limited are controlled by Tencent Holdings Limited, a company listed on the Hong Kong Stock Exchange. The registered address of THL A11 Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and the registered address of Tencent Growthfund Limited is Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.

Controls and Procedures

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management evaluated the effectiveness of our internal control over financial reporting, based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2022, as stated in its report, which appears on page F-2 in Appendix I of this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Appendix I: Consolidated Financial Statements

DIDI GLOBAL INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of DiDi Global Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of DiDi Global Inc. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive loss, of shareholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses on financial instruments in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill impairment assessment

As described in Notes 3.20 and 14 to the consolidated financial statements, as of December 31, 2022, the Company's goodwill balance was RMB46.4 billion, which is mainly comprised of goodwill of RMB46.3 billion from the China Mobility reporting unit. Management performed a goodwill impairment test on the China Mobility reporting unit as of September 30, 2022 because events or changes in circumstances indicated that the goodwill balance may be impaired. Management estimated the fair value of the reporting unit based on the income approach, which considered a number of factors involving judgements, including expected future cash flows and discount rate. The expected future cash flows were dependent on certain significant assumptions, including the compound annual growth rate of revenue and profit margins. Management concluded that there was no impairment of the China Mobility reporting unit's goodwill in 2022.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are the significant judgment by management when developing the fair value of the China Mobility reporting unit. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management's significant assumptions related to the compound annual growth rate of revenue, profit margins and discount rate. The audit effort also involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment. These procedures also included, among others, (i) testing management's process to determine whether there is a goodwill impairment and the process for estimating the fair value of the reporting unit; (ii) evaluating the appropriateness of the valuation model used in determining the fair value of the reporting unit; (iii) testing the completeness, accuracy and relevance of the underlying data used in the valuation model; and (iv) evaluating the reasonableness of management's significant assumptions related to the compound annual growth rate of revenue, profit margins and discount rate by considering the current and historical performance of the reporting unit, relevant industry forecasts and market developments. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the Company's valuation model and the discount rate assumption.

/s/PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
April 28, 2023

We have served as the Company's auditor since 2017.

DIDI GLOBAL INC.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except for share and per share data)

	Note	As of December 31		
		2021	2022	2022
		RMB	RMB	US$ (Note 3.6)
ASSETS				
Current assets:				
Cash and cash equivalents	3.8	43,429,717	20,855,252	3,023,727
Restricted cash	3.9	443,758	803,956	116,563
Short-term investments	5	13,343,754	17,548,218	2,544,252
Accounts and notes receivable, net of allowance for credit losses of RMB650,888 and RMB692,722, respectively	6	2,831,123	2,251,633	326,456
Loans receivable, net of allowance for credit losses of RMB604,506 and RMB460,212, respectively	7	4,644,298	5,338,627	774,028
Amounts due from related parties, current portion	25	115,239	61,423	8,905
Prepayments, receivables and other current assets, net	8	3,957,975	4,192,952	607,922
Total current assets		**68,765,864**	**51,052,061**	**7,401,853**
Non-current assets:				
Investment securities and other investments	9	18,634,493	18,010,307	2,611,249
Long-term investments, net	10	4,614,724	4,734,084	686,378
Operating lease right-of-use assets	12	1,287,550	1,392,917	201,954
Property and equipment, net	11	8,000,218	5,718,324	829,079
Intangible assets, net	13	3,286,145	1,724,141	249,977
Goodwill	14	46,377,583	46,377,583	6,724,117
Non-current restricted cash	3.9	107,597	17,333	2,513
Deferred tax assets, net	19	224,491	289,191	41,929
Amount due from related parties, non-current portion	25	—	36,466	5,287
Other non-current assets, net	8	1,699,470	1,860,865	269,800
Total non-current assets		**84,232,271**	**80,161,211**	**11,622,283**
Total assets		**152,998,135**	**131,213,272**	**19,024,136**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY				
Current liabilities (including amounts of the VIEs and their subsidiaries without recourse to the primary beneficiary of RMB10,601,697 and RMB 7,666,369 as of December 31, 2021 and 2022, respectively):				
Short-term borrowings	15	6,838,328	4,940,310	716,278
Accounts and notes payable	16	4,624,953	2,870,046	416,118
Deferred revenue and customer advances	3.24	546,003	565,058	81,926
Operating lease liabilities, current portion	12	516,877	523,020	75,831
Amounts due to related parties, current portion	25	249,402	200,115	29,014
Accrued expenses and other current liabilities	17	11,647,222	11,149,921	1,616,585
Total current liabilities		**24,422,785**	**20,248,470**	**2,935,752**

DIDI GLOBAL INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands, except for share and per share data)

	Note	As of December 31		
		2021	2022	2022
		RMB	RMB	US$ (Note 3.6)
Non-current liabilities (including amounts of the VIEs and their subsidiaries without recourse to the primary beneficiary of RMB262,183 and RMB 215,955 as of December 31, 2021 and 2022, respectively):				
Long-term borrowings	15	1,681,370	149,925	21,737
Operating lease liabilities, non-current portion	12	654,877	734,884	106,548
Deferred tax liabilities	19	485,778	359,668	52,147
Amount due to related parties, non-current portion	25	—	39,348	5,705
Other non-current liabilities		306,575	256,279	37,157
Total non-current liabilities		**3,128,600**	**1,540,104**	**223,294**
Total liabilities		**27,551,385**	**21,788,574**	**3,159,046**
Commitments and contingencies	26			
Mezzanine equity	22			
Convertible redeemable non-controlling interests	21	12,257,889	13,010,576	1,886,356
Convertible non-controlling interests	21	1,069,357	1,069,357	155,042
Total Mezzanine Equity		**13,327,246**	**14,079,933**	**2,041,398**

DIDI GLOBAL INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands, except for share and per share data)

	Note	As of December 31		
		2021	**2022**	**2022**
		RMB	**RMB**	**US$ (Note 3.6)**
SHAREHOLDERS' EQUITY:				
DiDi Global Inc. shareholders' equity:				
Class A ordinary shares (US$0.00002 par value; 4,000,000,000 shares authorized; 1,088,516,590 and 1,109,433,914 shares issued; 1,074,091,492 and 1,084,058,607 shares outstanding, as of December 31, 2021 and 2022, respectively)	23	141	144	21
Class B ordinary shares (US$0.00002 par value; 500,000,000 shares authorized; 117,335,836 shares issued; 108,542,356 and 112,895,380 shares outstanding, as of December 31, 2021 and 2022, respectively)	23	15	15	2
Treasury shares		(3)	(4)	(1)
Additional paid-in capital		251,384,835	253,824,544	36,801,100
Statutory reserves		27,917	69,328	10,052
Accumulated other comprehensive income (loss)		(3,599,745)	973,143	141,092
Accumulated deficit		(135,766,257)	(159,590,989)	(23,138,518)
Total DiDi Global Inc. shareholders' equity		**112,046,903**	**95,276,181**	**13,813,748**
Non-controlling interests		72,601	68,584	9,944
Total shareholders' equity		**112,119,504**	**95,344,765**	**13,823,692**
Total liabilities, mezzanine equity and shareholders' equity		**152,998,135**	**131,213,272**	**19,024,136**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31			
		2020	**2021**	**2022**	**2022**
		RMB	**RMB**	**RMB**	**US$ (Note 3.6)**
Revenues					
China Mobility		133,645,113	160,520,747	125,930,620	18,258,224
International		2,333,113	3,622,366	5,863,123	850,073
Other Initiatives		5,757,926	9,684,269	8,997,940	1,304,578
Total revenues		**141,736,152**	**173,827,382**	**140,791,683**	**20,412,875**
Costs and expenses					
Cost of revenues		(125,824,104)	(156,863,229)	(115,799,896)	(16,789,407)
Operations and support		(4,695,716)	(7,525,398)	(6,519,542)	(945,245)
Sales and marketing		(11,136,486)	(16,961,328)	(9,756,241)	(1,414,522)
Research and development		(6,316,802)	(9,414,646)	(9,535,523)	(1,382,520)
General and administrative		(7,550,986)	(28,715,206)	(17,004,943)	(2,465,485)
Impairment of goodwill and intangible assets acquired from business combination	14	—	(2,789,321)	—	—
Total costs and expenses		**(155,524,094)**	**(222,269,128)**	**(158,616,145)**	**(22,997,179)**
Loss from operations		**(13,787,942)**	**(48,441,746)**	**(17,824,462)**	**(2,584,304)**
Interest income		1,228,580	818,522	1,309,864	189,912
Interest expenses		(136,347)	(277,596)	(197,334)	(28,611)
Investment income (loss), net		2,833,334	(167,121)	(5,769,873)	(836,553)
Impairment loss for equity investments accounted for using Measurement Alternative	10	(1,022,098)	—	(18,540)	(2,688)
Income (loss) from equity method investments, net	10	(1,057,427)	(475,851)	35,854	5,198
Other income (loss), net		1,031,160	(624,466)	(1,314,105)	(190,526)
Loss before income taxes		**(10,910,740)**	**(49,168,258)**	**(23,778,596)**	**(3,447,572)**
Income tax benefits (expenses)	19	303,202	(166,320)	(3,915)	(568)
Net loss		**(10,607,538)**	**(49,334,578)**	**(23,782,511)**	**(3,448,140)**
Less: Net income (loss) attributable to non-controlling interest shareholders		(93,040)	9,086	810	118
Net loss attributable to DiDi Global Inc.		**(10,514,498)**	**(49,343,664)**	**(23,783,321)**	**(3,448,258)**
Accretion of convertible redeemable non-controlling interests to redemption value	21	(165,047)	(687,617)	(898,649)	(130,292)
Deemed dividends to preferred shareholders upon repurchases of convertible preferred shares		(872)	—	—	—
Net loss attributable to ordinary shareholders of DiDi Global Inc.		**(10,680,417)**	**(50,031,281)**	**(24,681,970)**	**(3,578,550)**
Net loss		**(10,607,538)**	**(49,334,578)**	**(23,782,511)**	**(3,448,140)**
Other comprehensive income (loss):					
Foreign currency translation adjustments, net of tax of nil		(5,926,301)	(1,593,734)	4,585,505	664,835
Share of other comprehensive income (loss) of equity method investees		190	(4,811)	(12,617)	(1,829)
Total other comprehensive income (loss)		(5,926,111)	(1,598,545)	4,572,888	663,006
Total comprehensive loss		**(16,533,649)**	**(50,933,123)**	**(19,209,623)**	**(2,785,134)**
Less: comprehensive income (loss) attributable to non-controlling interest shareholders		(93,040)	9,086	810	118
Comprehensive loss attributable to DiDi Global Inc.		**(16,440,609)**	**(50,942,209)**	**(19,210,433)**	**(2,785,252)**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Continued)

(Amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31			
		2020	2021	2022	2022
		RMB	RMB	RMB	US$ (Note 3.6)
Accretion of convertible redeemable non-controlling interests to redemption value	21	(165,047)	(687,617)	(898,649)	(130,292)
Deemed dividends to preferred shareholders upon repurchases of convertible preferred shares		(872)	—	—	—
Comprehensive loss attributable to ordinary shareholders of DiDi Global Inc.		**(16,606,528)**	**(51,629,826)**	**(20,109,082)**	**(2,915,544)**
Weighted average number of Class A and Class B ordinary shares used in computing net loss per share	24				
— Basic		106,694,420	657,996,437	1,210,979,609	1,210,979,609
— Diluted		106,694,420	657,996,437	1,210,979,609	1,210,979,609
Net loss per share attributable to Class A and Class B ordinary shareholders	24				
— Basic		(100.10)	(76.04)	(20.38)	(2.96)
— Diluted		(100.10)	(76.04)	(20.38)	(2.96)
Weighted average number of ADS used in computing net loss per ADS					
— Basic		426,777,680	2,631,985,748	4,843,918,436	4,843,918,436
— Diluted		426,777,680	2,631,985,748	4,843,918,436	4,843,918,436
Net loss per ADS attributable to ADS shareholders					
— Basic		(25.03)	(19.01)	(5.10)	(0.74)
— Diluted		(25.03)	(19.01)	(5.10)	(0.74)

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

(Amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares		Additional paid-in capital	Statutory reserves	Accumulated Other Comprehensive (loss) income	Accumulated deficit	Non-controlling interests	Total shareholders' equity (deficit)
	Shares	Amount	Shares	Amount						
		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2020	**105,796,976**	**13**	**(3,959,170)**	**—**	**8,944,586**	**7,344**	**3,924,911**	**(75,742,871)**	**176,555**	**(62,689,462)**
Share-based compensation	—	—	—	—	3,413,292	—	—	—	—	**3,413,292**
Impact of adoption of credit losses guidance	—	—	—	—	—	—	—	(144,651)	—	**(144,651)**
Issuance of shares to trusts upon exercise of share options	25,905,827	3	(13,379,655)	(2)	2,170,238	—	—	—	—	**2,170,239**
Settlement for net exercise of share options	(7,635,359)	—	—	—	(2,184,348)	—	—	—	—	**(2,184,348)**
Release of shares from trusts	—	—	1,802,889	—	—	—	—	—	—	**—**
Deemed dividends to preferred shareholders upon repurchases of convertible preferred shares	—	—	—	—	(872)	—	—	—	—	**(872)**
Appropriation to statutory reserves	—	—	—	—	—	9,159	—	(9,159)	—	**—**
Share of other comprehensive income of equity method investees	—	—	—	—	—	—	190	—	—	**190**
Foreign currency translation adjustments	—	—	—	—	—	—	(5,926,301)	—	—	**(5,926,301)**
Accretion of convertible redeemable non-controlling interests to redemption value	—	—	—	—	(165,047)	—	—	—	—	**(165,047)**
Net loss	—	—	—	—	—	—	—	(10,514,498)	(93,040)	**(10,607,538)**
Balance as of December 31, 2020	**124,067,444**	**16**	**(15,535,936)**	**(2)**	**12,177,849**	**16,503**	**(2,001,200)**	**(86,411,179)**	**83,515**	**(76,134,498)**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS’ EQUITY (DEFICIT) (Continued)

(Amounts in thousands, except for share and per share data)

	Class A and Class B Ordinary Shares		Treasury Shares		Additional paid-in capital	Statutory reserves	Accumulated Other Comprehensive (loss) income	Accumulated deficit	Non-controlling interests	Total shareholders’ equity (deficit)
	Shares	Amount	Shares	Amount						
		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2021	**124,067,444**	**16**	**(15,535,936)**	**(2)**	**12,177,849**	**16,503**	**(2,001,200)**	**(86,411,179)**	**83,515**	**(76,134,498)**
Share-based compensation	—	—	—	—	24,654,583	—	—	—	—	**24,654,583**
Share-based awards granted to employees of an equity investee	—	—	—	—	178,506	—	—	—	—	**178,506**
Issuance of ordinary shares in connection with initial public offering, net of issuance cost	79,200,000	10	—	—	28,033,096	—	—	—	—	**28,033,106**
Conversion of convertible preferred shares to ordinary shares in connection with initial public offering	933,349,567	121	(42,057)	—	189,838,858	—	—	—	—	**189,838,979**
Issuance of shares to trusts upon exercise of share options	78,257,584	10	(68,616,887)	(9)	91	—	—	—	—	**92**
Settlement for net exercise of share options	(8,324,699)	(1)	—	—	(2,591,520)	—	—	—	—	**(2,591,521)**
Release of shares from trusts	—	—	60,976,302	8	(8)	—	—	—	—	**—**
Repurchase of ordinary shares	(697,470)	—	—	—	(219,003)	—	—	—	—	**(219,003)**
Share of other comprehensive loss of equity method investees	—	—	—	—	—	—	(4,811)	—	—	**(4,811)**
Foreign currency translation adjustments	—	—	—	—	—	—	(1,593,734)	—	—	**(1,593,734)**
Accretion of convertible redeemable non-controlling interests to redemption value	—	—	—	—	(687,617)	—	—	—	—	**(687,617)**
Repurchase of non-controlling interests	—	—	—	—	—	—	—	—	(20,000)	**(20,000)**
Net loss	—	—	—	—	—	—	—	(49,343,664)	9,086	**(49,334,578)**
Appropriation to statutory reserves	—	—	—	—	—	11,414	—	(11,414)	—	—
Balance as of December 31, 2021	**1,205,852,426**	**156**	**(23,218,578)**	**(3)**	**251,384,835**	**27,917**	**(3,599,745)**	**(135,766,257)**	**72,601**	**112,119,504**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) (Continued)

(Amounts in thousands, except for share and per share data)

	Class A and Class B Ordinary Shares		Treasury Shares		Additional paid-in capital	Statutory reserves	Accumulated Other Comprehensive (loss) income	Accumulated deficit	Non-controlling interests	Total shareholders' equity (deficit)
	Shares	Amount	Shares	Amount						
		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2022	**1,205,852,426**	**156**	**(23,218,578)**	**(3)**	**251,384,835**	**27,917**	**(3,599,745)**	**(135,766,257)**	**72,601**	**112,119,504**
Issuances of ordinary shares pursuant to share incentive plan	20,917,324	3	(20,917,324)	(3)	—	—	—	—	—	—
Share-based compensation	—	—	—	—	3,424,049	—	—	—	—	**3,424,049**
Share-based awards granted to employees of an equity investee	—	—	—	—	47,421	—	—	—	—	**47,421**
Issuance of ordinary shares in connection with exercise of share opions and vesting of restricted shares and RSUs	—	—	8,695,424	1	7,525	—	—	—	—	**7,526**
Shares withheld related to net share settlement	—	—	(2,756,641)	—	(275,479)	—	—	—	—	**(275,479)**
Release of shares withheld	—	—	1,444,050	—	147,102	—	—	—	—	**147,102**
Release of shares from trusts	—	—	6,937,306	1	(1)	—	—	—	—	**—**
Share of other comprehensive loss of equity method investees	—	—	—	—	—	—	(12,617)	—	—	**(12,617)**
Foreign currency translation adjustments	—	—	—	—	—	—	4,585,505	—	—	**4,585,505**
Accretion of convertible redeemable non-controlling interests to redemption value	—	—	—	—	(898,649)	—	—	—	—	**(898,649)**
Repurchase of convertible redeemable non-controlling interests	—	—	—	—	15,764	—	—	—	—	**15,764**
Repurchase of non-controlling interests	—	—	—	—	(28,023)	—	—	—	(4,827)	**(32,850)**
Appropriation to statutory reserves	—	—	—	—	—	41,411	—	(41,411)	—	—
Net loss	—	—	—	—	—	—	—	(23,783,321)	810	**(23,782,511)**
Balance as of December 31, 2022	**1,226,769,750**	**159**	**(29,815,763)**	**(4)**	**253,824,544**	**69,328**	**973,143**	**(159,590,989)**	**68,584**	**95,344,765**
Balance as of December 31, 2022 (US$)	**1,226,769,750**	**23**	**(29,815,763)**	**(1)**	**36,801,100**	**10,052**	**141,092**	**(23,138,518)**	**9,944**	**13,823,692**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except for share and per share data)

	For the Year Ended December 31			
	2020	2021	2022	2022
	RMB	RMB	RMB	US$ (Note 3.6)
Cash flows from operating activities:				
Net loss	(10,607,538)	(49,334,578)	(23,782,511)	(3,448,140)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Share-based compensation	3,413,292	24,654,583	3,424,049	496,440
Depreciation and amortization	5,269,089	6,045,283	5,143,105	745,680
Allowances for credit losses	684,795	1,260,356	1,062,265	154,014
Interest income and investment loss (income), net	(2,634,106)	263,814	5,524,730	801,011
Impairment loss for equity investments accounted for using Measurement Alternative	1,022,098	—	18,540	2,688
Loss (income) from equity method investments, net	1,057,427	475,851	(35,854)	(5,198)
Loss (income) on disposal of property and equipment, net and other assets	81,780	289,677	(279,920)	(40,585)
Impairment of goodwill and intangible assets acquired from business combination	—	2,789,321	—	—
Impairment of property and equipment and other assets	896,071	2,303,403	26,801	3,886
Deferred income taxes, net	(473,704)	(391,477)	(166,176)	(24,093)
Foreign exchange loss (gain)	(1,055,139)	(116,289)	1,406,338	203,900
Accretion of discount on short-term and long-term borrowings and others	52,759	114,864	83,677	12,132
Changes in operating assets and liabilities:				
Accounts and notes receivable	(477,036)	(713,034)	(239,034)	(34,657)
Amounts due from related parties	(59,699)	68,372	53,184	7,711
Prepayments, receivables and other current assets	(903,360)	(777,739)	(33,803)	(4,901)
Operating lease right-of-use assets	(507,201)	96,318	(62,176)	(9,015)
Other non-current assets	112,286	(1,152,538)	356,352	51,666
Accounts and notes payable	1,225,952	(1,080,270)	(1,164,397)	(168,822)
Amounts due to related parties	194,498	(42,561)	(11,453)	(1,661)
Deferred revenue and customer advances	195,672	(366,141)	19,055	2,763
Accrued expenses and other current liabilities	3,141,307	2,343,141	(989,727)	(143,497)
Operating lease liabilities	484,165	(139,512)	45,468	6,592
Other non-current liabilities	24,214	(4,704)	47,178	6,840
Net cash provided by (used in) operating activities	**1,137,622**	**(13,413,860)**	**(9,554,309)**	**(1,385,246)**
Cash flows from investing activities:				
Purchase of property and equipment and intangible assets	(5,799,097)	(6,620,191)	(2,553,788)	(370,264)
Proceeds from disposal of property and equipment and intangible assets	8,950	187,259	698,263	101,239
Purchase of long-term investments	(775,455)	(2,006,985)	(109,101)	(15,818)
Proceeds from disposal of long-term investments	45,828	3,381,019	84,865	12,304
Purchase of long-term time deposits and debt investments started as amortised cost	(2,974,779)	(1,105,400)	(7,752,153)	(1,123,957)
Purchase of other investment securities	—	(20,408,593)	(2,139,063)	(310,135)
Proceeds from disposal of investment securities and other investments	6,740,451	88,868	599,258	86,884
Purchase of short-term investments	(68,645,911)	(12,945,705)	(25,689,003)	(3,724,555)
Proceeds from maturities of short-term investments	71,021,617	37,778,943	25,165,694	3,648,683
Loan receivable originated from related parties	—	(389,988)	(34,500)	(5,002)
Cash received from loan repayments of related parties	—	6,106,358	1,515	220
Loan receivable originated from third parties	(6,496,009)	(15,063,874)	(14,683,006)	(2,128,836)
Cash received from loan repayments of third parties	4,928,082	12,736,307	13,568,733	1,967,281
De-consolidation of Chengxin	—	(593,334)	—	—
Cash proceeds from distribution of Chengxin	—	—	1,814,176	263,031
Net cash provided by (used in) investing activities	**(1,946,323)**	**1,144,684**	**(11,028,110)**	**(1,598,925)**

DIDI GLOBAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Amounts in thousands, except for share and per share data)

	For the Year Ended December 31			
	2020	2021	2022	2022
	RMB	RMB	RMB	US$ (Note 3.6)
Cash flows from financing activities:				
Proceeds from short-term borrowings and long-term borrowings	7,009,277	7,871,821	3,821,492	554,064
Repayments of short-term borrowings and long-term borrowings	(976,886)	(7,235,716)	(7,026,465)	(1,018,742)
Repurchase of non-controlling interest and convertible redeemable non-controlling interest	—	(20,000)	(141,889)	(20,572)
Proceeds from issuance of ordinary shares upon initial public offering, net of issuance cost	—	28,033,106	—	—
Proceeds from issuance of convertible redeemable non-controlling interest and convertible non-controlling interest, net of issuance cost	3,280,069	9,192,838	—	—
Repurchase of convertible preferred shares and ordinary shares	(12,389)	(206,169)	—	—
Taxes paid related to net exercise of share-based awards	(14,110)	(2,375,663)	(271,395)	(39,349)
Proceeds from release of shares withheld and exercise of share options	—	—	150,792	21,863
Other financing activities	(11,911)	(68,735)	(77,891)	(11,292)
Net cash provided by (used in) financing activities	**9,274,050**	**35,191,482**	**(3,545,356)**	**(514,028)**
Effect of exchange rate changes on cash and cash equivalents and restricted cash	**(514,434)**	**(571,973)**	**1,823,244**	**264,346**
Net increase (decrease) in cash and cash equivalents and restricted cash	**7,950,915**	**22,350,333**	**(22,304,531)**	**(3,233,853)**
Cash and cash equivalents at the beginning of the year	12,790,790	19,372,084	43,429,717	6,296,717
Restricted cash at the beginning of the year	889,034	2,258,655	551,355	79,939
Cash and cash equivalents and restricted cash at the beginning of the year	**13,679,824**	**21,630,739**	**43,981,072**	**6,376,656**
Cash and cash equivalents at the end of the year	19,372,084	43,429,717	20,855,252	3,023,727
Restricted cash at the end of the year	2,258,655	551,355	821,289	119,076
Cash and cash equivalents and restricted cash at the end of the year	**21,630,739**	**43,981,072**	**21,676,541**	**3,142,803**
Net increase (decrease) in cash and cash equivalents and restricted cash	**7,950,915**	**22,350,333**	**(22,304,531)**	**(3,233,853)**
Supplemental disclosure of cash flow information				
Cash paid for interest expenses	(88,149)	(251,853)	(160,639)	(23,290)
Cash paid for income tax expenses	(158,082)	(331,488)	(484,790)	(70,288)
Supplemental schedule of non-cash investing and financing activities				
Changes in payables related to property and equipment and intangible assets	1,732,222	1,048,022	335,032	48,575

DIDI GLOBAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except for share and par value)

1. Organization and principal activities

DiDi Global Inc. (the "Company"), previously named Xiaoju Science and Technology Limited, was incorporated under the laws of the Cayman Islands on January 11, 2013 and is primarily engaged in operating its global mobility technology platform that provides a range of mobility services as well as other services in the People's Republic of China ("PRC" or "China") and across overseas countries including Brazil, Mexico, etc. through its consolidated subsidiaries, variable interest entities ("VIE"s) and VIEs' subsidiaries (collectively, the "Group").

The Company's major subsidiaries, VIEs and VIEs' subsidiaries are described as follows:

Companies	Country/Place and date of incorporation/ establishment	Percentage of direct or indirect economic benefits ownership December 31, 2021	Percentage of direct or indirect economic benefits ownership December 31, 2022
Major Subsidiaries			
Marvelous Yarra Limited	BVI March 20, 2017	100%	100%
Holly Universal Limited	BVI, January 6, 2017	100%	100%
DiDi (HK) Science and Technology Limited	Hong Kong, August 2, 2013	100%	100%
Xiaoju Science and Technology (Hong Kong) Limited	Hong Kong, January 29, 2013	100%	100%
Beijing DiDi Infinity Technology and Development Co., Ltd.	PRC, May 6, 2013	100%	100%
Major VIEs (Including VIEs' Subsidiaries)			
Beijing Xiaoju Science and Technology Co., Ltd.	PRC, July 10, 2012	100%	100%
DiDi Chuxing Science and Technology Co., Ltd.	PRC, July 29, 2015	100%	100%
Beijing DiDi Chuxing Technology Co., Ltd.	PRC, December 5, 2018	100%	100%

2. Variable interest entities

Due to the restrictions imposed by PRC laws and regulations on foreign ownership of companies engaged in value-added telecommunication services and certain other internet-based businesses, the Group operates its platforms and other restricted business in the PRC through certain PRC domestic companies, whose equity interests are held by nominee shareholders including certain management members of the Group ("Nominee Shareholders"). The Company and its subsidiaries enter into a series of contractual agreements, including power of attorney, exclusive option agreements, exclusive business cooperation agreements, equity pledge agreements, and other operating agreements, with these PRC domestic companies and their respective Nominee Shareholders. These contractual agreements can be extended at the relevant PRC subsidiaries' options prior to the expiration date. As a result, the Company (i) has the power to direct activities of the VIEs that most significantly impact their economic performance, (ii) has the right to receive economic benefits from these PRC domestic companies that could potentially be significant to them. Management concluded that these PRC domestic companies are VIEs of the Company, of which certain PRC subsidiaries of the Company are considered the primary beneficiary for accounting purposes. As such, the Group consolidated the financial results of these PRC domestic companies and their subsidiaries in the Group's consolidated financial statements under U.S. GAAP. Refer to Note 3.2 to the consolidated financial statements for the basis of consolidation.

The following is a summary of the major contractual agreements (collectively, "Contractual Agreements") that the Company, through its subsidiaries, entered into with the PRC domestic companies and their respective Nominee Shareholders:

a Contractual agreements with VIEs

Power of Attorney

Pursuant to the power of attorney agreements among the Wholly Foreign Owned Enterprises ("WFOE"s), the VIEs and their respective Nominee Shareholders, each Nominee Shareholder of the VIEs irrevocably undertakes to appoint the WFOE, as the attorney-in-fact to exercise all of the rights as a shareholder of the VIEs, including, but not limited to, the right to convene and attend shareholders' meeting, vote on any resolution that requires a shareholder vote, such as appoint or remove directors and other senior management, and other voting rights pursuant to the articles of association (subject to the amendments) of the VIEs. Each power of attorney agreement is irrevocable and remains in effect as long as the Nominee Shareholder continues to be a shareholder of the VIEs. Unless otherwise required by PRC Laws, none of the VIEs or their respective Nominee Shareholders can unilaterally terminate this agreement.

Exclusive Option Agreements

Pursuant to the exclusive option agreements among WFOEs, the VIEs and their respective Nominee Shareholders, the Nominee Shareholders granted WFOEs exclusive right to purchase, when and to the extent permitted under PRC law, all or part of the equity interests from shareholders of VIEs. The exercise price for the options to purchase all or part of the equity interests shall be the minimum amount of consideration permissible under then applicable PRC law. The agreements will remain effective until all the equity interest in VIEs held by their respective shareholders have been transferred or assigned to WFOEs and/or any other person designated by WFOEs, or remain effective for a specified period as agreed by the parties which can be extended unilaterally by WFOEs. Unless otherwise required by PRC Laws, the VIEs or their respective Nominee Shareholders shall not unilaterally terminate this agreement.

2. Variable interest entities (Continued)

Exclusive Business Corporation Agreement

Pursuant to the exclusive business cooperation agreements among the WFOEs and the VIEs, respectively, the WFOEs have the exclusive right to provide the VIEs with services related to, among other things, comprehensive technical support, professional training, consulting, marketing and promotional services. Without prior written consent of the WFOEs, the VIEs agree not to directly or indirectly accept the same or any similar services provided by any others regarding the matters ascribed by the exclusive business cooperation agreements. The VIEs agree to pay the WFOEs services fees, which shall be determined by the WFOEs. The WFOEs have the exclusive ownership of intellectual property rights created as a result of the performance of the agreements. The agreements shall remain effective except that the WFOEs are entitled to terminate the agreements in writing. Unless otherwise required by PRC Laws, the VIEs shall not unilaterally terminate this agreement.

Equity Pledge Agreements

Pursuant to the equity pledge agreements among the WFOEs, the VIEs and their respective Nominee Shareholders, the Nominee Shareholders of the VIEs pledged all of their respective equity interests in the VIEs to the WFOEs as collaterals for performance of the obligations of the VIEs and their Nominee Shareholders under the exclusive business cooperation agreements, the power of attorney agreements, and the exclusive option agreements. The Nominee Shareholders of the VIEs also undertake that, during the term of the equity pledge agreements, unless otherwise approved by the WFOEs in writing, they will not transfer the pledged equity interests or create or allow any new pledge or other encumbrance on the pledged equity interests. These equity pledge agreements remain in force until VIEs and their respective Nominee Shareholders discharge all their obligations under the contractual agreements.

Spousal Consent Letters

Pursuant to the spousal consent letters, the spouses of some of the individual Nominee Shareholders of the VIEs unconditionally and irrevocably agree that the equity interest in the VIEs held by and registered in the name of his or her respective spouse will be disposed of pursuant to the relevant exclusive business cooperation agreements, equity pledge agreements, the exclusive option agreements and the power of attorney agreements, without his or her consent. In addition, each of them agrees not to assert any rights over the equity interest in the VIEs held by their respective spouses.

b Risks in relation to the VIE structure

Part of the Group’s business is conducted through the VIEs of the Group, of which certain PRC subsidiaries of the Company are considered the primary beneficiary for accounting purposes. The Company has concluded that (i) the ownership structure of the VIEs is not in violation of any applicable PRC laws or regulations currently in effect and (ii) each of the VIE Contractual Agreements is valid, binding and enforceable in accordance with their terms and applicable PRC laws or regulations currently in effect, and does not result in any violation of the applicable PRC laws or regulations currently in effect. However, the Group has been further advised by its PRC legal counsel that uncertainty remains because current PRC laws and regulations were recently promulgated and how they will be interpreted or implemented depends on the implementation rules to be promulgated by the relevant regulators, and further, that there are uncertainties due to possible future changes in PRC laws and regulations. As a result, the Company may be unable to consolidate the VIEs and VIEs’ subsidiaries in the consolidated financial statements.

2. Variable interest entities (Continued)

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020, together with their implementation rules and ancillary regulations. The Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, but it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. It is unclear whether the Group's corporate structure will be seen as violating the foreign investment rules as the Group is currently leveraging the contractual arrangements to operate certain business in which foreign investors are prohibited from or restricted to investing. If variable interest entities fall within the definition of foreign investment entities, the Group's ability to use the contractual arrangements with its VIEs and the Group's ability to conduct business through the VIEs could be severely limited.

If the PRC government otherwise finds that the Group in violation of any existing or future PRC laws or regulations or lacks the necessary permits or licenses to operate the business, the Group's relevant PRC regulatory authorities could:

- revoke the business licenses and/or operating licenses of the Group's PRC entities;
- impose fines;
- confiscate any income that they deem to be obtained through illegal operations, or impose other requirements with which the Group may not be able to comply;
- discontinue or place restrictions or onerous conditions on the Group's operations;
- place restrictions on the right to collect revenues;
- shut down the Group's servers or block the Group's mobile app;
- require the Group to restructure ownership structure or operations, including terminating the contractual arrangements with the VIEs and deregistering the equity pledges of the VIEs, which in turn would affect the ability to consolidate the financial results of and derive economic interests from the VIEs and their subsidiaries;
- restrict or prohibit the use of the proceeds from financing activities to finance the business and operations of the VIEs and their subsidiaries; or
- take other regulatory or enforcement actions that could be harmful to the Group's business.

2. Variable interest entities (Continued)

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIEs or the right to receive its economic benefits, the Group would no longer be able to consolidate the VIEs. The management believes that the likelihood for the Group to lose such ability is remote based on current facts and circumstances. However, the interpretation and implementation of the laws and regulations in the PRC and their application to an effect on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to rapidly evolve, it may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIEs or the Nominee Shareholders of the VIEs fail to perform their obligations under those arrangements. The enforceability, and therefore the benefits, of the contractual agreements between the Company and the VIEs depend on Nominee Shareholders enforcing the contracts. There is a risk that Nominee shareholders of VIEs, who in some cases are also shareholders of the Company may have conflict of interests with the Company in the future or fail to perform their contractual obligations. Given the significance and importance of the VIEs, there would be a significant negative impact to the Company if these contracts were not enforced.

The Group's operations depend on the VIEs to honor their contractual agreements with the Group. The Company's ability to direct activities of the VIEs that most significantly impact their economic performance and the Company's right to receive the economic benefits that could potentially be significant to the VIEs depend on the authorization by the shareholders of the VIEs to exercise voting rights on all matters requiring shareholder approval in the VIEs. The Company believes that the agreements on authorization to exercise shareholder's voting power are enforceable against each party thereto in accordance with their terms and applicable PRC laws or regulations currently in effect and the possibility that it will no longer be able to consolidate the VIEs as a result of the aforementioned risks and uncertainties is remote.

c Summary financial information of the Group's VIEs (inclusive of VIEs' subsidiaries)

In accordance with VIE Contractual Agreements, the Company (1) has the power to direct activities of the VIEs that most significantly impact their economic performance, and (2) has the right to receive economic benefits from the VIEs that could potentially be significant to them. Accordingly, certain PRC subsidiaries of the Company are considered the primary beneficiaries of the VIEs and their subsidiaries for accounting purposes, and the Company has consolidated the financial results of these companies in its consolidated financial statements under U.S. GAAP. Therefore, the Company considers that there are no assets in the VIEs that can be used only to settle obligations of the VIEs, except for the registered capital of the VIEs amounting to approximately RMB13,444,434 and RMB14,357,869 as of December 31, 2021 and 2022, as well as certain non-distributable statutory reserves amounting to approximately RMB23,808 and RMB64,034 as of December 31, 2021 and 2022. As the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors normally do not have recourse to the general credit of the Company for the liabilities of the VIEs. There is currently no contractual arrangement that would force the Company to provide additional financial support to the VIEs. As the Group is conducting certain business in the PRC through the VIEs, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

The VIEs hold assets with no carrying value in the consolidated balance sheet that are important to the Company's ability to produce revenue (referred to as unrecognized revenue-producing assets). Unrecognized revenue-producing assets held by the VIEs include online ride hailing operation permits for certain cities, Internet Content Provision License ("ICP licenses"), certain value-added telecommunications service licenses for internet data center services, etc, the domain names of didiglobal.com and so on. Recognized revenue-producing assets including non-compete agreements, patents and trademark which were acquired through the previous acquisitions are held by WFOEs or other subsidiaries.

(In thousands, except for share and par value)

2. Variable interest entities (Continued)

The following tables set forth the financial statement balances and amounts of the VIEs and their subsidiaries included in the consolidated financial statements after the elimination of intercompany balances and transactions among VIEs and their subsidiaries within the Group.

	As of December 31	
	2021	**2022**
	RMB	**RMB**
Cash and cash equivalents	18,499,058	5,558,835
Restricted cash	108,223	739,355
Short-term investments	764,343	2,911,180
Accounts and notes receivable, net	1,622,379	1,353,038
Loans receivable, net	1,426,244	2,073,477
Amounts due from the Company and its subsidiaries	20,730,377	29,306,180
Investment securities and other investments	4,708,537	2,215,533
Long-term investments, net	3,064,399	3,225,203
Property and equipment, net	349,510	273,753
Intangible assets, net	514,838	462,485
Other assets, net	1,329,105	1,275,757
Total assets	**53,117,013**	**49,394,796**
Short-term borrowings	824,964	199,807
Accounts and notes payable	3,706,079	2,672,716
Amounts due to the Company and its subsidiaries	58,675,506	63,721,620
Operating lease liabilities	238,261	274,150
Other liabilities	6,094,576	4,735,651
Total liabilities	**69,539,386**	**71,603,944**
Shareholders' deficit of VIEs	**(16,422,373)**	**(22,209,148)**
Total liabilities and shareholders' deficit of VIEs	**53,117,013**	**49,394,796**

DIDI GLOBAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except for share and par value)

2. Variable interest entities (Continued)

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Inter-company revenues	1,067,752	1,708,159	1,495,026
Third-party revenues	136,817,570	166,603,236	130,742,593
Total revenues	**137,885,322**	**168,311,395**	**132,237,619**
Inter-company costs and expenses	(12,895,784)	(15,320,699)	(16,377,269)
Third-party costs and expenses	(127,117,980)	(158,286,885)	(116,770,993)
Total costs and expenses	**(140,013,764)**	**(173,607,584)**	**(133,148,262)**
Loss from operations	**(2,128,442)**	**(5,296,189)**	**(910,643)**
Income (loss) from non-operations	1,652,386	(358,813)	698,053
Loss before income tax expenses	**(476,056)**	**(5,655,002)**	**(212,590)**
Income tax expenses	(66,808)	(302,047)	(84,799)
Net loss	**(542,864)**	**(5,957,049)**	**(297,389)**
Net loss attributable to DiDi Global Inc.	**(542,864)**	**(5,957,049)**	**(297,389)**

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Net cash used in inter-company transactions	(13,313,253)	(1,212,002)	(7,569,411)
Net cash provided by operating activities with external parties	13,972,703	2,843,996	12,197,839
Net cash provided by operating activities	**659,450**	**1,631,994**	**4,628,428**
Net cash provided by investing activities with subsidiaries	2,785,392	—	—
Net cash provided by (used in) investing activities with external parties	(3,627,564)	2,688,546	(438,285)
Net cash provided by (used in) investing activities	**(842,172)**	**2,688,546**	**(438,285)**
Inter-company loans financing from subsidiaries	1,003,320	10,921,871	1,950,000
Inter-company loans repayments to subsidiaries	(1,000,000)	(3,000,000)	(17,812,066)
Net cash provided by (used in) financing activities with external parties	4,034,180	(3,416,265)	(637,168)
Net cash provided by (used in) financing activities	**4,037,500**	**4,505,606**	**(16,499,234)**

3. Summary of significant accounting policies

3.1 Basis of presentation

The 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"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

3.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs' subsidiaries for which the Company is considered the ultimate primary beneficiary for accounting purposes.

A subsidiary is an entity 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, to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company's subsidiary, through contractual arrangements, has the power to direct activities of the VIEs that most significantly impact their economic performance, and has the right to receive economic benefits from the VIEs that could potentially be significant to them, and therefore the Company is considered the ultimate primary beneficiary of the entity for accounting purposes.

All transactions and balances among the Company, its subsidiaries, the VIEs and VIEs' subsidiaries have been eliminated upon consolidation. The results of subsidiaries and VIEs acquired or disposed of during the year are recorded in the consolidated statements of comprehensive loss from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

3.3 Impact of the COVID-19 pandemic

The COVID-19 pandemic starting in January 2020 had an adverse impact on the Group's business and operations including reduced demand for China Mobility and International business. During 2021, China also experienced upticks in cases that have prompted selective restrictions in the affected regions at various times. In 2022, there have been the resurgence of the COVID-19 pandemic, especially in the second and fourth quarter. As a result, the Group's operating and financial performance for China Mobility have been adversely affected. Starting in December 2022, most of the travel restrictions and quarantine requirements in China were lifted.

The extent to which the COVID-19 pandemic impacts the Group's future business, results of operations, financial position and cash flows will depend on future developments which are highly uncertain, unpredictable and beyond the Group's control, including the severity of the disease, the duration of the outbreak, additional actions that may be taken by governmental authorities, the further impact on the business of drivers, riders, and business partners. The Group will continue to evaluate the nature and extent of the impact of the COVID-19 pandemic to its future business, results of operations, financial condition and liquidity.

As part of the Chinese government's effort to ease the burden of business affected by the COVID-19 pandemic, the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration temporarily reduced or exempted contributions to the government-mandated employee welfare benefit plans from February 2020 to December 2020. In addition, the Ministry of Finance and the State Taxation Administration temporarily exempted VAT on revenues derived from the provision of public transportation services in the PRC from January 2020 to March 2021 and from January 2022 to December 2022, respectively.

3. Summary of significant accounting policies (Continued)

3.4 Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported periods.

The Group believes that (i) revenue recognition, (ii) assessment for impairment of goodwill, long-lived assets, intangible assets, (iii) determination of the estimated useful lives of long-lived assets, (iv) fair value of short-term, long-term investments and other financial instruments, (v) provision for credit losses of time deposits, accounts and notes receivable, loans receivable, contract assets, finance lease receivables and other receivables, (vi) determination of the fair value of ordinary shares, (vii) valuation and recognition of share based compensation expenses, (viii) provision for income tax and realization of deferred tax assets reflect the more significant judgments and estimates used in the preparation of its consolidated financial statements. These estimates are inherently subject to judgment and actual results could differ from those estimates.

The Group considered the impacts of the COVID-19 pandemic on the assumptions and inputs supporting certain of these estimates, assumptions and judgments. The level of uncertainties and volatilities in the global financial markets and economies resulting from the pandemic related to the impacts of the COVID-19 pandemic means that these estimates may change in future periods, as new events occur and additional information is obtained.

Based on current assessment of these estimates, the Group did not identify additional impairment related to its goodwill or other long-lived assets except for the impairment charges described in Notes 11, 14 and 27 for the years ended December 31, 2020, 2021 and 2022, respectively.

3.5 Functional currency and foreign currency translation

The Group uses Renminbi (“RMB”) as its reporting currency. The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands and BVI is United States dollars (“US$”). The functional currency of its subsidiaries incorporated in Hong Kong is HongKong dollar (“HK$”) or US$. The functional currency of the PRC entities in the Group is RMB. The Company’s subsidiaries with operations in other jurisdictions generally use their respective local currencies as their functional currencies. The determination of the respective functional currency is based on the criteria of Accounting Standards Codification (“ASC”) 830, Foreign Currency Matters.

Transactions denominated in currencies other than functional currency are translated into functional currency at the exchange rates quoted by authoritative banks prevailing at the dates of the transactions. Exchange gains and losses resulting from those foreign currency transactions denominated in a currency other than the functional currency are recorded as other income (loss), net in the consolidated statements of comprehensive loss. The foreign exchange gain amounted to RMB1,156,606 and RMB70,265 for the years ended December 31, 2020 and 2021, respectively; and the foreign exchange loss amounted to RMB1,387,541 for the year ended December 31, 2022, which was mainly caused by the depreciation of RMB against US$ or HK$ for the financial assets denominated in RMB held by the Company and its subsidiaries incorporated in the Cayman Islands, BVI and Hong Kong.

The financial statements of the Group are translated from the functional currency into RMB. Assets and liabilities are translated at the exchange rates at the balance sheet date. Equity accounts other than earnings generated in the current period are translated into RMB using the appropriate historical rates. Revenues and expenses, gains and losses are translated into RMB using the periodic average exchange rates. Translation adjustments are reported as foreign currency translation adjustments and are shown as a component of other comprehensive income (loss) in the consolidated statements of comprehensive loss.

3. Summary of significant accounting policies (Continued)

3.6 Convenience translation

Translations of the consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows from RMB into US$ as of and for the year ended December 31, 2022 are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB6.8972, representing the index rates stipulated by the federal reserve board/the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 30, 2022. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 30, 2022, or at any other rate.

3.7 Fair value measurement

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities;
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based sourced market parameters, such as interest rates and currency exchange rates.

3. Summary of significant accounting policies (Continued)

3.8 Cash and cash equivalents

Cash and cash equivalents represent cash on hand, time deposits and highly liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal for use, and which have original maturities less than three months. As of December 31, 2021 and 2022, cash held in accounts managed by online payment platforms such as Alipay and WeChat Pay amounted to RMB2,212,704 and RMB971,925 respectively, which have been classified as cash and cash equivalents in the consolidated balance sheets.

3.9 Restricted cash and non-current restricted cash

Cash on hand, time deposits and highly liquid investments placed with banks or other financial institutions, which have original maturities less than three months, and which are restricted as to withdrawal for use or pledged as security are reported separately as restricted cash. The Group’s restricted cash is classified into current and non-current based on the length of restricted period. The Group’s restricted cash primarily represents the deposits in banks which are restricted in use.

3.10 Short-term investments

Short-term investments mainly consist of time deposits, structured notes and other investments with maturities within 12 months. Time deposits include the balances placed with the banks with original maturities over three months, but less than one year and the long-term time deposits with a maturity date within one year. The investments that are expected to be realized in cash during the next twelve months are also included in short-term investments.

The Group elected the fair value option (“FVO”) at the date of initial recognition to measure structured notes and other debt investments with variable interest rates. Changes in the fair value are reflected in the consolidated statements of comprehensive loss as investment income (loss), net.

3.11 Accounts and notes receivable, net

Accounts receivable, net represent the amounts that the Group has an unconditional right to consideration from riders, other individual customers and enterprise customers, and primarily consist of (i) unpaid fare amounts from riders, (ii) fare amounts paid by riders but not yet received by the Group, (iii) fare amounts not yet paid by enterprise customers, (iv) unpaid amounts from individual customers and enterprise customers for other services completed.

Notes receivable, net represent short-term notes receivable issued by reputable financial institutions that entitle the Group to receive the full-face amount from the financial institutions at maturity, which generally range from one to twelve months from the date of issuance.

3.12 Loans receivable, net

Loans receivable, net primarily represent micro loans the Group offers to individual borrowers who are registered as riders, end-users or drivers via the Group’s platforms, mainly with terms of three to twelve months.

Measurement of loans receivable

Loans receivable are measured at amortized cost and reported on the consolidated balance sheets at outstanding principal and accrued interest receivable adjusted for allowances for credit losses as the Group undertakes substantially all the risks and rewards for such loans offered.

3. Summary of significant accounting policies (Continued)

Accrued interest receivable

Accrued interest income on loans receivable is calculated based on the contractual interest rate of the loan and recorded as revenue in Other Initiatives as earned in the consolidated statements of comprehensive loss. Generally, loans receivable are impaired and placed on non-accrual status upon reaching 90 days past due. When a loan receivable is placed on non-accrual status, the Group stops accruing interest and reverses all accrued but unpaid interest as of such date. Cash payment received on non-accrual loans receivable would be first applied to any unpaid principal and late payment fees, if any, before recognizing interest income.

Allowance for credit losses

The provision for credit losses reflects the best estimate of the losses inherent in the outstanding portfolio of loans. The Group considers a loan receivable to be delinquent when a monthly payment is one day past due. The Group writes off the loan receivable against the related allowance when management determines that full repayment of a loan is not probable. Generally, write-off occurs after the 180th day of delinquency. The primary factor in making such determination is the assessment of potential recoverable amounts from the delinquent debtor.

3.13 Short-term and long-term finance lease receivables, net

The Group provides automobile finance lease services to individual customers and rental companies. The net investment of the lease is recorded as finance lease receivables upon the inception of the lease. The net investment in a lease consists of the minimum lease payments, net of executory costs plus the unguaranteed residual value, less the unearned interest income plus the unamortized initial direct costs related to the lease. The accrued interest is also included in the finance lease receivables balance. Over the period of a lease, each lease payment received is allocated between the repayment of the net investment in the lease and lease income based on the effective interest method so as to produce a constant rate of return on the net investment in the lease. The lease income is recorded as the Group’s revenues in the consolidated statements of comprehensive loss. Initial direct costs of the finance leases are amortized over the lease term by adjusting against the related lease income. The investment in the leases, net of allowance for credit losses, is presented as finance lease receivables and classified as current or non-current assets in the balance sheets based on the duration of the remaining lease terms.

Accrued lease income on finance lease receivables is calculated based on the effective interest rate of the net investment. Finance lease receivables are placed on non-accrual status upon reaching past due status for more than 90 days. When a finance lease receivable is placed on non-accrual status, the Group stopped accruing interest. Lease income is subsequently recognized only upon the receipt of cash payments.

3. Summary of significant accounting policies (Continued)

3.14 Expected credit losses

The Group adopted ASC 326 on January 1, 2020 using a modified retrospective approach which did not have a material impact on the opening balance of accumulated deficit.

The Group's time deposits, accounts and notes receivable, loans receivable, contract assets, finance lease receivables and other receivables are within the scope of ASC 326. The Group has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit losses experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit losses analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Group's specific facts and circumstances.

All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Group's control. The Group updated the model based on various macroeconomic and market data and took the latest available information into consideration.

3.15 Investment securities and other investments

Investment securities and other investments consist of equity securities with readily determinable fair value as well as other investments which primarily consist of debt investments.

Equity securities with readily determinable fair value

The Group invests in marketable equity securities, which are publicly traded stock.

The Group carries these equity securities at fair value with unrealized gains and losses recorded in the consolidated statements of comprehensive loss.

Debt investments

Debt investments are accounted for at amortized cost or under the fair value option. The Group has elected the fair value option for certain debt investments primarily consisting of convertible bonds and structured notes with maturities of over one year. The fair value option permits the irrevocable election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The investments accounted for under the fair value option are carried at fair value with realized or unrealized gains (losses) recorded as investment income (loss), net in the consolidated statements of comprehensive loss.

Other debt investments, primarily consist of long term time deposits, which the balance placed with the bank with original maturities over 12 months, are measured at amortized cost. Interest income from debt investments is recognized using the effective interest method which is reviewed and adjusted periodically based on changes in estimated cash flows.

3. Summary of significant accounting policies (Continued)

3.16 Long-term investments

The Group's long-term investments consist of equity investments without readily determinable fair value and equity investments over which the Group has ability to exercise significant influence.

Equity securities without readily determinable fair value measured at Measurement Alternative

Equity securities except for those over which the Group has the ability to exercise significant influence, are carried at fair value with unrealized gains and losses recorded in the consolidated statements of comprehensive loss, according to ASC 321 "Investments — Equity Securities", which the Group adopted beginning April 1, 2018. The Group elected to record the equity investments without readily determinable fair value using the Measurement Alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer, if any. All realized and unrealized gains (losses) on the investments, are recognized in investment income (loss), net or impairment loss for equity investments accounted for using Measurement Alternative in the consolidated statements of comprehensive loss.

For investments under the Measurement Alternative, the Group makes a qualitative assessment of whether the investment is impaired at each reporting date based on performance and financial position of the investee as well as other evidence of market value. Such assessment includes, but is not limited to, reviewing the investee's cash position, recent financing, as well as the financial and business performance, and other significant judgment in considering various factors and events.

If a qualitative assessment indicates that the investment is impaired, the Group estimates the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Group recognizes an impairment loss in net loss equal to the difference between the carrying value and fair value. Significant judgment is applied by the Group in estimating the fair value to determine if an impairment exists, and if so, to measure the impairment losses for these equity security investments. These judgments include the selection of valuation methods in estimating fair value and the determination of key valuation assumptions used in cash flow forecasts.

3. Summary of significant accounting policies (Continued)

Equity investments accounted for using the equity method

The Group applies the equity method to account for equity investments in common stock or in-substance common stock, according to ASC 323 “Investments — Equity Method and Joint Ventures”, over which it has significant influence but does not own a majority equity interest or otherwise control, unless the fair value option is elected. An investment in in-substance common stock is an investment in an entity that has risk and reward characteristics that are substantially similar to that entity’s common stock. The Group considers subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to an investment in that entity’s common stock.

Under the equity method, the Group initially records its investment at cost and subsequently records its share of the results of the equity investees within a one quarter in arrears basis. The excess of the carrying amount of the investment over the underlying equity in net assets of the equity investee generally represents goodwill and intangible assets acquired. The Group subsequently adjusts the carrying amount of the investment to recognize the Group’s proportionate share of each equity investee’s net income or loss into the consolidated statement of comprehensive loss and recognizes its share of post-acquisition movements in accumulated other comprehensive income (loss) as a component of shareholders’ equity (deficit). When the Group’s share of losses in the equity investees equals or exceeds its interest in the equity investee, the Group does not recognize further losses, unless the Group has incurred obligations or made payments or guarantees on behalf of the equity investee, or the Group holds other investments in the equity investee.

The Group continuously reviews its investments in equity investees to determine whether a decline in fair value below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds. If any impairment is considered other-than-temporary, the Group writes down the investment to its fair value and recognizes the impairment charge to the consolidated statements of comprehensive loss.

The Group elected to apply the fair value option to the investments in ordinary shares of Chengxin Technology Inc. (“Chengxin”) upon the closing of the deconsolidation of Chengxin,for which the equity method otherwise would be required. Refer to Note 4 Financing transaction of Chengxin for further information.

3. Summary of significant accounting policies (Continued)

3.17 Property and equipment, net

Property and equipment are stated at cost, net of accumulated depreciation and impairment, if any. Depreciation is primarily computed using the straight-line method over the estimated useful lives of the assets.

Bikes and e-bikes

Bikes and e-bikes are depreciated over the estimated useful lives on a straight-line basis. The initial estimated useful lives of such bikes and e-bikes are generally from 2 to 3 years.

Vehicles

Vehicles are depreciated over the estimated useful lives on a straight-line basis or accelerated basis. The initial estimated useful lives of such vehicles are 5 years. The Group also estimates the residual value of the vehicles at the expected time of disposal. The estimated residual values for vehicles are based on factors including model, age, and mileage. The Group makes annual assessments to the depreciation rates of vehicles in response to the latest market conditions and their effect on residual values as well as the estimated time of disposal. Changes made to estimates are reflected in vehicle-related depreciation expense on a prospective basis.

Other property and equipment

Other property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive loss.

Property and equipment have estimated useful lives as follows:

Categories	Estimated useful lives
Bikes and e-bikes	2-3 years
Vehicles	5 years
Computers and equipment	2-5 years
Leasehold improvement	Lesser of estimated useful life or remaining lease terms
Others	5-40 years

Construction in progress

Direct costs that are related to the construction of property and equipment and are incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property or equipment, which are primarily relating to vehicles and bikes and e-bikes which are not ready for lease or use, and the depreciation of these assets commences when the assets are ready for their intended use.

3. Summary of significant accounting policies (Continued)

3.18 Intangible assets, net

Intangible assets are primarily acquired through business combinations or purchased from third parties. Intangible assets arising from business combinations are recognized and measured at fair value upon acquisition. Purchased intangible assets are initially recognized and measured at cost upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives based upon the usage of the asset, which is approximated using a straight-line method as follows:

Categories	Estimated useful lives
Non-compete agreements	6-7 years
Trademark, patents and others	3-20 years
Driver lists	5 years
Customer lists	5 years
Software	3-5 years
Online payment license*	Indefinite live
Others	Indefinite live

* An acquired online payment license is considered to be an indefinite live and is carried at cost less any subsequent impairment loss. The Group is required to apply for the renewal of the license issued from government authorities each five years and the Group considered that, based on regulatory precedent, there were no practical difficulties in the renewal process according to the industry practice, thus providing the basis for the indefinite life assumption.

3.19 Impairment of long-lived assets other than goodwill

Long-lived assets including property and equipment, intangible assets and other non-current assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for long-lived assets that management expects to hold or use is based on the amount by which the carrying value exceeds the fair value of the asset. Judgment is used in estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of the long-live assets' fair value. Refer to Note 11- Property and equipment, net and Note 13-Intangible assets, net for further information.

3. Summary of significant accounting policies (Continued)

3.20 Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination.

Goodwill is not depreciated or amortized but is tested for impairment on an annual basis, and between annual tests when an event occurs, or circumstances change that could indicate that the asset might be impaired. The Group first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. If the Group decides, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss equal to the difference will be recorded. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. The Group performs goodwill impairment testing at the reporting unit level on December 31 annually and more frequently if indicators of impairment exist. Nil, RMB2,501,100 and nil of impairment loss of goodwill was recognized for the years ended December 31, 2020 and 2021 and 2022, respectively. Refer to Note 14- Goodwill for further information.

3.21 Leases

The Group adopted ASC 842, “Leases” (“ASC 842”) on January 1, 2019, using the modified retrospective transition method through a cumulative-effect adjustment in the period of adoption rather than retrospectively adjusting prior periods and the package of practical expedient. The Group categorized leases with contractual terms longer than twelve months as either operating or finance lease.

Right-of-use (“ROU’) assets represent the Group’s rights to use underlying assets for the lease terms and lease liabilities represent the Group’s obligation to make lease payments arising from the leases. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term, reduced by lease incentives received, plus any initial direct costs, using the discount rate for the lease at the commencement date. If the implicit rate in lease is not readily determinable for the Group’s operating leases, the Group generally uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The Group’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Group elected not to separate non-lease components from lease components; therefore, it will account for lease components and the non-lease components as a single lease component when there is only one vendor in the lease contract for the office leases. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation. Variable lease payments mainly include costs related to certain IDC facilities leases which are determined based on actual number of usages. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments are incurred.

For operating leases, lease expense is recognized on a straight-line basis over the lease term. For finance leases, lease expense is recognized as depreciation on a straight-line basis over the lease term and interest using the effective interest method.

Any lease with a term of 12 months or less is considered short-term. As permitted by ASC 842, short-term leases are excluded from the ROU asset and lease liabilities on the consolidated balance sheets. Consistent with all other operating leases, short-term lease expense is recorded on a straight-line basis over the lease term.

3. Summary of significant accounting policies (Continued)

3.22 Short-term and long-term borrowings

Borrowings are initially recognized at fair value, net of upfront fees incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

3.23 Statutory reserves

In accordance with the relevant regulations and their articles of association, subsidiaries of the Group incorporated in the PRC are required to allocate at least 10% of their after-tax profit determined based on the PRC accounting standards and regulations to the general reserve until the reserve has reached 50% of the relevant subsidiary's registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective company. These reserves can only be used for specific purposes and are not transferable to the Group in the form of loans, advances or cash dividends. For the years ended December 31, 2020, 2021 and 2022, appropriations to the general reserve amounted to RMB9,159, RMB11,414 and RMB41,411, respectively. No appropriations to the enterprise expansion fund or staff welfare and bonus fund have been made by the Group.

3.24 Revenue recognition

The Group adopted ASC 606 — "Revenue from Contracts with Customers" for all periods presented. According to ASC 606, revenues from contracts with customers are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services, after considering allowances for refund, price concession, discount and value added tax ("VAT").

China Mobility

The Group generates revenues from providing a variety of mobility services through its mobility platform in the PRC ("China Mobility Platform"). The Group's revenues from its ride hailing services in the PRC presented on a gross basis accounted for more than 97% of the total revenues from China Mobility for the years ended December 31, 2020, 2021, and 2022, respectively. The Group also generates revenues from providing other mobility services such as taxi hailing, chauffeur and other services in the PRC.

- *Ride hailing services in the PRC*

The Group provides a variety of ride hailing services on its China Mobility Platform, mainly including Express, Premium, Luxe, Select, Piggy Express and Carpooling service lines in the PRC, and considers itself as the ride service provider according to the relevant regulations in the PRC and the ride service agreements entered into with riders. For all ride hailing services offered, names of the services and the service providers with the corresponding service agreements are displayed on the Group's China Mobility Platform. Riders can choose ride hailing services from the Group's China Mobility Platform based on their mobility needs and preferences. When a rider selects and initiates a ride service request, an estimated service fee is displayed and the rider can further decide whether to place the service request or not. Once the rider places the ride service request and the Group accepts the service request, a ride service agreement is entered into between the rider and the Group. Upon completion of the ride services, the Group recognizes ride hailing services revenues on a gross basis.

3. Summary of significant accounting policies (Continued)

- *Principal versus agent considerations of ride hailing services in the PRC*

According to the relevant regulations in the PRC, online ride hailing services platforms are required to obtain licenses and take full responsibility of the ride services. The relevant regulations also require the licensed platforms to ensure that the drivers and cars engaged in providing ride services meet the requirements stipulated by the regulations. Accordingly, the Group as an online ride hailing services platform considers itself as the principal for its ride services because it controls the services provided to riders. The control over the services provided to riders is demonstrated through: a) the Group is able to direct registered drivers to deliver ride services on its behalf based on the ride service agreement it entered into with riders. If the assigned driver is not able to deliver the service in limited circumstances, the Group will assign another registered driver to deliver the service; b) in accordance with the agreements entered into between the Group and the drivers, the drivers are obligated to comply with service standards and implementation rules set by the Group when providing the ride services on behalf of the Group; c) the Group evaluates drivers' performance regularly in accordance with standards set by the Group. Other indicators of the Group being the principal are demonstrated by: a) the Group is obligated to fulfill the promise to provide the ride hailing services to riders in accordance with the above regulations in the PRC and the above service agreements; b) according to applicable necessary procedures, the Group has the discretion in setting the prices for the services.

- *Taxi hailing and chauffeur services in the PRC*

The Group provides a variety of other services on its China Mobility Platform, mainly including taxi hailing and chauffeur services. The Group considers itself as the agent for taxi hailing and chauffeur services and recognizes agency revenue earned from the service providers such as taxi drivers and chauffeur service providers.

International

The Group derives its international revenues principally from ride hailing services in overseas countries, including Brazil and Mexico. The Group also generates revenues from food delivery services in overseas countries.

- *Ride hailing services in overseas countries*

The Group contracts with individual drivers to offer ride services on the Group's mobility platform in overseas countries ("Overseas Mobility Platform"). When a rider raises a ride service request through the Group's Overseas Mobility Platform, an estimated service fee is displayed and the rider can further decide whether to place the service request or not. Once the rider places the ride service request and a driver accepts the service request, a ride service agreement is entered into between the rider and the driver. The Group's performance obligation is to facilitate and arrange the ride services between riders and drivers. The Group recognizes revenues from its service contracts with drivers upon completion of the ride services provided by drivers. In addition, in most overseas countries riders access the Group's Overseas Mobility Platform for free and the Group has no performance obligation to the riders. As a result, in general, drivers are the Group's customers, while riders are not.

- *Principal versus agent considerations of ride hailing services in overseas countries*

The Group considers itself as an agent for ride hailing services provided through its Overseas Mobility Platform because the Group does not control the services provided by drivers to riders as 1) the Group does not obtain control of the drivers' services prior to its transfer to the riders; 2) the Group does not have the power to direct drivers to perform the service on its behalf; and 3) the Group does not integrate services provided by drivers with the Group's other services and then provide them to riders. Another indicator of the Group being the agent is that the drivers are obligated to fulfill the promise to provide the ride services according to the service agreements entered into between drivers and riders.

3. Summary of significant accounting policies (Continued)

- *Food delivery services in overseas countries*

The Group derives its food delivery revenue primarily from service fees paid by merchants and delivery persons for use of the platform and related services to successfully complete the services on the platform. The Group recognizes revenue when services provided to merchants and delivery persons are completed.

Other Initiatives

- *Bike and e-bike sharing*

The Group enters into rental agreements with the users at the inception of each trip. The Group is responsible for providing access to the bikes and e-bikes over the user's desired period of use. The Group derives a majority of the revenues from rental agreements, which are classified as operating leases as defined within ASC 842, and records the rental payments received as revenues upon the completion of each trip.

- *Certain energy and vehicle services*

Certain energy and vehicle services mainly include leasing business that the Group carries out itself, refueling and charging businesses.

The Group mainly provides operating lease services by leasing self-owned vehicles to drivers through its platform. The Group generally considers itself to be the accounting lessor, as applicable, in these arrangements in accordance with ASC 842. Revenues from these services is recognized on a straight line basis over the lease period.

The Group considers itself as the agent for refueling and charging services and recognizes agency revenue primarily from its services contracts with gas stations or charging stations upon the completion of a refueling or charging order.

- *Financial services*

The financial services revenues mainly include interest income from micro loans services and loan intermediary services fees. The Group generates interest income from its loan receivables by applying the effective interest method in accordance with ASC 310 in micro loans services. When a loan receivable is placed on non accrual status, the Group stops accruing interest and reverses all accrued but unpaid interest as of such date, as detailed in 3.12. The Group also matches the borrowers and the lenders and earns loan intermediary service fees directly from the lenders based on the contractual agreements. A majority of the revenue derived from loan intermediary services is recognized at a point in time upon the successful matching of the borrowing requests from the borrowers with the lenders.

- *Others*

The Group provides a variety of other initiatives services on its platform, including intra-city freight and other services. The Group generally recognizes revenues when services are provided to its customers.

3. Summary of significant accounting policies (Continued)

Contract balances

The Group classifies its right to consideration in exchange for services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset which is a right to consideration that is conditional upon factors other than the passage of time. The Group recognizes accounts receivable in its consolidated balance sheets when it performs a service in advance of receiving consideration and it has the unconditional right to receive consideration. A contract asset is recorded when the Group has transferred services to the customer before payment is received or is due, and the Group's right to consideration is conditional on future performance or other factors in the contract. Contract assets amounting to RMB242,231 and RMB299,095 were recorded in accounts and notes receivable, net in the consolidated balance sheets as of December 31, 2021 and 2022 respectively.

Contract liabilities are recognized if the Group receives consideration prior to satisfying the performance obligations, which typically include advance payments from ride hailing services in the PRC. Contract liabilities as of December 31, 2021 and 2022 were RMB546,003 and RMB565,058, respectively, recognized as deferred revenue and customer advances in the consolidated balance sheets. Substantially all of contract liabilities at each reporting period end are expected to be recognized as revenues during the following year. The differences between the opening and closing balances of the Group's contract liabilities primarily result from the timing difference between the Group's satisfaction of the performance obligation and the customer's payment.

Incentive Programs

- *Incentives to consumers considered as customers from an accounting perspective*

For China Mobility segment, riders using ride haling service, taxi drivers and chauffeur service providers are considered as the customers of the Group. For International segment, drivers providing ride hailing services, merchants and delivery persons in food delivery service are considered as the customers of the Group. For Other Initiatives segment, users in bike and e-bike sharing, lessees in leasing business that the Group carries out itself, gas stations and charging stations in energy services, borrowers in micro loans services, lenders in loan intermediary services and drivers providing intra-city freight service are generally considered as the customers of the Group.

- *Customer incentives*

The Group offers various incentive programs to the Group's customers, including fixed amount discounts, performance-based bonus payment, etc. Incentives provided to customers are recorded as a reduction of revenue if the Group does not receive a distinct good or service or cannot reasonably estimate the fair value of the good or service received. Incentives to customers that are not provided in exchange for a distinct good or service are evaluated as variable consideration, in the most likely amount to be earned by the customers at the time or as they are earned by customers, depending on the type of incentives. Since incentives are earned over a short period of time, there is limited uncertainty when estimating variable consideration.

- *Referring new customers*

Incentives earned by customers for referring new customers are paid in exchange for a distinct service and are accounted for as customer acquisition costs. The Group expenses such referral payments as incurred in sales and marketing expenses in the consolidated statements of comprehensive loss. The Group applies the practical expedient under ASC 340-40-25-4 and expenses costs to acquire new customer contracts as incurred because the amortization period would be one year or less. The amount recorded as an expense is the lesser of the amount of the incentive paid or the established fair value of the service received. Fair value of the service is established using amounts paid to vendors for similar services.

3. Summary of significant accounting policies (Continued)

- *Customer loyalty program*

The Group's riders participate in a reward program, which provides service discount vouchers and other gifts based on accumulated membership points that vary depending on the services received and fees paid, timing, and distances of each trip taken by the riders. The riders may redeem the amount of points in their membership points accounts in vouchers or other physical products via Didi Online Mall. Because the Group has an obligation to provide such vouchers and other gifts, the Group recognizes liabilities and accounts for the estimated cost of future usage of vouchers as contra-revenues when the membership points are awarded. As members redeem their points or their entitlements expire, the accrued liability is reduced correspondingly. The Group estimates the liabilities under customer loyalty program based on accumulated membership points and management's estimate of probability of redemption in accordance with the historical redemption pattern. If actual redemption differs significantly from the estimate, it will result in an adjustment to the liability and the corresponding revenue.

- *Incentives to consumers not considered as customers from an accounting perspective*

For the China Mobility segment, the end-users of taxi hailing and chauffeur service are not considered to be the customers of the Group from an accounting perspective. For International segment, in general, the riders using ride hailing services and end-users in food delivery services are not considered to be the customers of the Group from an accounting perspective. For Other Initiatives, end-users of intra-city freight services are generally not considered to be the customers of the Group from an accounting perspective.

The Group at its own discretion offers incentives to such consumers to encourage their uses of its platform. These are offered in various forms that include:

- *Customized consumer discounts and promotions*

These discounts and promotions are offered to some consumers in a market to acquire, re-engage or generally increase the uses of the Group's platform by such consumers, and are akin to a coupon. An example is an offer providing a discount on a limited number of rides during a limited time period. The Group records the cost of these discounts and promotions to such consumers as sales and marketing expenses at the time they are redeemed by the consumers.

- *Consumer referrals*

These referrals are earned when an existing consumer ("the referring consumer") refers a new consumer ("the referred consumer") to the Group and the referred consumer uses services offered by the Group's platform. These consumer referrals incentives are typically paid in the form of a credit given to the referring consumer. These referrals are offered to attract new consumer to the Group. The Group records the liability for these referrals and corresponding expenses as sales and marketing expenses at the time the referral is earned by the referring consumer.

Practical Expedients

The Group utilizes the practical expedient available under ASC 606-10-50-14 and does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

The effect of a significant financing component has not been adjusted for contracts when the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer and the collection of the payments from the customers will be one year or less.

3. Summary of significant accounting policies (Continued)

3.25 Cost of revenues

Cost of revenues, which are directly related to revenue generating transactions on the Group's platform, primarily consists of driver earnings and driver incentives in ride hailing services of China Mobility segment, depreciation and impairment of bikes and e-bikes, vehicles, insurance cost related to service offering, payment processing charges, and bandwidth and server related costs.

3.26 Operations and support

Operations and support expenses consist primarily of personnel-related compensation expenses, including share-based compensation for the Group's operations and support personnel, third party customer service fees, driver operation fees, other outsourcing fees and expenses related to general operations.

3.27 Sales and marketing expenses

Sales and marketing expenses consist primarily of advertising and promotion expenses, certain incentives paid to consumers not considered as customers from an accounting perspective, amortization of acquired intangible assets utilized by sales and marketing functions, and personnel related compensation expenses, including share-based compensation for the Group's sales and marketing staff. Advertising and promotion expenses are recorded as sales and marketing expenses when incurred, and totaled RMB5,088,880, RMB5,401,408 and RMB3,297,560 for the years ended December 31, 2020, 2021 and 2022, respectively. Incentives provided to consumers amounted to RMB2,100,671, RMB7,465,226 and RMB2,778,465 for the years ended December 31, 2020, 2021 and 2022, respectively.

3.28 Research and development expenses

Research and development expenses consist primarily of personnel-related compensation expenses, including share-based compensation for employees in engineering, design and product development, depreciation of property and equipment utilized by research and development functions, and bandwidth and server related costs incurred by research and development functions. The Group expenses all research and development expenses as incurred.

3.29 General and administrative expenses

General and administrative expenses consist primarily of personnel-related compensation expenses, including share-based compensation for the Group's managerial and administrative staff, allowances for doubtful accounts, office rental and property management fees, professional services fees, depreciation and amortization related to assets used for managerial functions, fines and miscellaneous administrative expenses.

3.30 Government grants

Government grants are generally financial grants received from provincial and local governments for operating a business in their jurisdictions or compliance with specific policies promoted by the local governments. These grants are recognized as a reduction of specific costs and expenses for which the grants are intended to compensate. Such amounts are recognized in the consolidated statements of comprehensive loss upon receipt and when all conditions attached to the grants are fulfilled. For the years ended December 31, 2020, 2021 and 2022, government grants amounted to RMB884,102, RMB990,038 and RMB458,141 are recognized as reduction of specific costs and expenses.

3. Summary of significant accounting policies (Continued)

3.31 Share-based compensation

The Group accounts for share-based compensation issued to employees and non-employees in accordance with ASC 718 Compensation-Stock compensation (“ASC 718”). Generally, share-based awards are recognized as costs and expenses, except to the extent the share-based compensation is recognized in the Group’s investment income (loss), net as certain share-based awards are issued to the employees of the certain equity investee.

Share-based awards with service conditions only are measured at the grant date fair value of the awards and recognized as expenses using the graded-vesting method, net of estimated forfeitures, if any, over the requisite service period. Share-based awards that are subject to both service conditions and the occurrence of an initial public offering (“IPO”) or deemed liquidation events as performance condition are measured at the grant date fair value. Cumulative share-based compensation expenses for the awards that have satisfied the service condition were recorded on June 30, 2021, which was very close to the completion of the Group’s IPO, using the graded-vesting method. Forfeitures are estimated based on historical experience and are periodically reviewed.

The Group, with the assistance of an independent third-party valuation firm, determined fair value of share-based awards granted to employees and non-employees. Prior to the IPO, the fair value of the restricted share units (“RSUs”) was assessed using the income approach/discounted cash flow method, with a discount for lack of marketability given that the shares underlying the awards were not publicly traded at the time of grant. This assessment requires complex and subjective judgments regarding the Group’s projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants were made. The fair value of share options is estimated on the grant date using the Binomial option pricing model. The assumptions used in share-based compensation expenses recognition represent management’s best estimates, but these estimates involve inherent uncertainties and application of management judgment. Subsequent to the completion of the Group’s IPO, the fair value of share-based awards were determined based on the market price of the Group’s publicly traded ADSs on the NYSE before its delisting in June 2022 and the Group’s ADSs have been quoted on OTC Pink under the symbol “DIDIY” thereafter, as detailed in Note 23.

According to ASC 718, a change in any of the terms or conditions of share-based awards shall be accounted for as a modification of the plan. Therefore, the Group calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the fair value and other pertinent factors at the modification date. For vested options, the Group recognizes incremental compensation cost in the period the modification occurs. For unvested options, the Group recognizes, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

3.32 Segment reporting

Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group’s chief operating decision maker (“CODM”) in deciding how to allocate resources and assess performance.

The Group’s internal organizational structure and business segments are more fully described in Note 18.

3. Summary of significant accounting policies (Continued)

3.33 Taxation

Income taxes

Current income tax is recorded in accordance with the laws of the relevant tax jurisdictions.

The Group applies the liability method of recording income taxes in accordance of ASC Topic 740, Income Taxes (“ASC 740”), which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are provided based on temporary differences arising between the tax bases of assets and liabilities and the financial statements, using enacted tax rates that will be in effect in the period in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that such assets are more-likely-than-not to be realized. In making such a determination, the Group considers all positive and negative evidences, including results of recent operations and expected reversals of taxable income. Valuation allowances are provided to offset deferred tax assets if it is considered more-likely-than-not that amount of the deferred tax assets will not be realized.

Uncertain tax positions

The Group applies the provisions of ASC 740 in accounting for uncertainty in income taxes. ASC 740 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold that a tax position is required to meet before being recognized in the financial statements. The Group has elected to classify interest and penalties related to an uncertain tax position (if and when required) as part of “income tax expenses” in the consolidated statements of comprehensive loss. The Group did not have any significant unrecognized uncertain tax positions or any unrecognized liabilities as of December 31, 2021 and 2022. The Group did not have any interest or penalties associated with unrecognized tax benefit for the years ended December 31, 2020, 2021 and 2022.

3.34 Employee benefits

Employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurance, medical insurance, unemployment benefits and housing fund plans through a PRC government-mandated multiemployer defined contribution plan. The Group is required to accrue for these benefits based on certain percentages of the employees’ salaries, up to a maximum amount specified by the local government. The Group is required to make contributions to the plans out of the amounts accrued. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees, and the Group’s obligations are limited to the amounts contributed with no legal obligation beyond the contributions made. Total amounts for such employee benefits, which were expensed as incurred, were RMB1,030,111, RMB1,808,321 and RMB1,940,168 for the years ended December 31, 2020, 2021 and 2022, respectively. The Group also makes payments to other defined contribution plans for the benefit of employees employed by subsidiaries outside of the PRC, and such amounts contributed for the years ended December 31, 2020, 2021 and 2022 were insignificant.

3.35 Comprehensive income (loss)

Comprehensive income (loss) is defined to include all changes in equity (deficit) of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income (loss) includes net loss and currency translation adjustments of the Group and share of other comprehensive income (loss) of equity method investees.

3. Summary of significant accounting policies (Continued)

3.36 Net loss per share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net loss is not allocated to other participating securities if based on their contractual terms they are not obligated to share in the loss.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of unvested restricted shares and RSUs, ordinary shares issuable upon the exercise of outstanding share options using the treasury stock method, and ordinary shares issuable upon the conversion of preferred shares using the if-converted method, for periods prior to the completion of the IPO. Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be antidilutive. After the completion of the IPO, net loss per ordinary share is computed on Class A Ordinary Shares and Class B Ordinary Shares on the combined basis, because both classes have the same dividend rights in the Company’s undistributed net income.

3.37 Treasury shares

The Group accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account in shareholders’ equity (deficit). The ordinary shares with future service conditions are deemed as treasury stock and also recorded in the treasury shares account in shareholders’ equity (deficit).

3.38 Business combinations and non-controlling interests

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 — “Business Combinations”. The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Group and equity instruments issued by the Group. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total costs of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive loss. During the measurement period, which can be up to one year from the acquisition date, the Group may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Subsequent to the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any further adjustments are recorded in the consolidated statements of comprehensive loss.

In a business combination achieved in stages, the Group re-measures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of comprehensive loss.

For the Group’s majority-owned subsidiaries, non-controlling interests are recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Group.

When there is a change in ownership interests or a change in contractual arrangements that results in a loss of control of a subsidiary, the Group deconsolidates the subsidiary from the date control is lost. Any retained non-controlling investment in the former subsidiary is measured at fair value and is included in the calculation of the gain or loss upon deconsolidation of the subsidiary.

3. Summary of significant accounting policies (Continued)

The Group allocates the acquisition cost to the assets and liabilities of the Group acquired, including separately identifiable intangible assets, based on their estimated fair values. The Group makes estimates and judgments in determining the fair value of acquired assets and liabilities, with the assistance of an independent valuation firm and management's experience with similar assets and liabilities. In performing the purchase price allocation, the Group considers the analyses of historical financial performance and estimates of future performance of these companies acquired.

3.39 Convertible redeemable non-controlling interests and convertible non-controlling interests

Convertible redeemable non-controlling interests represent preferred shares financing by subsidiaries of the Group from preferred shareholders. As the preferred shares could be redeemed by such shareholders upon the occurrence of certain events that are not solely within the control of the Group, these preferred shares are accounted for as redeemable non-controlling interests. The Group accounts for the changes in accretion to the redemption value in accordance with ASC topic 480, Distinguishing Liabilities from Equity. 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 non-controlling interests. The Group determined that the redemption features embedded in the convertible redeemable non-controlling interests do not meet the definition of a derivative as they cannot be net settled. Therefore, such feature was not bifurcated from the mezzanine classified as non-controlling interests.

Convertible non-controlling interests represent preferred share financing by subsidiaries of the Group from preferred shareholders, which are contingently redeemable upon certain deemed liquidation events occur. Such deemed liquidation events require the redemption of those preferred shares and cause them being classified outside of permanent equity.

3.40 Commitments and contingencies

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. The Group assesses these contingent liabilities, which inherently involves judgment. In assessing loss contingencies related to legal proceedings that are pending against the Group or unasserted claims that may result in legal proceedings, the Group, in consultation with its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. An accrual for a loss contingency is recognized if it is probable that a liability has been incurred and the amount of liability can be reasonably estimated. If a potential loss is not probable, but reasonably possible, or is probable but the amount of liability cannot be reasonably estimated, then the nature of contingent liability, together with an estimate of the range of the reasonably possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of guarantee would be disclosed.

3. Summary of significant accounting policies (Continued)

3.41 Significant risks and uncertainties

Cybersecurity review and apps takedown in China

On July 2, 2021, the Cybersecurity Review Office posted an announcement that the Group was subject to a cybersecurity review and that it required the Group to suspend new user registration in China during the review. On July 4 and July 9, 2021, the CAC posted announcements to state that 26 apps that the Group operates in China violated relevant PRC laws and regulations in collecting personal information. Pursuant to the PRC Cybersecurity Law, relevant app stores were notified to take down these apps in China. An administrative fine of RMB8.026 billion was imposed for the violation of the Cybersecurity Law, Data Security Law and Personal Information Protection Law and was paid in the year ended December 31, 2022. On January 16, 2023, as approved by the Cybersecurity Review Office, the Group has resumed DiDi Chuxing's registration of new users. The Group's active apps have been restored to app stores.

The Group fully cooperated with the PRC government authorities on the cybersecurity review and rectification measures. The Group conducted a series of rectification measures under the supervision of the PRC regulatory authorities. In addition, the Group has formulated an internal management mechanism for data security and storage, algorithm transparency and users' right of free choice, so as to enhance employees' attention to and awareness of these matters. The Group has organized and conducted education and training programs for employees regarding such matters as information network security, data security and storage, and user personal information protection, and strengthened employees' awareness of legal compliance with respect to the information network security and application. However, there are uncertainties with respect to whether the Group might become subject to new cybersecurity review in the future. If the Group is unable to complete such new review and the relevant rectification, the growth and the usage of the Group's platform in China may decline, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Concentration of customers and suppliers

There are no customers or suppliers from whom revenues or purchases individually represent greater than 10% of the total revenues or the total purchases of the Group for the years ended December 31, 2020, 2021 and 2022.

Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, accounts receivable, other receivables and time deposits. As of December 31, 2021 and 2022, substantially all of the Group's cash and cash equivalents, restricted cash and time deposits were held by major financial institutions located in the Mainland of China and Hong Kong, which the management believes are of high credit quality. In addition, the Group held its cash and cash equivalents, restricted cash, and time deposits in different financial institutions and held no more than approximately 6% and 5% of its total assets at any single institution as of December 31, 2021 and 2022, respectively.

The Group expects that there is no significant credit risk associated with such assets aforementioned which are held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries and VIEs are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality. The Group has no significant concentrations of credit risk with respect to the assets mentioned above.

The Group relies on a limited number of third parties to provide payment processing services ("payment service providers") to collect amounts due from customers. Payment service providers are financial institutions, credit card companies and mobile payment platforms such as Alipay and WeChat Pay, which the Company believes are of high credit quality.

3. Summary of significant accounting policies (Continued)

Accounts receivables are typically unsecured and are primarily derived from revenues earned from customers in the PRC. The credit risk with respect to accounts receivable is mitigated by credit control policies the Group carries out on its customers and its ongoing monitoring process of outstanding balances.

Foreign currency exchange rate risks

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

The Group is also exposed to foreign currency risk because of its international operations, particularly in Brazil and Mexico. While the Group generally expects to use any cash from operations in the same country where the Group receives that cash, fluctuations in the exchange rate between the currency of that country and the Renminbi will be recorded as foreign currency translation adjustments in the Group's consolidated statements of comprehensive loss.

Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

Operation and compliance risk

On July 27, 2016, the Ministry of Transport, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Commerce, the State Administration for Market Regulation and the CAC jointly promulgated the Interim Measures for the Management of Online Ride Hailing Operation and Service ("Interim Measures"), which took effect on November 1, 2016 and was last amended on November 30, 2022, to regulate the business activities of online ride hailing services and to ensure the safety of passengers by establishing a regulatory system for the platforms, vehicles and drivers engaged in online ride hailing services. In accordance with the Interim Measures, the platform that conducts the online ride hailing services is subject to obtain the necessary permit. The vehicles used for online ride hailing services must also obtain the transportation permit for vehicles, and the drivers engaged in online ride hailing services are required to meet certain requirements and pass the relevant exams.

The Group has not obtained the required permits for certain cities when the Group is required to do so, and not all drivers or vehicles on the platforms have the required licenses or permits. Therefore, the Group had been and may continue to be subject to fines as a result. If the Group fails to remediate the non-compliance with relevant law and regulation requirements, the Group could be subject to penalties and/or an order of correction, and as a result, the Group's business, financial condition, and results of operations could be materially and adversely affected.

In an effort to ensure compliance with applicable Interim Measures, the Group has continuously conducted the process to obtain the necessary licenses or permits in different cities. The Group is continuously making efforts to obtain necessary licenses or permits to mitigate the relevant compliance risk.

3. Summary of significant accounting policies (Continued)

3.42 Recently adopted and issued accounting pronouncements

On January 1, 2022, the Group adopted ASU No. 2021-10, Government Assistance (Topic 832): This ASU requires business entities to disclose information about government assistance they receive if the transactions were accounted for by analogy to either a grant or a contribution accounting model. The disclosure requirements include the nature of the transaction and the related accounting policy used, the line items on the balance sheets and statements of operations that are affected and the amounts applicable to each financial statement line item and the significant terms and conditions of the transactions. The ASU is effective for annual periods beginning after December 15, 2021. The disclosure requirements can be applied either retrospectively or prospectively to all transactions in the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application. The Group adopted the ASU prospectively on January 1, 2022. Adoption of this ASU did not have a material impact on our consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for the Group beginning January 1, 2024 on a prospective basis. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Group does not expect that the adoption of this guidance will have a material impact on its financial position, results of operations and cash flows.

4. Financing transaction of Chengxin

In March 2021, Chengxin, the Group's subsidiary engaged in community group buying business, entered into a series of agreements ("Agreements") with external investors and the Group, pursuant to which:

a) Chengxin issued 92,367,521 number of Series A-1 Preferred Shares for a total consideration of US$923,675 to certain external investors, including an entity controlled by Softbank Group Corp., ("Softbank") of US$43,162.

b) Chengxin issued 20,000,000 number of Series A-2 preferred shares to certain senior management of the Group and Chengxin, for a total consideration of US$200,000. To finance the purchase of Chengxin A-2 preferred shares, the senior management investment entity entered into secured term loans with Chengxin's A-1-round investors for an aggregate amount of US$160,000.

c) Chengxin issued a zero-coupon seven-year convertible note due 2028 ("Convertible Note") for an aggregate principal amount of US$3,000,000 to the Group.

The rights, preferences and privileges of the Chengxin's holders of ordinary shares, preferred shares and Convertible Note are as follows:

Conversion right

All of the preferred shares are convertible, at the option of the holders at any time after the original issue date of the relevant series of preferred shares into such number of ordinary shares of Chengxin. Each preferred share shall automatically be converted into ordinary shares at the then effective conversion price upon the closing of a qualified IPO. The initial conversion ratio of preferred shares to ordinary shares shall be 1:1 and shall be subject to certain adjustments. The Group, as the holder of the Convertible Note, has the right to convert the outstanding principal amount under the Convertible Note to Series A-2 preferred shares at a conversion price of US$10.00 per share during the period commencing on the first anniversary of closing of issuance of Series A-1 and A-2 preferred shares to the maturity date of the Convertible Note. Furthermore, the Convertible Note will be automatically converted to the number of Series A-2 Preferred Shares at a conversion price of US$10.00 per share upon the occurrence of certain events including change of control, liquidation or the consummation of a qualified IPO of Chengxin.

Liquidation rights

Upon the occurrence of any liquidation event, whether voluntary or involuntary, all assets and funds of Chengxin legally available for distribution shall be distributed to the shareholders in the following order and manner:

Holders of preferred shares have preference over holder of ordinary shares on the distribution of assets or funds in the following sequence: Series A-1 preferred shares, Series A-2 preferred shares. The amount of preference will be equal to 100% of the deemed or original issuance price, plus any and all declared but unpaid dividends. After distribution of the preferred shares, all remaining assets and funds of Chengxin available for distribution to the shareholders shall be distributed ratably among all the shareholders on a fully diluted basis.

Exchange rights

The Series A preferred shareholders have the options to exchange part or all of outstanding preferred shares of Chengxin into the shares of the Group provided that these preferred shareholders do not breach its non-competing undertakings, at any time after the fifth anniversary date of closing date of Series A preferred shares and as long as no qualified IPO of Chengxin has been consummated. The exchange ratio will be determined according to the respective fair market value of the Group's ordinary shares and Chengxin preferred shares as of the date that the preferred shareholders exercise the exchange right, which shall be determined by an independent third-party valuation firm mutually agreed upon by all parties.

4. Financing transaction of Chengxin (Continued)

Call option

The Group was granted a call option to purchase part or all of the outstanding Series A-1 and A-2 preferred shares held by preferred shareholders. At any time between the third anniversary and fifth anniversary of the closing of the Series A-1 and A-2 preferred shares, the Group may exercise the call option to purchase up to all of the outstanding preferred shares based on the greater of (i) the price determined according to pre-agreed pricing formula, and (ii) the fair market value of such preferred shares.

Accounting for the financing transaction of Chengxin

Pursuant to the Agreements and upon the completion of the above transaction on March 30, 2021 ("closing date"), the Group no longer held the controlling financial interest in Chengxin. Accordingly, Chengxin was deconsolidated from the Group after March 30, 2021.

The financing transaction for Chengxin did not meet the discontinued operation criteria as it did not represent a strategic shift that has a major effect on the Group's financial results. Upon the completion of the financing transaction of Chengxin, an unrealized gain of RMB9,058,144 was recognized in the investment income (loss), net on the consolidated statement of comprehensive loss for year ended December 31, 2021, measured as the difference between the fair value of its retained non-controlling equity investment in ordinary shares in Chengxin in the amount of RMB2,628,520, and the carrying amount of net liabilities of Chengxin of RMB6,429,624 as of March 30, 2021.

Given the Group's investment in Chengxin's ordinary shares and right to nominate three board members out of six, the Group had the ability to exercise significant influence over Chengxin. The Group elected to apply the fair value option to the Group's investments in ordinary shares (Note 10). The Group also applies fair value accounting to the Group's investments on the Convertible Note (Note 9), thereby providing consistency of accounting treatment. The investments in ordinary shares and in Convertible Note (collectively, the "Investment in Chengxin") are measured at fair value on a recurring basis with changes in fair value reflected in earnings.

Given the exchange right has a fair value exercise price and the call option has an exercise price that is equal to or higher than the fair market value of underlying preferred shares of Chengxin, both financial instruments are generally considered to have little economic value. Therefore, the Group determined that the fair value of exchange feature and call option aforementioned respectively were not significant to the consolidated financial statements.

The fair value of the Investments in Chengxin upon the closing of the deconsolidation of RMB16,428,250 was determined by the Group with assistance of a third-party independent appraiser, using option-pricing model ("OPM") and back-solve method.

As a result of the intense competition and tightening regulatory environment, Chengxin experienced an adverse change in its operating and financial performance during the third quarter of 2021. In light of the further adverse change during the fourth quarter of 2021 and challenges of obtaining additional financing, Chengxin revised its business plan to scale down significantly and undertake a strategic business model transition, aiming for a more sustainable operation in the near future. The fair value of the Group's total investment in Chengxin was reduced to RMB 686,124 at December 31, 2021 due to the above reason. The fair value of the investments in Chengxin on December 31, 2021 was determined by the Group with the assistance of a third-party independent appraiser, using scenario-based model. Accordingly, the Group recognized the downward fair value changes of RMB21,259,814 in Investments in Chengxin. Refer to Note 27 - Fair value measurement for the valuation approach and key inputs for the determination of the fair value of the Group's Investments in Chengxin.

(In thousands, except for share and par value)

4. Financing transaction of Chengxin (Continued)

Considering continuous adverse impact on Chengxin's operating and financial performance in 2022, the shareholders of Chengxin decided that it would be in the best interests of Chengxin and its shareholders not to continue to operate the community group buying business. Therefore, Chengxin's shareholders and board resolved to distribute all of its available assets to its shareholders, in accordance with the distribution sequences outlined in the Agreements. As a shareholder of Chengxin, the Group received its share of Chengxin's assets of RMB1,935,171 upon the completion of the distribution in July 2022. The difference of RMB1,172,541 between the distributions received and the investment balance at December 31, 2021 was recorded in investment income (loss), net in the consolidated statement of comprehensive loss in 2022.

5. Short-term investments

The following is a summary of short-term investments:

	As of December 31	
	2021	2022
	RMB	RMB
Time deposits stated at amortized cost	13,154,020	16,965,708
Structured notes under fair value option	4,622	—
Other debt investments under fair value option	—	563,799
Other debt investments stated at amortized cost	185,112	18,711
Total	13,343,754	17,548,218

6. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Accounts and notes receivable	3,482,011	2,944,355
Allowance for credit losses	(650,888)	(692,722)
Accounts and notes receivable, net	2,831,123	2,251,633

The operating lease receivable generated from lease vehicles to drivers and end-users, is recorded as accounts and notes receivable, net in the consolidated balance sheets. The operating lease receivable is subject to ASC 842 mentioned in Note 3.21. The movement of the allowances for credit losses is as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Beginning balance prior to ASC 326	(437,266)	(556,360)	(650,888)
Impact of adoption of ASC 326	(71,498)	—	—
Balance at beginning of the year	(508,764)	(556,360)	(650,888)
Provision	(448,720)	(596,908)	(454,168)
Write-offs	401,124	502,380	412,334
Balance at end of the year	(556,360)	(650,888)	(692,722)

(In thousands, except for share and par value)

7. Loans receivable, net

Loans receivable, net consists of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Loans receivable	5,248,804	5,798,839
Allowance for credit losses	(604,506)	(460,212)
Loans receivable, net	4,644,298	5,338,627

The movement of the allowances for credit losses is as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Beginning balance prior to ASC 326	(100,643)	(146,432)	(604,506)
Impact of adoption of ASC 326	(50,569)	—	—
Balance at beginning of the year	(151,212)	(146,432)	(604,506)
Foreign currency translation adjustments	—	—	(3,979)
Provision	(153,560)	(557,129)	(523,863)
Write-offs	158,340	99,055	672,136
Balance at end of the year	(146,432)	(604,506)	(460,212)

The aging analysis of loans receivable by due date as of December 31, 2021 and 2022 is as follows:

	Past Due						
	1-30 Days	31-60 Days	61-90 Days	91 Days or Greater	Total Past Due	Current	Total
As of December 31, 2021	75,785	59,394	51,035	200,759	386,973	4,861,831	5,248,804
As of December 31, 2022	70,990	42,495	38,340	95,028	246,853	5,551,986	5,798,839

(In thousands, except for share and par value)

8. Prepayments, receivables and other current assets, net and other non-current assets, net

Prepayments, receivables and other current assets, net consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Deductible VAT-input	1,553,800	1,533,722
Rental deposits and other deposits, net	189,840	424,492
Prepayments for promotion and advertising expenses and other operation expenses	371,149	388,284
Advances to employees	303,050	375,468
Payments to drivers and partners on behalf of end-users	148,971	308,627
Prepayments for insurance costs	239,417	204,915
Inventories, net	197,957	135,480
Interest receivables	13,293	74,126
Short-term finance lease receivables, net	44,020	21,616
Others, net	896,478	726,222
Total	3,957,975	4,192,952

Other non-current assets, net consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Deductible VAT-input	1,070,370	864,319
Prepayments for purchase of property and equipment and other non-current assets	166,425	570,639
Prepayments for long-term investments	200,000	252,995
Rental deposits and other deposits	203,154	153,240
Long-term finance lease receivables, net	41,579	14,261
Others	17,942	5,411
Total	1,699,470	1,860,865

The movement of the allowances for credit losses of short-term and long-term finance lease receivables is as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Balance at beginning of the year	(3,871)	(72,167)	(11,405)
Reversal/(Provision)	(73,004)	12,757	(892)
Write-offs	4,708	48,005	11,382
Balance at end of the year	(72,167)	(11,405)	(915)

(In thousands, except for share and par value)

9. Investment securities and other investments

The following is a summary of investment securities and other investments:

	As of December 31	
	2021	2022
	RMB	RMB
Debt investments stated at amortized cost	3,878,744	8,706,590
Listed equity securities	13,342,946	6,725,766
Other investments under fair value option	1,412,803	2,577,951
Total	**18,634,493**	**18,010,307**

As of December 31, 2021 and 2022, the Group's investment securities and other investments comprised of i) debt investments, which are accounted for at amortized cost, ii) listed equity securities, which are publicly traded stocks or funds measured at fair value, iii) other investments, which the fair value option was selected.

The following table summarizes the debt investments stated at amortized cost:

	As of December 31	
	2021	2022
	RMB	RMB
Time deposits stated at amortized cost	3,722,640	8,444,793
Other debt investments stated at amortized cost	156,104	261,797
Total	**3,878,744**	**8,706,590**

The carrying values of time deposits stated at amortized cost and other debt investments stated at amortized cost approximate their fair value.

The following table summarizes debt investments stated at amortized cost classified by the contractual maturity date of the investments:

	As of December 31
	2022
	RMB
Due in 1 year through 2 years	6,627,563
Due in 2 years through 3 years	1,950,866
Thereafter	128,161
Total	8,706,590

(In thousands, except for share and par value)

9. Investment securities and other investments (Continued)

The following table summarizes the listed equity securities and other investments under fair value option:

	As of December 31, 2021				
	Cost	Cumulative gross unrealized gains	Cumulative gross unrealized losses	Foreign currency translation adjustments	Fair Value
	RMB	RMB	RMB	RMB	RMB
Listed equity securities	**7,661,212**	**6,300,946**	**(394,796)**	**(224,416)**	**13,342,946**
— Investee A	600,000	—	(254,758)	—	345,242
— Investee B (i)	6,751,890	5,573,162	—	(225,456)	12,099,596
— Others	309,322	727,784	(140,038)	1,040	898,108
Other investments under fair value option	**20,323,739**	**14,383**	**(18,722,033)**	**(203,286)**	**1,412,803**
— Convertible Note of Chengxin (Note 4)	19,563,591	—	(18,691,719)	(198,515)	673,357
— Other investments under fair value option	760,148	14,383	(30,314)	(4,771)	739,446
Total	**27,984,951**	**6,315,329**	**(19,116,829)**	**(427,702)**	**14,755,749**

	As of December 31, 2022				
	Cost	Cumulative gross unrealized gains	Cumulative gross unrealized losses	Foreign currency translation adjustments	Fair Value
	RMB	RMB	RMB	RMB	RMB
Listed equity securities	**7,561,289**	**—**	**(1,067,079)**	**231,556**	**6,725,766**
— Investee A	600,000	—	(206,442)	—	393,558
— Investee B (i)	6,518,202	—	(648,302)	198,536	6,068,436
— Others	443,087	—	(212,335)	33,020	263,772
Other investments under fair value option	**2,580,786**	**31,583**	**—**	**(34,418)**	**2,577,951**
— Structured notes under fair value option	1,769,255	13,973	—	(28,219)	1,755,009
— Other investments under fair value option	811,531	17,610	—	(6,199)	822,942
Total	**10,142,075**	**31,583**	**(1,067,079)**	**197,138**	**9,303,717**

(i) Investment in Investee B

As of January 1, 2020 the Group held certain percentage of ordinary shares and preferred shares from Investee B, which were purchased in prior years. The investment in Investee B was accounted for Measurement Alternative as the Group could not impose significant influence in Investment B. For the year ended December 31, 2021, the Investee B completed its initial public offering in NASDAQ Stock Exchange. As a result, the investment in Investee B was transferred from investments accounted for using the Measurement Alternative method to Investment securities and other investments, with the fair value determined based on the quoted price in the active market, adjusted by a discount for lack of marketability due to restrictions on trading the shares. During the year of 2022, the restriction on trading shares was removed and the fair value was determined based on the market price of the Investee B's publicly traded shares directly.

As of December 31, 2021 and 2022, the fair value of the Investment in Investee B was RMB12,099,596 and RMB6,068,436, respectively. The Group recognized unrealized gain of RMB8,351,108 recorded in investment income (loss), net for year ended December 31, 2021. The Group recognized unrealized loss of RMB6,221,463 and realized gain of RMB5,998, recorded in investment income (loss), net for year ended December 31, 2022.

(In thousands, except for share and par value)

10. Long-term investments, net

	As of December 31	
	2021	2022
	RMB	RMB
Measurement Alternative method	568,555	580,152
Equity investments accounted for using equity method	4,033,402	4,153,932
Equity investment in Chengxin under fair value option (Note 4)	12,767	—
Total	4,614,724	4,734,084

a Measurement Alternative Method

The Group invested in multiple private companies which may have operational synergy with the Group's core business. The Group's equity investments without readily determinable fair value were accounted for using the Measurement Alternative method.

Impairment charges in connection with the Measurement Alternative investments of RMB1,022,098, nil and RMB18,540 were recorded in the consolidated statements of comprehensive loss for the years ended December 31, 2020, 2021 and 2022, respectively, resulting from impairment assessments, considering various factors and events including adverse performance of investees, adverse industry conditions affecting investees, etc. The Group recognized a disposal gain of RMB40,613, RMB2,493,381 and nil for the years ended December 31, 2020, 2021 and 2022, respectively.

b Equity method

The Group recorded proportionate share of losses of RMB977,552, RMB211,559 and income of RMB95,505 from equity investments accounted for using equity method for the years ended December 31, 2020, 2021 and 2022, respectively. The Group also recognized impairment losses of RMB79,875, RMB264,292 and RMB59,651 for the years ended December 31, 2020, 2021 and 2022, respectively. The Group records both proportionate share of losses or income and impairment losses of its equity method investments as income (loss) from equity method investments, net in the consolidated statements of comprehensive loss.

During the year ended December 31, 2021, the Group and SoftBank each made an additional investment amounted to RMB161,720 (JPY2,600,000) in Didi Mobility Japan Corporation ("Didi Japan"), an equity method investee of the Group established in 2018. Upon the closing of this transaction, the Group's accumulated investment in Didi Japan increased to RMB433,950 (JPY6,950,000).

During the year ended December 31, 2022, the equity investments made under equity method were insignificant.

(In thousands, except for share and par value)

10. Long-term investments, net (Continued)

The Group summarizes the condensed financial information of the Group's equity investments under equity method as a group below in accordance with Rule 4-08 of Regulation S-X:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Results of operations:			
Revenue	9,721,658	7,549,918	8,906,174
Gross profit (loss)	3,819,309	(4,257,022)	1,712,738
Income (loss) from operations	2,880,369	(16,489,595)	(1,248,914)
Net income (loss), net	2,881,779	1,999,569	(2,468,292)
Balance sheet data:			
Current assets	14,591,256	54,810,598	52,797,753
Non-current assets	16,999,044	17,656,885	14,891,760
Current liabilities	2,158,751	31,611,814	38,391,255
Non-current liabilities	6,696,509	5,536,458	3,308,611
Convertible redeemable preferred shares and non-controlling interests	2,703,764	7,160,924	—

The condensed financial information of the Group's equity investments under equity method or under fair value option, for which the equity method otherwise would be required was summarized in the aggregate amount. As the Group's shareholding interests in these investees vary among different equity method investees, which includes 3% to 5% interests in certain funds in the form of partnership, the Group recognized small proportionate share of gain or loss accordingly from these entities. In addition, the Group did not recognize the proportionate share of loss from Chengxin as the fair value option was selected for the equity investment of Chengxin before the completion of its distribution of the available assets to its shareholders in July 2022 (Note 4). As a result, the income (loss) from equity method investments, net in the consolidated statement of comprehensive loss is not comparable with the above table.

(In thousands, except for share and par value)

11. Property and equipment, net

Property and equipment, net consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Bikes and e-bikes	11,774,212	9,966,031
Vehicles	3,538,274	3,022,763
Computers and equipment	3,723,744	4,145,016
Leasehold improvement	644,251	707,947
Construction in progress	393,540	170,785
Others	35,057	35,173
Total	20,109,078	18,047,715
Less: Accumulated depreciation	(8,960,129)	(10,305,649)
Less: Accumulated impairment loss	(3,148,731)	(2,023,742)
Property and equipment, net	8,000,218	5,718,324

Depreciation expenses recognized for the years ended December 31, 2020, 2021 and 2022 were RMB3,275,144, RMB4,220,521, and RMB3,511,825, respectively.

For the years ended December 31, 2020, 2021 and 2022, the impairment losses for property and equipment were RMB855,988, RMB2,247,738 and nil respectively. For the year ended December 31, 2020, the impairment charge of RMB751,065 on the vehicles leased to drivers in the PRC was mainly caused by the adverse impact of the COVID-19 pandemic on the Group's China Mobility business. For the year ended December 31, 2021, the impairment charge of RMB2,164,409 on bikes and e-bikes was mainly caused by the adverse change in the operating and financial performance of the Group's bike and e-bike sharing business during the third quarter of 2021.

12. Operating leases

Operating leases of the Group primarily consist of leases of offices and data centers. The recognition of whether a contract arrangement contains a lease is made by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all the economic benefits from and has the ability to direct the use of the asset.

Operating lease assets and liabilities are included in the items of operating lease right-of-use assets, operating lease liabilities, current portion, and operating lease liabilities, non-current portion on the consolidated balance sheets.

The components of lease expenses for the years ended December 31, 2020, 2021 and 2022 are as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Operating lease cost	681,841	726,359	729,038
Short-term lease cost	128,865	467,384	416,215
Variable lease cost	80,015	121,353	150,994
Total lease cost	890,721	1,315,096	1,296,247

(In thousands, except for share and par value)

12. Operating leases (Continued)

Supplemental cash flows information related to leases is as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Cash payments for operating leases	707,140	761,352	783,337
ROU assets obtained in exchange for operating lease liabilities	1,158,347	910,144	978,608

As of December 31, 2022, the Company's operating leases had a weighted average remaining lease term of 2.84 years and a weighted average discount rate of 4.77%.

Maturities of lease liabilities are as follows:

	As of December 31
	2022
	RMB
2023	582,029
2024	363,989
2025	238,767
2026	94,642
Thereafter	110,167
Total undiscounted lease payments	1,389,594
Less: imputed interest	(131,690)
Total lease liabilities	1,257,904

13. Intangible assets, net

The Group's intangible assets, net consist of following:

	As of December 31	
	2021	2022
	RMB	RMB
Finite-lived intangible assets		
Non-compete agreements	7,183,773	7,183,773
Trademarks, patents, software and others	5,268,168	5,413,444
Customer lists	1,553,507	1,563,680
Driver lists	296,332	301,641
Total	14,301,780	14,462,538
Less: accumulated amortization	(11,182,929)	(12,846,495)
Less: accumulated impairment loss	(287,270)	(346,466)
Net book value	2,831,581	1,269,577
Indefinite-lived intangible assets		
Online payment license	398,085	398,085
Others	56,479	56,479
Total	454,564	454,564
Finite and indefinite-lived intangible assets	3,286,145	1,724,141

(In thousands, except for share and par value)

13. Intangible assets, net (Continued)

For the years ended December 31, 2020, 2021 and 2022, amortization expenses amounted to RMB1,993,945, RMB1,824,762 and RMB1,631,280, respectively.

For the years ended December 31, 2020, 2021 and 2022, the impairment losses for intangible assets were nil, RMB288,221 and RMB17,736, respectively. For the year ended December 31, 2021, the impairment charge was recorded for the intangible assets generated from the acquisition of 99 Taxis. Refer to Note 14 Goodwill for further information.

As of December 31, 2022, amortization expenses related to finite-lived intangible assets for future periods are estimated to be as follows:

	Amortization Expenses
	RMB
2023	1,000,676
2024	133,845
2025	54,985
2026	38,321
Thereafter	41,750
Total expected amortization expenses	1,269,577

14. Goodwill

For the years ended December 31, 2020, 2021 and 2022, the changes in the carrying value of goodwill by segment are as follows:

	China Mobility(i)	International(ii)	Other Initiatives	Total
	RMB	RMB	RMB	RMB
Balance as of January 1, 2020	46,283,879	3,785,659	93,704	50,163,242
Foreign currency translation adjustments	—	(1,039,070)	—	(1,039,070)
Balance as of December 31, 2020	46,283,879	2,746,589	93,704	49,124,172
Less: accumulated impairment loss	—	(2,492,826)	—	(2,492,826)
Foreign currency translation adjustments	—	(253,763)	—	(253,763)
Balance as of December 31, 2021	46,283,879	—	93,704	46,377,583
Balance as of December 31, 2022	46,283,879	—	93,704	46,377,583

(i) Considering similar economic characteristics shared among different components within China Mobility, the Group determined that China mobility is a single reporting unit in goodwill impairment analysis.

The Group performed qualitative impairment assessments for the goodwill arising from the acquisition of Kuaidi and Uber China in China Mobility and concluded that there was no impairment for the goodwill as of December 31, 2020.

(In thousands, except for share and par value)

14. Goodwill (Continued)

Considering the adverse change in the operating and financial performance of China Mobility, the Group determined that a quantitative assessment was required at December 31, 2021. The Group compared the fair value to the carrying amount of China Mobility in the impairment test. The Group estimated the fair value by using the income approach, which considered a number of factors, including expected future cash flows and discount rate. Expected future cash flows are dependent on certain key assumptions including compound annual growth rate of revenue. These factors are subject to high degree of judgment and complexity. Based on the quantitative assessment results, the fair value of China Mobility exceeded its carrying amount by more than 30% as of December 31, 2021. In order to assess the impact of changes in certain significant inputs, the Group performed a sensitivity analysis decreasing the annual growth rate and increasing the discount rate by 1%. This analysis still resulted in the fair value of China Mobility exceeding its carrying amount by a sufficient amount. Therefore, the Group concluded that there was no impairment of goodwill as of December 31, 2021.

A sustained decrease in ADSs price quoted in OTC Pink was considered an indicator requiring an interim goodwill quantitative impairment test on the reporting unit of China Mobility as of September 30, 2022. The Group compared the fair value to the carrying amount of China Mobility in the impairment test. The Group estimated the fair value by using the income approach, which considered a number of factors, including expected future cash flows and discount rate. Expected future cash flows are dependent on certain key assumptions including compound annual growth rate of revenue and profit margins. Based on the quantitative assessment results, the fair value of China Mobility exceeded its carrying amount as of September 30, 2022. In order to assess the impact of changes in certain significant inputs, the Group performed a sensitivity analysis decreasing the annual growth rate and increasing the discount rate by 1%. This analysis still resulted in the fair value of China Mobility exceeding its carrying amount. Therefore, the Group concluded that there was no impairment of goodwill as of September 30, 2022.

The Group performed a qualitative impairment assessment for the goodwill in China Mobility at the year end of 2022 and concluded that there was no impairment for the goodwill as of December 31, 2022.

(ii) The Group performed a qualitative impairment assessment for the goodwill arising from the acquisition of 99 Taxis in International. As the global COVID-19 pandemic has increased the uncertainty on the ride hailing services in overseas countries, the Group performed a quantitative analysis on the reporting unit of 99 Taxis and concluded that there was no impairment of goodwill based on the quantitative assessment results as of December 31, 2020.

Due to the longer-term trajectory of COVID-19 pandemic and complex and volatile market environment in Brazil, the Group performed a quantitative analysis on 99 Taxis as of December 31, 2021. The Group estimated the fair value by using the income approach, which considered a number of factors, including expected future cash flows and discount rate. Expected future cash flows are dependent on certain key assumptions including compound annual growth rate of revenue. Based on the quantitative assessment results, the fair value of the reporting unit was below its carrying amount as of December 31, 2021. Therefore, the Group fully impaired goodwill and intangible assets with the amount of RMB2,501,100 and RMB288,221, respectively for the year ended December 31, 2021.

15. Borrowings

Short-term and long-term borrowings consist of the followings:

	As of December 31	
	2021	2022
	RMB	RMB
Short-term borrowings	6,838,328	4,940,310
Long-term borrowings	1,681,370	149,925
Total	8,519,698	5,090,235

(In thousands, except for share and par value)

15. Borrowings (Continued)

Short-term borrowings

For the year ended December 31, 2021, the Group, through its subsidiary, issued three one-year asset-backed securitized debts, totalling RMB1,275,000 via certain securitization vehicles in the forms of asset backed security arrangement (the “ABSs”) established by the Group. The ABSs vehicle is considered as variable interest entities under ASC 810. As the Group has power to direct the activities that most significantly impact economic performance of the ABSs vehicle by providing the loan servicing and default loan collection services, and the Group has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE as the Group purchased all subordinated tranche securities, and the Group is obligated to bear the risk arising from any loans that are delinquent for more than certain days, accordingly, the Group is considered the primary beneficiary of the ABSs and has consolidated the ABSs’ assets, liabilities, results of operations, and cash flows in the Group’s consolidated financial statements in accordance with ASC 810. Therefore, loans funded by the asset-backed securitized debts remain at the Group and are recorded as “loans receivable, net” on the consolidated balance sheets. As of December 31, 2021 and 2022, the balance of the ABSs amounted to RMB629,013 and nil respectively.

Other short-term borrowings were RMB dominated borrowings by the Group’s subsidiaries from financial institutions in the PRC and were pledged by vehicles and short-term investments or guaranteed by the subsidiaries of the Group. The weighted average interest rate for short-term borrowings as of December 31, 2021 and 2022 were approximately 3% and 3%, respectively.

Long-term borrowings

The Group entered several borrowing agreements with credit facilities with banks, which allowed the Group to draw borrowings up to RMB 11,616,192 and RMB171,161 from these facilities as of December 31, 2021 and 2022. The borrowings drawn from these facilities bear annual interest rate of Loan Prime Rate (“LPR”) plus 30 to 180 points and were guaranteed by certain subsidiaries of the Group. The unused credit limits under these facilities was RMB60,448 as of December 31, 2022. In March 2022, the facilities amount of RMB11,380,380 under a revolving credit facility agreement was cancelled without any previous drawn down.

The Group also entered into several borrowing agreements with certain banks and financial institutions pursuant to which the outstanding borrowings balance was RMB585,814 and RMB39,212 as of December 31, 2021 and 2022, respectively. These borrowings are guaranteed by certain subsidiaries of the Group or pledged by vehicles owned by the Group’s subsidiaries and bear interest at a range of 4%-7% per annum.

The Group’s short-term and long-term borrowings will be due according to the following schedule:

	As of December 31	
	2021	2022
	RMB	RMB
Within 1 year	6,838,328	4,940,310
Between 1 to 2 years	1,567,890	142,625
Between 2 to 3 years	113,480	7,300
Total	8,519,698	5,090,235

(In thousands, except for share and par value)

16. Accounts and notes payable

Accounts and notes payable consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Payables related to service fees and incentives to drivers	3,306,362	2,465,919
Payables related to driver management fees	157,421	155,279
Other accounts payable	439,707	204,124
Notes payable	721,463	44,724
Total	4,624,953	2,870,046

17. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of December 31	
	2021	2022
	RMB	RMB
Payables to merchants and other partners	1,664,684	2,319,245
Employee compensation and welfare payables	2,253,437	1,821,969
Deposits	1,422,300	1,385,424
Tax payables	1,645,335	1,127,818
Payables related to property and equipment	358,464	298,550
Payables related to service fees	883,770	803,267
Payables related to market and promotion expenses	842,558	814,186
Payables and accruals for other costs and expenses	1,347,077	1,420,875
Others	1,229,597	1,158,587
Total	11,647,222	11,149,921

18. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as certain members of the Group's management team, including the chief executive officer ("CEO").

The Group operates in three operating segments: (i) China Mobility; (ii) International; (iii) Other Initiatives. The following summary describes the operations in each of the Group's reportable segments:

- China Mobility: China Mobility segment mainly includes (i) The Group acts as the principal in providing ride hailing services to riders; (ii) The Group acts as an agent by connecting end-users to service providers who provide taxi hailing, chauffeur and other services.

- International: International segment includes ride hailing services and food delivery services offered in international markets.

(In thousands, except for share and par value)

18. Segment reporting (Continued)

- Other Initiatives: Other Initiatives mainly consist of bike and e-bike sharing, certain energy and vehicle services, intra-city freight, autonomous driving, financial services, etc.

The Group does not include inter-company transactions between segments for management reporting purposes. In general, revenues, cost of revenues and operating expenses are directly attributable, or are allocated, to each segment. The Group allocates costs and expenses that are not directly attributable to a specific segment, such as those that support infrastructure across different segments, to different segments mainly on the basis of usage or headcount, depending on the nature of the relevant costs and expenses. The Group currently does not allocate the assets to its segments, as its CODM does not use such information to allocate resources or evaluate the performance of the operating segments. The Group currently does not allocate other long-lived assets to the geographic operations as substantially all of the Group's long-lived assets are located in the PRC. In addition, substantially all of the Group's revenue is derived from the PRC, therefore, no geographical information is presented.

The Group's segment operating performance measure is segment Adjusted EBITA, which represents net income or loss before (a) certain non-cash expenses, consisting of share-based compensation expenses, amortization of intangible assets, and impairment of goodwill and intangible assets acquired from business combination, which are not reflective of the Group's core operating performance, and (b) interest income, interest expenses, investment income (loss), net, impairment loss for equity investments accounted for using Measurement Alternative, income (loss) from equity method investments, net, other income (loss), net, and income tax benefits (expenses). The following table presents information about Adjusted EBITA and a reconciliation from the segment Adjusted EBITA to total consolidated loss from operations for the years ended December 31, 2020, 2021 and 2022:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Revenues:			
China Mobility	133,645,113	160,520,747	125,930,620
International	2,333,113	3,622,366	5,863,123
Other Initiatives	5,757,926	9,684,269	8,997,940
Total segment revenues	141,736,152	173,827,382	140,791,683
Adjusted EBITA:			
China Mobility	3,959,902	6,129,122	(1,449,926)
International	(3,533,836)	(5,787,976)	(4,024,455)
Other Initiatives	(8,806,771)	(19,514,226)	(7,294,752)
Total Adjusted EBITA	(8,380,705)	(19,173,080)	(12,769,133)
Share-based compensation expenses	(3,413,292)	(24,654,583)	(3,424,049)
Amortization of intangible assets[(i)]	(1,993,945)	(1,824,762)	(1,631,280)
Impairment of goodwill and intangible assets acquired from business combination (Note 14)	—	(2,789,321)	—
Total consolidated loss from operations	(13,787,942)	(48,441,746)	(17,824,462)

(i) Amortization expenses in connection with business combinations were RMB1,977,400, RMB1,799,508 and RMB1,561,239 for the years ended December 31, 2020, 2021 and 2022, respectively.

(In thousands, except for share and par value)

18. Segment reporting (Continued)

The following table presents the total depreciation expenses of property and equipment by segment for the years ended December 31, 2020, 2021 and 2022:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
China Mobility	260,179	306,382	360,612
International	63,025	124,633	92,903
Other Initiatives	2,951,940	3,789,506	3,058,310
Total depreciation of property and equipment	3,275,144	4,220,521	3,511,825

19. Income taxes

Cayman Islands ("Cayman")

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance or estate duty. There are no other taxes likely to be material to the Group levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

British Virgin Islands ("BVI")

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains. In addition, payment of dividends by the British Virgin Islands subsidiaries to their respective shareholders who are not resident in the British Virgin Islands, if any, is not subject to withholding tax in the British Virgin Islands.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Group's subsidiaries in Hong Kong are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

PRC

The Company's subsidiaries and VIEs in the PRC are governed by the Enterprise Income Tax Law ("EIT Law"), which became effective on January 1, 2008. Pursuant to the EIT Law and its implementation rules, enterprises in the PRC are generally subject to tax at a statutory rate of 25%. Certified High and New Technology Enterprises ("HNTE") are entitled to a preferential tax rate of 15%. The HNTE certificate is effective for a period of three years. One of the Group's subsidiary is qualified the HNTE certificate and enjoyed a reduced rate of 15% for the years presented, which will expire in 2025.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "R&D Deduction"). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as R&D Deduction from January 1, 2018 to December 31, 2023.

(In thousands, except for share and par value)

19. Income taxes (Continued)

The EIT Law also provides that enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC are considered PRC tax resident enterprises and subject to the PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, and other aspects of an enterprise. If the Company is deemed as a PRC tax resident, it would be subject to the PRC tax under the EIT Law. The Company has analyzed the applicability of this law and believes that the chance of being recognized as a tax resident enterprise is remote for the PRC tax purposes.

The Company's subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

Withholding tax on undistributed dividends

According to the current EIT Law and its implementation rules, foreign enterprises, which have no establishment or place in China but derive dividends, interest, rents, royalties and other income (including capital gains) from sources in China or which have an establishment or place in China but the aforementioned incomes are not connected with the establishment or place shall be subject to the PRC withholding tax ("WHT") at 10% (a further reduced WHT rate may be available according to the applicable double tax treaty or arrangement provided that the foreign enterprise is the tax resident of the jurisdiction where it is located and it is the beneficial owner of the dividends, interest and royalties income).

The Group did not record any dividend withholding tax, as there were no taxable outside basis differences noted as of the end of the periods presented.

Income (loss) before income taxes consists of:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Income (loss) from overseas entities	3,020,403	(7,665,988)	(17,271,251)
Loss from PRC entities	(13,931,143)	(41,502,270)	(6,507,345)
Loss before income taxes	(10,910,740)	(49,168,258)	(23,778,596)

Income tax expenses (benefits) consists of:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Current income tax expenses	170,502	557,797	170,091
Deferred tax benefits	(473,704)	(391,477)	(166,176)
Total income tax expenses (benefits)	(303,202)	166,320	3,915

(In thousands, except for share and par value)

19. Income taxes (Continued)

Reconciliation of the differences between the PRC statutory tax rate and the Group's effective tax rate is as below:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
PRC statutory tax rate	25.00 %	25.00 %	25.00 %
Tax effect of preferential tax treatments	(2.53)%	(0.38)%	(0.72)%
Tax effect of permanent difference	(9.03)%	(15.54)%	(2.06)%
Effect on tax rates in different tax jurisdiction	5.18 %	(0.50)%	(12.15)%
Changes in valuation allowance and others	(15.84)%	(8.92)%	(10.09)%
Effective tax rate	2.78 %	(0.34)%	(0.02)%

The permanent differences mainly arose from share-based compensation expenses, R&D Deduction, and non-taxable interest income etc.

Significant components of the Group's deferred tax balances are as follows:

	As of December 31	
	2021	2022
	RMB	RMB
Deferred tax assets		
Tax losses carryforwards	8,528,736	14,026,637
Advertising expenses in excess of deduct limit	1,830,543	3,093,464
Asset impairment and allowances for credit losses	1,575,404	1,303,029
Accrued expenses and others	1,732,080	1,513,483
Total deferred tax assets	13,666,763	19,936,613
Less: valuation allowance	(13,065,611)	(19,539,116)
Deferred tax assets, net	601,152	397,497
Deferred tax liabilities		
Amortization expense of intangible assets	659,926	263,031
Depreciation expense of property and equipment, and others	202,513	204,943
Deferred tax liabilities	862,439	467,974

As of December 2022, the deferred tax asset, net, recognized from tax losses carryforwards was RMB33,278. The Group has tax losses in mainland China of RMB55,695,178 that will expire in one to ten years for deduction against future taxable profits:

	As of December 31, 2022
	RMB
Loss expiring in 2023	1,926,709
Loss expiring in 2024	1,104,342
Loss expiring in 2025	7,656,285
Loss expiring in 2026	20,987,210
Loss expiring in 2027 and thereafter	24,020,632
Total	**55,695,178**

As of December 31, 2022, the accumulated tax losses carryforwards of subsidiaries incorporated in Brazil of RMB3,022,881 are allowed to be carried forward to offset against future taxable profits. The tax losses carryforwards in Brazil generally have no time limit.

(In thousands, except for share and par value)

19. Income taxes (Continued)

The Group offsets deferred tax assets and liabilities pertaining to a particular tax-paying component of the Group within a particular jurisdiction.

	As of December 31	
	2021	2022
	RMB	RMB
Classification in the consolidated balance sheets:		
Deferred tax assets, net	224,491	289,191
Deferred tax liabilities	485,778	359,668

20. Share-based compensation

The table below presents a summary of the Group's share-based compensation for the years ended December 31, 2020, 2021 and 2022:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Operations and support	80,139	193,552	143,588
Sales and marketing	210,513	326,332	264,572
Research and development	777,888	2,258,705	1,183,306
General and administrative	2,344,752	21,875,994	1,832,583
Total share-based compensation expenses	3,413,292	24,654,583	3,424,049
Investment income (loss), net*	—	178,506	47,421
Total share-based compensation	3,413,292	24,833,089	3,471,470

***** The Company granted share-based awards under the 2017 Plan and 2021 Plan (as defined below) to the employees of an equity investee with no increase in the relative ownership percentage of the investee and no proportionate funding by other investors. Accordingly, the Company recognized the entire cost of the share-based awards as incurred, amounting to RMB178,506 and RMB47,421 in investment income (loss), net in the consolidated statements of comprehensive loss for the years ended December 31, 2021 and 2022.

(a) Share Incentive Plan

In December 2017, the Company adopted the Equity Incentive Plan (the "2017 Plan"), approved by the Board of Directors, which was subsequently amended. Share options, restricted shares and restricted share units ("RSUs") under 2017 Plan may be granted to employees, directors and consultants of the Group and other related entities stipulated in the 2017 Plan. As of December 31, 2022, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2017 Plan was 195,127,549 shares.

In June 2021, the Company adopted the 2021 Share Incentive Plan (the "2021 Plan"), approved by the Board of Directors under which share options, restricted shares and RSUs may be granted to its employees, directors and consultants of the Group and other related entities stipulated in the 2021 Plan. As of December 31, 2022, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2021 Plan was 116,906,908 shares.

(In thousands, except for share and par value)

20. Share-based compensation (Continued)

Share-based awards granted under the 2017 Plan and the 2021 Plan have a contractual term of seven years from the stated grant date and are generally subject to a four-year vesting schedule as determined by the administrator of the plans. Depending on the nature and the purpose of the grant, share-based awards generally vest 15% upon the first anniversary of the vesting commencement date, and 25%, 25% and 35% in following years thereafter. In January 2022, the Company extended the contractual term for share options from seven years to ten years, effective as January 2022.

In April 2021, the Company approved granting 66,711,066 share options under the 2017 Plan to certain then directors and executive officers with a nominal exercise price per share, of which 63,501,066 share options granted to certain senior management were fully vested as the result of accelerated vesting. This resulted in share-based compensation expenses of RMB19,572,000 recognised in general and administrative expenses in the consolidated financial statements for the year ended December 31, 2021.

(b) Modification

For the years ended December 31, 2020 and 2021, 20,280,382 and 1,020,551 existing share options were exchanged for 25,905,827 and 688,826 new options, respectively, with different exercise prices, leading to incremental costs of RMB98,153 and RMB5,678 on the respective modification dates. In January 2022, the Company extended the contractual term for share options from seven years to ten years as aforementioned, leading to incremental costs of RMB153,139 on the respective modification date.

(c) Share Options

A summary of activities of the share options for the years ended December 31, 2020 and 2021 and 2022 is presented as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value
		US$	In Years	US$	US$
Outstanding as of January 1, 2020	58,401,190	5.45	4.54	2,010,425	27.59
Granted	12,981,876	0.62			38.30
Modification	5,625,445	11.80			28.45
Exercise of share options with shares issued to trusts	(13,379,655)	11.80		405,191	28.45
Exercise of share options	(12,526,172)	11.80		379,344	28.45
Forfeited/cancelled	(4,304,441)	5.86			34.20
Outstanding as of December 31, 2020	46,798,243	6.04	3.74	1,686,640	26.16
Granted	88,434,809	0.0001823			47.47
Modification	(331,725)	0.0001823			47.71
Exercise of share options with shares issued to trusts	(68,616,887)	0.0001823		1,366,836	47.71
Exercise of share options	(9,640,697)	0.0001823		192,041	47.71
Forfeited/cancelled	(4,067,894)	2.44			41.29
Outstanding as of December 31, 2021	52,575,849	4.90	3.40	789,898	30.18
Granted	18,459,565	0.0001823			11.80
Exercise of share options	(2,749,909)	0.42		33,819	24.22
Forfeited/cancelled	(4,552,050)	1.00			36.86
Outstanding as of December 31, 2022	63,733,455	3.94	6.39	559,325	24.62
Exercisable as of December 31, 2022	34,881,339	7.03	4.47	198,497	24.94
Vested and Expected to Vest as of December 31,2022	56,489,339	4.45	6.06	467,150	25.13

(In thousands, except for share and par value)

20. Share-based compensation (Continued)

The Group uses the binomial option pricing model to determine fair value of the share-based awards. The estimated fair value of each option granted is estimated on the date of grant using the binomial option-pricing model with the following assumptions:

	For the Year Ended December 31		
	2020	2021	2022
Fair value of ordinary shares (US$)	37.65 - 42.08	30.32 – 65.60	7.34-19.92
Expected volatility	31.0% - 34.8%	33.6% - 37.8%	35.27%-40.34%
Risk-free interest rate (per annum)	1.16% - 1.69%	0.94% - 1.26%	1.52%-3.83%
Expected dividend yield	0%	0%	0%
Expected term (in years)	7	7	10

Risk-free interest rate is estimated based on the yield curve of US Sovereign Bond as of the option valuation date. The expected volatility at the grant date and each option valuation date is estimated based on annualized standard deviation of daily stock price return of comparable companies with a time horizon close to the expected expiry of the term of the options. The Group has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments in the foreseeable future. Expected term is the contract life of the options.

(d) Restricted shares and RSUs

A summary of activities of restricted shares and RSUs for the years ended December 31, 2020, 2021 and 2022 is presented as follows:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life
		US$	In Years
Unvested at January 1, 2020	7,726,671	36.64	4.82
Granted	1,249,178	38.74	
Vested	(1,802,889)	39.14	
Exercise of share options with shares issued to trusts	13,379,655	39.87	
Forfeited/cancelled	(1,790,178)	39.05	
Unvested at December 31, 2020	18,762,437	38.60	4.60
Granted	3,137,540	48.47	
Vested	(64,990,673)	45.36	
Exercise of share options with shares issued to trusts	68,616,887	47.71	
Forfeited/cancelled	(2,248,496)	48.40	
Unvested at December 31, 2021	23,277,695	41.21	5.28
Granted	1,714,158	12.47	
Vested	(7,947,817)	34.14	
Forfeited/cancelled	(2,446,370)	40.84	
Unvested at December 31, 2022	14,597,666	40.97	7.47
Expected to vest at December 31, 2022	11,686,346	41.52	7.54

The share-based awards granted have 1) only service condition; 2) both service and performance conditions, where awards granted are only vested or exercisable upon the occurrence of an IPO or deemed liquidation events by the Group.

The Group recognized share-based compensation, net of estimated forfeitures, using the graded vesting attribution method over the vesting term of the awards for the service condition awards.

20. Share-based compensation (Continued)

The Group considered it is improbable that the IPO or deemed liquidation events performance conditions would be satisfied until the event occurred. As a result, the share-based compensation expenses of RMB1,235,497 for these awards were not recognized until June 30, 2021, which was near the completion of the Group's IPO by using the graded-vesting method.

As of December 31, 2022, there were RMB1,649,071 of unrecognized compensation expenses related to the share options expected to be recognized over a weighted average period of 2.51 years.

As of December 31, 2022, there were RMB1,157,782 of unrecognized compensation expenses related to restricted shares and RSUs, expected to be recognized over a weighted average period of 2.12 years.

(e) Voyager's share-based awards

In the first quarter of 2021, Voyager Group Inc. ("Voyager"), a subsidiary of the Group, adopted 2020 Equity Incentive Plan ("Voyager Incentive Plan") under which share options, restricted shares and RSUs may be granted to employees, directors and consultants of Voyager, its subsidiaries, the VIEs and VIEs' subsidiaries and other related entities stipulated in the Voyager Incentive Plan. As of December 31, 2022, the maximum aggregate number of ordinary shares which could be issued pursuant to all awards under the Plan was 16,666,667 shares. The share-based compensation expenses of RMB221,178 and RMB 181,379 were recognized in the consolidated financial statements for the years ended December 31, 2021 and 2022.

Share-based awards granted under the Voyager Incentive Plan have a contractual term of seven years from the stated grant date and are generally subject to a four-year or five-year vesting schedule as determined by the administrator of the plans. Depending on the nature, share-based awards generally vest 25% or 20% upon the first anniversary of the vesting commencement date, and 25% or 20% every year thereafter. Furthermore, certain share-based awards are both service and performance condition, where awards granted are only vested upon the occurrence of an IPO or deemed liquidation events by Voyager.

21. Convertible redeemable non-controlling interests and convertible non-controlling interests

Financing transaction of Soda Technology Inc.

For the years ended December 31, 2020 and 2021, Soda Technology Inc. ("Soda"), the Group's subsidiary, issued Series A preferred shares and B preferred shares (collectively as the "Soda Preferred Shares") to external investors, including an entity controlled by Softbank (Note 25) and the Group with an aggregate cash consideration of US$1,264,000. Soda, through its subsidiaries and VIE, primarily engages in bike and e-bike sharing business. As of December 31, 2022, the Group continued to hold the majority of total equity interests in Soda on a fully-diluted basis.

Financing transaction of Voyager Group Inc.

For the years ended December 31, 2020 and 2021, Voyager, the Group's subsidiary, issued Series A preferred shares and Series B preferred shares (the "Voyager Preferred Shares") to external investors, including an entity controlled by Softbank (Note 25) and the Group with an aggregate cash consideration of an aggregate amount of US$825,000. Voyager, through its subsidiaries and VIE, primarily engages in the development and commercialization of autonomous vehicles. As of December 31, 2022, the Group continued to hold the majority of total equity interests on a fully diluted basis.

(In thousands, except for share and par value)

21. Convertible redeemable non-controlling interests and convertible non-controlling interests (Continued)

Financing transaction of City Puzzle Holding Limited

For the year ended December 31, 2021, City Puzzle Holdings Limited ("City Puzzle"), the Group's subsidiary, issued Series A and Series A+ preferred shares (collectively as the "City Puzzle Preferred Shares") to external investors and the Group with an aggregate cash consideration of US$1,340,000. City Puzzle primarily engages in providing intra-city freight services. As of December 31, 2022, the Group continued to hold the majority of total equity interests on a fully diluted basis.

The Group determined that the Preferred Shares issued from the financing transactions aforementioned should be classified as mezzanine equity since they are contingently redeemable upon certain events. The convertible redeemable non-controlling interests and convertible non-controlling interests consist of the following:

	Convertible redeemable non-controlling interests	Convertible non-controlling interests
	RMB	RMB
Balance as of January 1, 2020	—	—
Issuance of convertible redeemable non-controlling interests and convertible non-controlling interests, net of issuance costs	3,180,218	99,851
Accretion of convertible redeemable non-controlling interests to redemption value	165,047	—
Balance as of December 31, 2020	3,345,265	99,851
Issuance of convertible redeemable non-controlling interests and convertible non-controlling interests, net of issuance costs	8,225,007	969,506
Accretion of convertible redeemable non-controlling interests to redemption value	687,617	—
Balance as of December 31, 2021	12,257,889	1,069,357
Accretion of convertible redeemable non-controlling interests to redemption value	898,649	—
Repurchase of convertible redeemable non-controlling interests	(145,962)	—
Balance as of December 31, 2022	13,010,576	1,069,357

The Group accounted for the difference between the repurchase price and the carrying value of the repurchased convertible redeemable non-controlling interests pursuant to ASC 810-10-45-21A through 45-24 and recorded the difference of RMB15,764 in additional paid-in capital.

DIDI GLOBAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except for share and par value)

22. Convertible preferred shares

The following table summarizes the issuances of convertible preferred shares immediately before the conversion upon the Group's IPO.

Series	Issuance date	Issuance price per share	Total number of shares issued
		US$	
Series A-1 convertible preferred shares	February 2015	11.3970	12,180,250
Series A-2 convertible preferred shares	February 2015	11.4423	9,145,501
Series A-3 convertible preferred shares	February 2015	11.4423	10,668,684
Series A-4 convertible preferred shares	February 2015	11.6866	33,711,135
Series A-5 convertible preferred shares	February 2015	12.0325	21,161,516
Series A-6 convertible preferred shares	February 2015	12.7193	41,028,543
Series A-7 convertible preferred shares	March 2013	0.0080	20,000,000
Series A-8 convertible preferred shares	April 2013	0.1600	12,500,000
Series A-9 convertible preferred shares	May 2013	0.9600	3,125,000
Series A-10 convertible preferred shares	May 2013	0.9600	15,625,000
Series A-11 convertible preferred shares	January 2014	2.9160	21,654,327 (i)
Series A-12 convertible preferred shares	January 2014	3.2400	10,956,791
Series A-13 convertible preferred shares	April 2014	3.8250	20,915,034
Series A-14 convertible preferred shares	July 2014	7.3125	17,777,778
Series A-15 convertible preferred shares	December 2014 to January 2015	12.2727	54,592,596
Series A-16 convertible preferred shares	May 2015	18.9705	12,756,674
Series A-17 convertible preferred shares	July 2015 to March 2016	27.4262	116,312,175
Series A-18 convertible preferred shares	April 2016 to August 2017	38.2271	111,432,959
Series B-1 convertible preferred shares	August 2016 to October 2017	119.0705	58,530,879
Series B-2 convertible preferred shares	April 2017 to August 2019	50.9321	212,683,291

(i) Including 4,507,550 Series A-11 preferred shares legally issued in 2018 upon the exercise of the warrant.

22. Convertible preferred shares (Continued)

The major rights, preferences and privileges of the preferred shares are as follows:

Conversion rights

All series except for Series B-1 preferred shares

Each of the preferred shares is convertible, at the option of the holder, into the Company's ordinary shares at an initial conversion ratio of 1:1 at any time after the date of issuance of such preferred shares.

The preferred shares shall be automatically converted into ordinary shares (i) immediately prior to the consummation of a Qualified IPO or (ii) specified by written consent of Series A-1 to A-15 preferred shares holders, and at least 75% of voting power of the outstanding Series A-16 preferred shares holders, at least 75% of voting power of the outstanding Series A-17 preferred shares holders, at least 75% of voting power of the outstanding Series A-18 preferred shares holders, and at least 75% of voting power of the outstanding Series B-2 preferred shares holders.

Series B-1 preferred shares

Each of the preferred shares is convertible, at the option of the holder, into the 3 ordinary shares at the option of the Series B-1 preferred shares holders upon: 1) the consummation of an Qualified IPO, 2) the transfer of Such Series B-1 preferred shares pursuant to the certain agreement; 3) liquidation, dissolution or winding up of Company; 4) other extraordinary corporate transaction for which the Series B-1 preferred shareholders receive different treatment relative to the treatment applicable to Series A-18 preferred shareholders as if each Series B-1 Preferred Share shall have been converted into three Series A-18 Preferred Shares.

Dividend rights

The holders of preferred shares are entitled to receive non-cumulative dividends at a simple rate of 8% of original issuance price of preferred shares per annum as and when declared by the Board of Directors.

No dividends on preferred shares and ordinary shares have been declared for the years ended December 31, 2020 and 2021.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntarily or involuntarily, the holders of preferred shares have preference over holders of ordinary shares with respect to payment dividends and distribution of assets. Upon liquidation, each preferred shareholder is entitled to be on parity with each other, and prior and in preference to any distribution of any of assets or funds of the Company to the ordinary shareholders.

The holders of Series A-4 to A-18 and B-1 to B-2 preferred shares shall receive an amount equal to 100% of original issuance price with respect to Series A-4 to A-18 and B-1 to B-2 preferred shares on an as-converted basis, plus all dividends declared and unpaid with respect thereto per share, then held by holders. The holders of Series A-1 to A-3 preferred shares shall receive an amount equal to 140% of the original issuance price with respect to Series A-1 to A-3 preferred shares on an as-converted basis, plus all dividends declared and unpaid with respect thereto per share, then held by holders.

(In thousands, except for share and par value)

22. Convertible preferred shares (Continued)

Voting rights

The holder of each ordinary share issued and outstanding has one vote for each ordinary share held and the holder of each preferred shares (except for Series B-1 preferred shares) has the number of votes as equals to the number of ordinary shares then issuable upon their conversion into ordinary shares. The holder of each Series B-1 preferred shares has the number of votes as equal to one-third of the whole number of ordinary shares then issuable upon their conversion into ordinary shares except some specific matters.

Conversion upon IPO

In July, 2021, upon the completion of the Company's IPO, all the issued and outstanding preferred shares were automatically converted into ordinary shares based on aforementioned conversion price.

Accounting for preferred shares

The Group has classified the preferred shares in the mezzanine equity of the consolidated balance sheets as they are considered as contingently redeemable upon a deemed liquidation event occurs in accordance with ASC 480-10-S99-3A (f).

The Group has determined that there was no beneficial conversion feature attributable to the preferred shares because the initial effective conversion prices of these preferred shares were higher than the fair value of the Company's ordinary shares determined by the Company taking into account independent valuations.

The movement of preferred shares for the years ended December 31, 2020, 2021 and 2022 is as follows:

	Total number of shares	Total amount
		RMB
Balance as of January, 2020	816,287,809	189,847,244
Repurchase of Series A-17 convertible preferred shares	(29,842)	(5,198)
Repurchase of Series A-18 convertible preferred shares	(12,215)	(3,067)
Balance as of December 31, 2020	816,245,752	189,838,979
Conversion of preferred shares to ordinary shares	(816,245,752)	(189,838,979)
Balance as of December 31, 2021	—	—
Balance as of December 31, 2022	—	—

The Group accounted for repurchases of preferred shares as retirements of treasury shares whereby the difference between the repurchase price and the carrying value of the repurchased preferred shares is accounted for as deemed dividend to the holders of preferred shares which were recorded against additional paid-in capital. The deemed dividend resulting from repurchases of preferred shares was RMB872, and nil for the years ended December 31, 2020 and 2021, respectively.

(In thousands, except for share and par value)

23. Ordinary shares

As of December 31, 2022, the authorised share capital of the Company is US$100,000 divided into 5,000,000,000 shares, comprising of (i) 4,000,000,000 Class A ordinary shares with a par value of US$0.00002 each, (ii) 500,000,000 Class B ordinary shares with a par value of US$0.00002 each, and (iii) 500,000,000 shares with a par value of US$0.00002 each of such class or classes (however designated) as the board of directors may determine in accordance with the post-offering memorandum and articles of association. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and is not convertible into Class B ordinary shares under any circumstances. Each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share at any time by the holder thereof.

In July 2021, the Company completed its IPO and 79,200,000 Class A ordinary shares were issued, with proceeds of RMB28,033,106 (US$4,331,978), net of underwriter commissions and relevant offering expenses. All of the preferred shares were automatically converted into 933,307,510 Class A ordinary shares immediately upon the completion of IPO.

In January 2022, the Company issued 20,917,324 Class A ordinary shares and deposited the shares in its depositary bank pursuant to share incentive plans. The shares are subject to future exercise of options or vesting of RSUs pursuant to share incentive plans and deemed as treasury shares.

In June 2022, the Company filed a Form 25 with the SEC, in order to delist its ADSs from the New York Stock Exchange (“NYSE”). As a result, the Group’s ADSs were delisted from the NYSE on June 13, 2022. The Group’s ADSs have been quoted on OTC Pink under the symbol “DIDIY” thereafter.

As of December 31, 2022, 1,084,058,607 Class A ordinary shares and 112,895,380 Class B ordinary shares were issued and outstanding by the Company.

24. Loss per share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 for the years ended December 31, 2020, 2021 and 2022 as follows:

	For the Year Ended December 31		
	2020	2021	2022
	RMB	RMB	RMB
Numerator:			
Net loss attributable to DiDi Global Inc..	(10,514,498)	(49,343,664)	(23,783,321)
Accretion of convertible redeemable non-controlling interests to redemption value	(165,047)	(687,617)	(898,649)
Deemed dividends to preferred shareholders upon repurchases of convertible preferred shares	(872)	—	—
Net loss attributable to ordinary shareholders of DiDi Global Inc..	(10,680,417)	(50,031,281)	(24,681,970)
Denominator:			
Weighted average number of Class A and Class B ordinary shares outstanding*	106,694,420	657,996,437	1,210,979,609
Net loss per share attributable to ordinary shareholders			
— Basic	(100.10)	(76.04)	(20.38)
— Diluted	(100.10)	(76.04)	(20.38)

* Vested restricted shares and RSUs and vested share options with minimal exercise price are considered outstanding in the computation of basic loss per share.

24. Loss per share (Continued)

For the years ended December 31, 2020, 2021 and 2022, the Company had ordinary equivalent shares, including preferred shares, share options, restricted shares and RSUs granted. As the Group incurred loss for the years ended December 31, 2020, 2021 and 2022, these ordinary equivalent shares were antidilutive and excluded from the calculation of diluted loss per share of the Company. The weighted average numbers of preferred shares using the if converted method excluded from the calculation of diluted loss per share of the Company were 933,318,197 and 467,932,258 for the years ended December 31, 2020 and 2021, respectively. The weighted average numbers of share options, restricted shares and RSUs granted using the treasury stock method excluded from the calculation of diluted loss per share of the Company were 34,318,101, 68,967,807 and 49,167,693 for the years ended December 31, 2020, 2021 and 2022, respectively.

25. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Transactions with certain shareholders

The Group has commercial arrangements with two of the Group's shareholders in the ordinary course of business, namely Alibaba and its subsidiaries ("Alibaba Group"), and Tencent and its subsidiaries ("Tencent Group").

- Transactions with Alibaba Group

The Group has commercial arrangements with Alibaba Group primarily related to ride hailing and enterprise solutions services within the China Mobility segment. The ride hailing and enterprise solutions services provided to Alibaba Group are conducted on an arm's length basis compared with similar unrelated parties. All the revenues generated from Alibaba Group accounted for less than 0.2% of the Group's total revenues for the years ended December 31, 2020, 2021 and 2022, respectively.

The Group also has commercial arrangement with Alibaba Group primarily related to cloud communication services and information technology platform services. The costs and expenses related to these services that were provided by Alibaba Group accounted for less than 0.3% of the Group's total costs and expenses for the years ended December 31, 2020, 2021 and 2022, respectively.

- Transactions with Tencent Group

The Group has commercial arrangements with Tencent Group primarily related to ride hailing and enterprise solutions services, online advertising services as well as licensing services. The services provided to Tencent Group are conducted on an arm's length basis compared with similar unrelated parties. All the revenues generated from Tencent Group accounted for less than 0.5% of the Group's total revenues for the years ended December 31, 2020, 2021 and 2022, respectively.

The Group also has commercial arrangements with Tencent Group primarily related to payment processing services, colocation services and cloud communication services. The costs and expenses related to these services that were provided by Tencent Group accounted for less than 0.7% of the Group's total costs and expenses for the years ended December 31, 2020, 2021 and 2022, respectively.

Amounts due from Alibaba Group and Tencent Group related to the above services were RMB66,641 and RMB45,162 as of December 31, 2021 and 2022, respectively.

(In thousands, except for share and par value)

25. Related party transactions (Continued)

Amounts due to the Alibaba Group and Tencent Group related to the above services were RMB140,557 and RMB198,102 as of December 31, 2021 and 2022, respectively.

In addition, the Group has made certain financing transactions and an equity investment together with Softbank. The agreements for Softbank's investments in those financing transactions and the equity investment were conducted on fair value basis and are disclosed in Note 4, Note 10 and Note 21.

Transactions with Chengxin

Revenues generated from intra-city freight and ride hailing services provided to Chengxin were RMB277,350 for the year ended December 31, 2021 subsequent to Chengxin's deconsolidation from the Group. The amount due from Chengxin relating to such services was RMB7,363 as of December 31, 2021.

The Group has a commercial framework arrangement with Chengxin under which the Group procured certain services from third vendors on behalf of Chengxin and charged Chengxin based on the actual cost of services provided by third party vendors, and shared a series of services with Chengxin, including services for middle and back offices, based on reasonable actual cost of the service agreed by both the Group and Chengxin. The procurement was accounted for as a settlement of liabilities by the Group on behalf of Chengxin. The share of services was accounted for as an allocation of costs and expenses from the Group to Chengxin. The amount due from Chengxin and advance payment made by Chengxin under the commercial framework arrangement above amounted to RMB10,750 and RMB87,961 as of December 31, 2021, respectively.

As described in Notes 4 and 27, Chengxin's shareholders and board resolved to distribute all of its available assets to its shareholders, in accordance with the distribution sequences outlined in the Agreements. As a shareholder of Chengxin, the Group received its share of Chengxin's assets of RMB1,935,171 upon the completion of the distribution in July 2022. Prior to the distribution, the Group's transactions with Chengxin were insignificant.

Transactions with other investees

Other than the transactions disclosed above or elsewhere in the consolidated financial statements, the Group has commercial arrangements with certain of its investees to provide or receive technical support and other services. The amounts relating to these services provided or received represented less than 0.2% of the Group's revenues or total costs and expenses for the years ended December 31, 2020, 2021 and 2022, respectively.

26. Commitments and contingencies

a Operating lease commitments

The Group has outstanding commitments on non-cancelable operating lease agreements which are expected to commence after December 31, 2022. Operating lease commitments contracted but not yet reflected in the consolidated financial statements as of December 31, 2022 are as follows:

	Total	Less than 1 year	1-3 Years	3-5 Years	Over 5 Years
Operating lease commitments	79,158	29,318	45,408	3,854	578

These operating leases will commence after December 31, 2022 with lease terms from 1 year to 7 years.

(In thousands, except for share and par value)

26. Commitments and contingencies (Continued)

b Litigation and other contingencies

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, the Group does not believe that the ultimate outcome of any unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. The Group records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Group reviews the need for any such liability on a regular basis.

Starting in July 2021, the Company and certain of its officers and directors were named as defendants in several putative securities class actions filed in federal court and state court in the United States. These actions alleged, in sum and substance, that the registration statement and prospectus the Group prepared for its initial public offering contained material misstatements and omissions. Upon the issuance date of the consolidated financial statements for the year ended December 31, 2022, both the consolidated federal action and the state court action remain in their preliminary stages. The Group intends to vigorously defend itself against these claims and is currently unable to predict the timing, outcome or consequences of these actions, or estimate the possible loss or possible range of loss, if any, associated with the resolution of these lawsuits. The results from the lawsuits could have an adverse effect on the Group's consolidated financial position, results of operations, or cash flows in the future.

After our initial public offering in the United States, the SEC contacted the Company and made inquiries in relation to the offering. The Company is cooperating with the investigation, subject to strict compliance with applicable PRC laws and regulations. The Group is currently unable to predict the timing, outcome or consequences of such an investigation.

27. Fair value measurement

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2021 and 2022.

		Fair value measurement at reporting date using		
Items	**December 31 2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	RMB	**RMB**	**RMB**	**RMB**
Structured notes under fair value option	4,622	—	4,622	—
Listed equity securities	13,342,946	451,679	12,891,267	—
Equity investments in Chengxin	12,767	—	—	12,767
Convertible Note of Chengxin	673,357	—	—	673,357
Other investments under fair value option	739,446	—	739,446	—
Total	**14,773,138**	**451,679**	**13,635,335**	**686,124**

(In thousands, except for share and par value)

27. Fair value measurement (Continued)

		Fair value measurement at reporting date using		
Items	**December 31 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	RMB	**RMB**	**RMB**	**RMB**
Structured notes under fair value option	1,755,009	—	1,755,009	—
Listed equity securities	6,725,766	6,725,766	—	—
Other investments under fair value option	1,386,741	—	1,386,741	—
Total	**9,867,516**	**6,725,766**	**3,141,750**	**—**

Recurring

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates. Following is a description of the valuation techniques that the Company uses to measure the fair value of assets that the Group reports in its consolidated balance sheets at fair value on a recurring basis.

Short-term investments

As there are no quoted prices in active markets for the investment at the reporting date, the Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurement to estimate the fair value of investments in short-term investments with variable interest rates indexed to the performance of underlying assets.

Investments in Chengxin

The Group applies fair value accounting to both equity investment and investment in Convertible Note (Level 3) with assistance of a third-party independent appraiser. The Group applies significant judgments in estimating fair values of Chengxin including selection of valuation methods and significant assumptions used in valuation. The fair value of the Investments in Chengxin upon the deconsolidation was determined by referencing the most recent financing transaction in preferred shares aforementioned in Note 4 and used as an input to an OPM. Other key inputs to the OPM were discounts for lack of marketability(DLOM) relating to the ordinary shares and preferred shares of Chengxin ranging from 12% to 25%, volatility of 55% and time to liquidity of 5.0 years.

At December 31, 2021, the Group, with the assistance of third-party independent appraiser, remeasured the fair value of the Investment in Chengxin by using scenario-based model, which incorporates various estimates, including scenario probability estimates, projected cash flow for each scenario, discount rates and other factors. Two scenarios were considered, including a scenario in which Chengxin will continue to operate normally and complete an initial public offering (“Scenario I”) and a scenario in which Chengxin remains private with limited operating period (“Scenario II”), which were determined by the Company based on an analysis of performance and market conditions at the time. Under both scenarios, the total equity value was determined by using the income approach, specifically a discounted cash flow analysis with unobservable inputs including the discount rates of 22% and 20% respectively for Scenario I and Scenario II. The equity value under Scenario I was allocated on an as-if-fully-converted basis whereas under Scenario II equity value was allocated to each class of shares according to their seniority. As described in Note 4, Chengxin’s shareholders and board resolved to distribute all of its available assets to its shareholders, in accordance with the distribution sequences outlined in the Agreements. As a shareholder of Chengxin, the Group received its share of Chengxin’s assets of RMB1,935,171 upon the completion of distribution in July 2022. The difference amounting to RMB1,172,541 between the distributions received and the investment balance at December 31, 2021 was recorded in investment income (loss), net in the consolidated statement of comprehensive loss in 2022.

27. Fair value measurement (Continued)

Other investment securities

The Group values its listed equity securities in active markets using quoted prices for the underlying securities, the Group classifies the valuation techniques that use these inputs as Level 1. The Group values its listed equity securities under restrictions for trading based on quoted prices for the underlying securities, adjusted by a discount for lack of marketability, the Group classifies the valuation techniques that uses these inputs as Level 2. The fair value of the Group's investments in convertible bonds is measured based on quoted market interest rates of similar instruments and other significant inputs derived from or corroborated by observable market data. The Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurement.

Cash equivalent, restricted cash, time deposits, short-term receivables and payables

Cash equivalent, restricted cash, time deposits, accounts and notes receivable, prepayments, receivables and other current assets are financial assets with carrying values that approximate fair value due to their short-term nature. Accounts and notes payables, customer advances and deferred revenue, accrued expenses and other current liabilities are financial liabilities with carrying values that approximate fair value due to their short-term nature.

Non-recurring

The Group measures equity investments without readily determinable fair values at fair value on a nonrecurring basis when an impairment charge is to be recognized. As of December 31, 2021 and 2022, certain investments were measured using significant unobservable inputs (Level 3) and written down from their respective carrying values to fair values, considering the stage of development, the business plan, the financial condition, the sufficiency of funding and the operating performance of the investee companies, with impairment charges incurred and recorded in earnings for the years ended December 31, 2020, 2021 and 2022. The Group recognized impairment charges of RMB1,022,098, nil and RMB18,540 for those investments without readily determinable fair values for the years ended December 31, 2020, 2021 and 2022, respectively, as well as impairment loss of RMB79,875, RMB264,292 and RMB59,651 for equity method investments, for the years ended December 31, 2020, 2021 and 2022, respectively. The fair value of the privately held investments is valued based on the discount cash flow model with unobservable inputs including the discount rate from 15% to 20%, or valued based on market approach with unobservable inputs including selection of comparable companies and multiples and estimated discount for lack of marketability.

The Group's non-financial assets, such as intangible assets, goodwill and property and equipment, would be measured at fair value only if they were determined to be impaired. The Group reviews the long-lived assets and identifiable intangible assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. For the years ended December 31, 2020, 2021 and 2022, the Group recognized RMB891,180, RMB2,535,959 and RMB17,736 of impairment loss on the long-lived assets other than goodwill based on management's assessment (Level 3). In accordance with the Group policy to perform an impairment assessment of its goodwill on an annual basis as of the balance sheet date or when facts and circumstances warrant a review, the Group performed an impairment assessment for the goodwill of reporting units annually. The Group concluded that no write down was warranted for the years ended December 31, 2020 and 2022. For the year ended December 31, 2021, impairment loss with the amount of RMB2,501,100 was recorded for goodwill generated from the acquisition of 99 Taxis. The inputs used to measure the estimated fair value of the long-lived assets and goodwill are classified as Level 3 fair value measurement due to the significance of unobservable inputs using company-specific information. The valuation methodology used to estimate the fair value of the long-lived assets is discussed in Note 14 Goodwill for further information.

As a result of the adverse change in the operating and financial performance of the Group's bike and e-bike sharing business during the third quarter of 2021, a quantitative impairment assessment was first performed based on the undiscounted future cash flows for each identifiable asset group within bike and e-bike sharing business with unobservable inputs. The impairment was measured using the discount curve of discount rate of 16% for asset groups that failed the first step impairment test.

28. Restricted net assets

PRC laws and regulations permit payments of dividends by the Group's subsidiaries incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Group's subsidiaries incorporated in the PRC are required to annually appropriate 10% of their net income to the statutory reserve prior to payment of any dividends, unless the reserve has reached 50% of their respective registered capital. Furthermore, registered share capital and capital reserve accounts are also restricted from distribution. As a result of the restrictions described above and elsewhere under PRC laws and regulations, the Group's subsidiaries incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Group in the form of dividends. Furthermore, cash transfers from the Company's PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency may temporarily delay the ability of the PRC subsidiaries and consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations. The restriction amounted to RMB 15,258,904 as of December 31, 2022. Except for the above or disclosed elsewhere, there is no other restriction on the use of proceeds generated by the Group's subsidiaries to satisfy any obligations of the Group.

The Group performed a test on the restricted net assets of its subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that the restricted net assets do not exceed 25% of the consolidated net assets of the Group as of December 31, 2022 and the condensed financial information of the parent company are not required to be presented.