

For Immediate Release**TENCENT ANNOUNCES 2023 ANNUAL AND FOURTH QUARTER RESULTS**

***High Quality Revenue Streams Drove Gross Profit Growth of 23% in FY2023
Increasing Dividend Per Share by 42%; More Than Doubling Share Repurchase to Over HKD100
Billion in 2024***

Hong Kong, March 20, 2024 – Tencent Holdings Limited (HKEX: 00700 (HKD Counter) and 80700 (RMB Counter), “Tencent” or the “Company”), a world-leading Internet and technology company in China, today announced the audited consolidated results for the year ended December 31, 2023 (“FY2023”) and the unaudited consolidated results for the fourth quarter (“4Q2023”).

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “In 2023, we achieved breakthroughs in a number of products and services, as *Video Accounts*’ total user time spent more than doubled, enhancements to our advertising AI model significantly improved our targeting performance, and international contribution to our games revenue reached a record 30%. These developments drove high-quality revenue streams which fuelled our gross profit growth of 23%, and supported our plan to step up capital returns to shareholders. *Tencent Hunyuan* developed into a top-tier foundation model with superior performance in numerical reasoning, logical inference, and multi-turn conversations. In addition, we actively sought to leverage our technology and platform to create value for society through initiatives such as our digital philanthropy platform, one of the largest of its kind in the world, whose *99 Giving Day* event raised a record RMB3.8 billion in public donations.”

FY2023 Financial Highlights

Revenues: +10% YoY, gross profit: +23% YoY, non-IFRS¹ profit attributable to equity holders of the Company: +36% YoY

- **Total revenues** were RMB609.0 billion (USD86.0 billion²), up 10% over 2022.
- **Gross profit** was RMB293.1 billion (USD41.4 billion), up 23% YoY.
- **On a non-IFRS basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
 - **Operating profit*** was RMB191.9 billion (USD27.1 billion), up 34% YoY. Operating margin* increased to 32% from 26% last year.
 - **Profit for the year** was RMB161.7 billion (USD22.8 billion), up 36% YoY. Net margin increased to 27% from 21% last year.
 - **Profit attributable to equity holders of the Company** for the year was RMB157.7 billion (USD22.3 billion), up 36% YoY.
 - **Basic earnings per share** were RMB16.678. **Diluted earnings per share** were RMB16.320.
- **On an IFRS basis:**
 - Operating profit* was RMB160.1 billion (USD22.6 billion), up 44% YoY. Operating margin* increased to 26% from 20% last year.

¹ Non-IFRS adjustments excludes share-based compensation, M&A related impact such as net (gains)/losses from investee companies, amortisation of intangible assets, impairment provisions/(reversals), SSV & CPP, income tax effects and others

² Figures stated in USD are based on USD1 to RMB7.0827

* Certain items have been reclassified from above to below the operating profit line, and the comparative figures for prior periods have been restated accordingly. Please refer to the earnings announcement for details.

- Profit for the year was RMB118.0 billion (USD16.7 billion), down 37% YoY. Net margin decreased to 19% from 34% last year.
- Profit attributable to equity holders of the Company for the year was RMB115.2 billion (USD16.3 billion), down 39% YoY.
- Basic earnings per share were RMB12.186. Diluted earnings per share were RMB11.887.

FY2023 Business Review and Outlook

- **Video Accounts'** total user time spent more than doubled, driven by DAU and time spent per user, benefitting from enhanced recommendation algorithms. We provided more monetisation support for Video Accounts creators, such as facilitating merchandise sales through live streaming, and matching creators with brands for marketing campaigns.
- **Mini Games'** gross receipts increased over 50%, with Mini Games representing the leading casual game platform in China.
- **QQ Channels** enhanced interest-based user interactions across categories such as games, lifestyle, and knowledge-based content.
- **Tencent Video** and **Tencent Music** extended their leadership in the long-form video and music streaming industries, with 117 million³ video subscriptions and 107 million⁴ music subscriptions.
- The number of **Tencent mobile and PC "major hit games"** in China surpassing average quarterly DAU of 5 million for mobile or 2 million for PC, and generating over RMB4 billion annual gross receipts (thresholds which we view as indicative of a major and enduring hit), increased from 6 in 2022 to 8 in 2023.
- We upgraded our **AI-powered advertising technology platform**, which significantly enhanced our targeting accuracy and thus advertising revenue.
- We strengthened our **payment** compliance capabilities, enhanced Mini Program-based transaction tools and upgraded cross-border payment experience.
- **WeCom** and **Tencent Meeting** deployed generative AI-powered functionalities and increased their monetisation.
- We launched our proprietary foundation model, **Tencent Hunyuan**, and scaled it up to trillion parameter scale, utilising a Mixture of Experts architecture.

We returned substantial capital to shareholders in 2023 through payment of cash dividend, share repurchases, and settlement of distribution in specie. **We have proposed to increase our annual dividend in respect of the year ended 31 December 2023 by 42%, to HKD3.40 per share⁵ (equivalent to approximately HKD32 billion), and we intend to at least double the size of our share repurchases, from approximately HKD49**

³ As at 31 December 2023

⁴ The average number of subscriptions as of the last day of each month during 4Q2023

⁵ Subject to shareholders' approval at the 2024 AGM

billion in 2023 to over HKD100 billion in 2024.

FY2023 Environmental, Social and Governance (“ESG”) Initiatives

Harnessing our technology and platform, we continue to create social value for our users, partners and the society at large.

- Our **digital philanthropy platform** helped raise a record RMB3.8 billion in public donations during the 99 Giving Day campaign, up 15% year-on-year.
- Our **New Cornerstone Investigator Program** has supported 104 scientists, contributing to the development of basic science research.
- We made progress in our **decarbonisation** journey by applying our fourth-generation data centre technology to reduce emissions and increasing the adoption of renewable energy.
- In August 2023, we joined the **United Nations Global Compact** (“UNGC”), demonstrating our commitment to integrating UNGC’s principles into our strategy, culture and day-to-day operations, and supporting UNGC’s Sustainable Development Goals.

4Q2023 Financial Highlights

Revenues: +7% YoY, gross profit: +25% YoY, non-IFRS profit attributable to equity holders of the Company: +44% YoY

- **Total revenues** were RMB155.2 billion (USD21.9 billion), up 7% over the fourth quarter of 2022 (“YoY”).
- **Gross profit** was RMB77.6 billion (USD11.0 billion), up 25% YoY.
- **On a non-IFRS basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
 - **Operating profit*** was RMB49.1 billion (USD6.9 billion), up 35% YoY. Operating margin* increased to 32% from 25% last year.
 - **Profit for the period** was RMB43.8 billion (USD6.2 billion), up 43% YoY. Net margin increased to 28% from 21% last year.
 - **Profit attributable to equity holders of the Company** for the quarter was RMB42.7 billion (USD6.0 billion), up 44% YoY.
 - **Basic earnings per share** were RMB4.537. **Diluted earnings per share** were RMB4.443.
- **On an IFRS basis:**
 - Operating profit* was RMB41.4 billion (USD5.8 billion), up 42% YoY. Operating margin* increased to 27% from 20% last year.
 - Profit for the period was RMB27.8 billion (USD3.9 billion), down 74% YoY. Net margin decreased to 18% from 74% last year.
 - Profit attributable to equity holders of the Company for the quarter was RMB27.0 billion (USD3.8 billion), down 75% YoY.
 - Basic earnings per share were RMB2.873. Diluted earnings per share were RMB2.807.
- **Total cash** were RMB403.3 billion (USD56.9 billion) and **free cash flow** was RMB34.2 billion (USD 4.8 billion), up 48% YoY. **Net cash position** totalled RMB54.7 billion (USD 7.7 billion).
- Fair value of our shareholdings⁶ in listed investee companies (excluding subsidiaries) totalled

⁶ Including those held via special purpose vehicles, on an attributable basis

RMB550.7 billion (USD77.8 billion) and the carrying book value of our unlisted investee companies was RMB337.3 billion (USD47.6 billion).

- During the fourth quarter, the Company repurchased approximately 56.3 million shares on the Hong Kong Stock Exchange for a consideration of approximately RMB15.7 billion.

Operating Metrics

	As at 31 December 2023	As at 31 December 2022 (in millions, unless specified)	Year- on-year change	As at 30 September 2023	Quarter-on- quarter change
Combined MAU of Weixin and WeChat	1,343	1,313	2%	1,336	0.5%
Mobile device MAU of QQ	554	572	-3%	558	-0.7%
Fee-based VAS registered subscriptions	248	234	6%	245	1%

4Q2023 Business Review

Revenues from VAS decreased by 2% YoY to RMB69.1 billion for the fourth quarter of 2023. International Games revenues increased by 1% YoY to RMB13.9 billion, or declined by 1% YoY when excluding currency fluctuations, reflecting Supercell repositioning some of its games. PUBG Mobile saw a strong upturn in revenue, while VALORANT maintained robust growth. Domestic Games revenues declined by 3% YoY to RMB27.0 billion due to decreased contributions from Honour of Kings and Peacekeeper Elite, partially offset by contributions from our recently launched games, such as VALORANT and Lost Ark. Social Networks revenues decreased by 2% YoY to RMB28.2 billion, due to lower revenues from music-related and games-related live streaming services, partially mitigated by revenue growth from music subscriptions and Mini Games platform service fees.

Revenues from Online Advertising were RMB29.8 billion for the fourth quarter of 2023, up 21% YoY, propelled by advertising demand for Video Accounts, as well as the ongoing upgrade of our advertising platform. All categories except for automotive saw a year-on-year increase in advertising spending with us, with particularly notable growth in Internet services, healthcare and consumer goods categories.

Revenues from FinTech and Business Services increased by 15% YoY to RMB54.4 billion for the fourth quarter of 2023. FinTech Services sustained double-digit year-on-year growth due to the growth in commercial payment activities, as well as the expansion of wealth management services and consumer loan services. Business Services achieved YoY growth of around 20%, mainly driven by increased eCommerce technology service fees within Video Accounts, alongside moderate revenue growth in cloud services.

For other detailed disclosure, please refer to our website <https://www.tencent.com/en-us/investors.html>, or follow us via Weixin Official Account (Weixin ID: Tencent_IR):



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About Tencent

Tencent uses technology to enrich the lives of Internet users.

Our communication and social services, Weixin and QQ, connect users with each other and with digital content and services, both online and offline, making their lives more convenient. Our targeted advertising service helps advertisers reach out to hundreds of millions of consumers in China. Our FinTech and business services support our partners' business growth and assist their digital upgrade.

Tencent invests heavily in talent and technological innovation, actively promoting the development of the Internet industry. Tencent was founded in Shenzhen, China, in 1998. Tencent has been listed on the Main Board of the Stock Exchange of Hong Kong since 2004.

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Non-IFRS Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain additional non-IFRS financial measures (in terms of operating profit, operating margin, profit for the period, net margin, profit attributable to equity holders of the Company, basic EPS and diluted EPS) have been presented in this press release. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the non-IFRS financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of investment-related transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

Forward-Looking Statements

This press release contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this press release. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this press release should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

CONSOLIDATED INCOME STATEMENT

RMB in millions, unless specified

	Unaudited		Audited	
	4Q2023	4Q2022 Restated*	2023	2022 Restated*
Revenues	155,196	144,954	609,015	554,552
VAS	69,079	70,417	298,375	287,565
Online Advertising	29,794	24,660	101,482	82,729
FinTech and Business Services	54,379	47,244	203,763	177,064
Others	1,944	2,633	5,395	7,194
Cost of revenues	(77,632)	(83,132)	(315,906)	(315,806)
Gross profit	77,564	61,822	293,109	238,746
	Gross margin			
	50%	43%	48%	43%
Selling and marketing expenses	(10,971)	(6,115)	(34,211)	(29,229)
General and administrative expenses	(27,175)	(27,314)	(103,525)	(106,696)
Other gains/(losses), net	1,983	770*	4,701	8,006*
Operating profit	41,401	29,163*	160,074	110,827*
	Operating margin			
	27%	20%*	26%	20%*
Net gains/(losses) from investments and others	(6,730)	85,084*	(6,090)	116,287*
Interest income	3,917	2,582*	13,808	8,592*
Finance costs	(3,543)	(3,658)	(12,268)	(9,352)
Share of profit/(loss) of associates and joint ventures, net	2,463	(1,692)	5,800	(16,129)
Profit before income tax	37,508	111,479	161,324	210,225
Income tax expense	(9,658)	(4,575)	(43,276)	(21,516)
Profit for the period	27,850	106,904	118,048	188,709
	Net margin			
	18%	74%	19%	34%
Attributable to:				
Equity holders of the Company	27,025	106,268	115,216	188,243
Non-controlling interests	825	636	2,832	466
Non-IFRS operating profit	49,135	36,424*	191,886	143,203*
Non-IFRS profit attributable to equity holders of the Company	42,681	29,711	157,688	115,649
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	2.873	11.173	12.186	19.757
- diluted	2.807	10.977	11.887	19.341

* Certain items have been reclassified from above to below the operating profit line, and the comparative figures for prior periods have been restated accordingly. Please refer to the earnings announcement for details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RMB in millions, unless specified

	Audited	
	2023	2022
Profit for the year	118,048	188,709
Other comprehensive income, net of tax:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(176)	1,479
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	(9)	(129)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	13
Net gain/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	59	(52)
Currency translation differences	13,328	18,732
Other fair value (losses)/gains, net	(3,581)	5,457
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(561)	937
Net losses from changes in fair value of assets held for distribution	(29,991)	(6,102)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	11,142	(148,686)
Currency translation differences	(1,077)	(794)
	(10,866)	(129,145)
Total comprehensive income for the year	107,182	59,564
Attributable to:		
Equity holders of the Company	102,130	60,699
Non-controlling interests	5,052	(1,135)

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		Audited	
	4Q2023	4Q2022	2023	2022
EBITDA (a)	53,983	44,002	214,381	164,037
Adjusted EBITDA (a)	59,494	49,606	235,454	188,986
Adjusted EBITDA margin (b)	38%	34%	39%	34%
Interest and related expenses	3,015	2,826	11,885	9,985
Net cash/(debt)(c)	54,740	(14,832)	54,740	(14,832)
Capital expenditures (d)	7,524	5,651	23,893	18,014

Note:

- (a) EBITDA is calculated as operating profit minus other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, and amortisation of intangible assets and land use rights. Adjusted EBITDA is calculated as EBITDA plus equity-settled share-based compensation expenses.
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net cash/(debt) represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets (excluding long-form video and music content, game licences and other content).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RMB in millions, unless specified

	Audited	
	As at December 31	
	2023	2022
ASSETS		
Non-current assets		
Property, plant and equipment	53,232	53,978
Land use rights	17,179	18,046
Right-of-use assets	20,464	22,524
Construction in progress	13,583	9,229
Investment properties	570	559
Intangible assets	177,727	161,802
Investments in associates	253,696	246,043
Investments in joint ventures	7,969	6,672
Financial assets at fair value through profit or loss	211,145	206,085
Financial assets at fair value through other comprehensive income	213,951	185,247
Prepayments, deposits and other assets	28,439	36,752
Other financial assets	2,527	6,987
Deferred income tax assets	29,017	29,882
Term deposits	29,301	28,336
	1,058,800	1,012,142
Current assets		
Inventories	456	2,333
Accounts receivable	46,606	45,467
Prepayments, deposits and other assets	88,411	76,685
Other financial assets	5,949	1,278
Financial assets at fair value through profit or loss	14,903	27,963
Term deposits	185,983	104,776
Restricted cash	3,818	2,783
Cash and cash equivalents	172,320	156,739
Assets held for distribution	-	147,965
	518,446	565,989
Total assets	1,577,246	1,578,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Audited	
	As at December 31	
	2023	2022
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	37,989	62,418
Treasury shares	(4,740)	(1,868)
Shares held for share award schemes	(5,350)	(4,226)
Other reserves	(33,219)	(40,914)
Retained earnings	813,911	705,981
	808,591	721,391
Non-controlling interests	65,090	61,469
Total equity	873,681	782,860
LIABILITIES		
Non-current liabilities		
Borrowings	155,819	163,668
Notes payable	137,101	148,669
Long-term payables	12,169	9,067
Other financial liabilities	8,781	5,574
Deferred income tax liabilities	17,635	12,162
Lease liabilities	16,468	18,424
Deferred revenue	3,435	3,503
	351,408	361,067
Current liabilities		
Accounts payable	100,948	92,381
Other payables and accruals	76,595	61,139
Borrowings	41,537	11,580
Notes payable	14,161	10,446
Current income tax liabilities	17,664	13,488
Other tax liabilities	4,372	4,698
Other financial liabilities	4,558	3,937
Lease liabilities	6,154	6,354
Deferred revenue	86,168	82,216
Dividends payable for distribution in specie	-	147,965
	352,157	434,204
Total liabilities	703,565	795,271
Total equity and liabilities	1,577,246	1,578,131

RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

RMB in millions, unless specified	As reported	Adjustments							Non-IFRS
		Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
Year ended December 31, 2023									
Operating profit	160,074	22,782	-	5,019	-	998	3,013	-	191,886
Profit for the year	118,048	27,766	(6,170)	10,269	8,123	3,790	3,012	(3,104)	161,734
Profit attributable to equity holders	115,216	27,100	(6,024)	9,462	8,004	3,790	3,012	(2,872)	157,688
Operating margin	26%								32%
Net margin	19%								27%
Year ended December 31, 2022									
Operating profit (Restated) *	110,827	26,248	-	5,197	-	726	205	-	143,203
Profit for the year	188,709	33,311	(164,698)	11,818	48,004	5,763	2,125	(5,839)	119,193
Profit attributable to equity holders	188,243	32,651	(164,840)	10,880	46,326	5,763	2,125	(5,499)	115,649
<i>Operating margin (Restated) *</i>	<i>20%</i>								<i>26%</i>
<i>Net margin</i>	<i>34%</i>								<i>21%</i>

Note:

- (a) Including put options granted to employees of investee companies on their shares and shares to be issued under investee companies' share-based incentive plans which can be acquired by the Group, and other incentives
- (b) Including net (gains)/losses on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies
- (c) Amortisation of intangible assets arising from acquisitions
- (d) Mainly including impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions
- (e) Mainly including donations and expenses incurred for the Group's Sustainable Social Value and Common Prosperity Programme ("SSV & CPP") initiatives
- (f) Primarily non-recurring compliance-related costs and expenses incurred for certain litigation settlements of the Group and/or arising from investee companies
- (g) Income tax effects of non-IFRS adjustments

* Certain items have been reclassified from above to below the operating profit line, and the comparative figures for prior periods have been restated accordingly. Please refer to the earnings announcement for details

RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

RMB in millions, unless specified	Adjustments								Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/(reversals) (d)	SSV & CPP (e)	Others (f)	Income tax effects (g)	
Three months ended 31 December 2023									
Operating profit	41,401	5,732	-	1,564	-	437	1	-	49,135
Profit for the period	27,850	6,646	(94)	2,960	5,705	1,594	1	(829)	43,833
Profit attributable to equity holders	27,025	6,512	(55)	2,719	5,650	1,594	1	(765)	42,681
Operating margin	27%								32%
Net margin	18%								28%
Three months ended 30 September 2023									
Operating profit (Restated) *	44,348	5,655	-	1,434	-	231	-	-	51,668
Profit for the period	36,781	6,948	(565)	2,666	346	301	-	(640)	45,837
Profit attributable to equity holders	36,182	6,833	(583)	2,458	309	301	-	(579)	44,921
Operating margin (Restated) *	29%								33%
Net margin	24%								30%
Three months ended 31 December 2022									
Operating profit (Restated) *	29,163	5,680	-	1,241	-	326	14	-	36,424
Profit for the period	106,904	7,217	(107,955)	2,601	23,700	1,600	206	(3,717)	30,556
Profit attributable to equity holders	106,268	7,124	(107,928)	2,420	23,693	1,600	206	(3,672)	29,711
Operating margin (Restated) *	20%								25%
Net margin	74%								21%

Note:

- (a) Including put options granted to employees of investee companies on their shares and shares to be issued under investee companies' share-based incentive plans which can be acquired by the Group, and other incentives
- (b) Including net (gains)/losses on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies
- (c) Amortisation of intangible assets arising from acquisitions
- (d) Mainly including impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions
- (e) Mainly including donations and expenses incurred for the Group's Sustainable Social Value and Common Prosperity Programme ("SSV & CPP") initiatives
- (f) Primarily non-recurring compliance-related costs and expenses incurred for certain litigation settlements of the Group and/or arising from investee companies
- (g) Income tax effects of non-IFRS adjustments

* Certain items have been reclassified from above to below the operating profit line, and the comparative figures for prior periods have been restated accordingly. Please refer to the earnings announcement for details