

For Immediate Release**TENCENT ANNOUNCES 2024 FIRST QUARTER RESULTS**

Hong Kong, May 14, 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 unaudited consolidated results for the first quarter (“1Q2024”) ended Mar 31, 2024.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “During the first quarter of 2024, several of our leading games in China and internationally started to benefit from team reorganisations we put in place, resulting in an increase in games gross receipts and creating a foundation for our games revenue to resume growth in future quarters. We continue to cultivate high quality revenue streams including advertising in Video Accounts and Weixin Search, Mini Games platform service fees, and eCommerce technology service fees, contributing to our gross and operating profit growth outpacing our revenue growth. Executing on our commitment to return excess capital to shareholders, we stepped up our buyback plan, and are on track to repurchase over HKD100 billion of our shares in 2024, as well as paying an increased dividend, while investing in AI technology, platform enhancements and high production value content.”

1Q2024 Financial Highlights

Revenues: +6% YoY; gross profit: +23% YoY; non-IFRS¹ operating profit*: +30% YoY; non-IFRS profit attributable to equity holders of the Company: +54% YoY

- **Total revenues** were RMB159.5 billion (USD22.5 billion²), up 6% over the first quarter of 2023 (“YoY”).
- **Gross profit** was RMB83.9 billion (USD11.8 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 RMB58.6 billion (USD8.3 billion), up 30% YoY. Operating margin* increased to 37% from 30% last year.
 - **Profit for the period** was RMB51.3 billion (USD7.2 billion), up 54% YoY. Net margin increased to 32% from 22% last year.
 - **Profit attributable to equity holders of the Company** for the quarter was RMB50.3 billion (USD7.1 billion), up 54% YoY.
 - **Basic earnings per share** were RMB5.375. **Diluted earnings per share** were RMB5.263.
- **On an IFRS basis:**
 - Operating profit* was RMB52.6 billion (USD7.4 billion), up 38% YoY. Operating margin* increased to 33% from 25% last year.
 - Profit for the period was RMB42.7 billion (USD6.0 billion), up 62% YoY. Net margin increased to 27% from 18% last year.
 - Profit attributable to equity holders of the Company for the quarter was RMB41.9 billion (USD5.9 billion), up 62% YoY.
 - Basic earnings per share were RMB4.479. Diluted earnings per share were RMB4.386.
- **Total cash** was RMB445.2 billion (USD62.8 billion) and **free cash flow** was RMB51.9 billion (USD7.3 billion), +0.4% YoY. **Net cash position** totalled RMB92.5 billion (USD13.0 billion).

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 RMB7.0950

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to the earnings announcement for details.

- Fair value of our shareholdings³ in listed investee companies (excluding subsidiaries) totalled RMB522.4 billion (USD73.6 billion) and the carrying book value of our unlisted investee companies was RMB328.8 billion (USD46.3 billion).
- During the first quarter, the Company repurchased approximately 51.0 million shares on the Hong Kong Stock Exchange for a consideration of approximately HKD14.8 billion.

1Q24 Business Review and Outlook

- **Video Accounts'** total user time spent increased over 80% year-on-year. We strengthened Video Accounts' live streaming eCommerce ecosystem by diversifying merchandise categories and enabling more content creators to monetise through eCommerce activities.
- **Mini Programs'** total user time spent increased over 20% year-on-year. Daily activations for non-game Mini Programs grew at a double-digit rate year-on-year while gross receipts for Mini Games grew 30% year-on-year.
- **Tencent Video** released several popular self-commissioned drama series and animated series, such as Blossoms Shanghai, The Hunter and Perfect World Season 4, driving an 8% year-on-year increase in our long-form video subscriptions to 116 million⁴.
- **Tencent Music** strengthened collaboration with Tencent Video and released an original soundtrack of a popular drama series, The Legend of Shen Li. Music subscriptions increased 20% year-on-year to 114 million⁵.
- Our two flagship domestic games, **Honour of Kings** and **Peacekeeper Elite**, registered year-on-year growth in gross receipts in March 2024, as our new monetisation cadence and enhanced content design started to yield results.
- **Several domestic games** attained record high gross receipts during the quarter, including Fight of the Golden Spatula, CrossFire Mobile and Arena Breakout.
- **Supercell's games** achieved increases in usage and gross receipts; Brawl Stars DAU more than doubled year-on-year and gross receipts more than quadrupled year-on-year internationally.
- We upgraded our **advertising technology platform** to help advertisers establish advertising campaigns more effectively, and made generative AI-powered advertising creation tools available to all advertisers.
- We achieved rapid increases in number of users and average fund investments per user for our **wealth management business**, which is primarily engaged in distribution of low-risk money market funds.
- Domestic and international clients, especially from the media, entertainment and live streaming industries, increasingly adopted our integrated audio and video cloud solution, **Tencent Cloud Media Services**. IDC recognised Tencent Cloud Media Services as the market leader in China for the sixth consecutive year⁶.

³ Including those held via special purpose vehicles, on an attributable basis

⁴ The average daily number of subscriptions for 1Q2024

⁵ The average number of subscriptions as of the last day of each month during 1Q2024

⁶ Measured by Media Services revenue per IDC, 2018-2023

Operating Metrics

	As at 31 March 2024	As at 31 March 2023 (in millions, unless specified)	Year- on-year change	As at 31 December 2023	Quarter-on- quarter change
Combined MAU of Weixin and WeChat	1,359	1,319	3%	1,343	1%
Mobile device MAU of QQ	553	597	-7%	554	-0.2%
Fee-based VAS registered subscriptions [#]	260	233	12%	244	7%

[#] Adjusted as the average daily number of subscriptions during the quarter

1Q24 Management Discussion and Analysis

Revenues from VAS decreased by 0.9% year-on-year to RMB78.6 billion for the first quarter of 2024. International Games gross receipts rose 34% year-on-year, due to resurgent popularity for Supercell's games, in particular Brawl Stars, and user and gross receipts growth from PUBG Mobile. International Games revenues were up a lesser 3% year-on-year to RMB13.6 billion (stable year-on-year on a constant currency basis) due to the lengthy revenue deferral cycle for Supercell's games. Domestic Games gross receipts returned to year-on-year growth, increasing by 3%, but Domestic Games revenues declined by 2% year-on-year to RMB34.5 billion due to revenue deferral. By title, revenue from Honour of Kings declined year-on-year against a high base from the Chinese New Year period last year, and revenue from Peacekeeper Elite declined year-on-year due to weak monetisable content in the second half of 2023. These declines were largely offset by contributions from recently launched games, including VALORANT and Lost Ark, alongside robust growth from Fight of the Golden Spatula. Social Networks revenues declined by 2% to RMB30.5 billion, reflecting increased revenues from music and long-form video subscriptions, Video Accounts live streaming services, and Mini Games platform service fees, versus decreased revenues from music-related and games-related live streaming services.

Revenues from Online Advertising were RMB26.5 billion for the first quarter of 2024, up 26% year-on-year, driven by Video Accounts, Mini Programs, Official Accounts and Weixin Search, due to increased engagement and ongoing enhancement of our AI-powered advertising infrastructure. Advertising spending rose across all major categories except automotive, with notable growth from games, Internet services and consumer goods categories.

Revenues from FinTech and Business Services increased by 7% year-on-year to RMB52.3 billion for the first quarter of 2024. FinTech Services revenues grew at a single-digit rate, primarily due to moderated growth in offline consumption spending and a decrease in withdrawal fee revenue, while wealth management services revenues experienced robust growth. Business Services achieved a teens year-on-year revenue growth rate, driven by higher cloud services revenues and increased eCommerce technology service fees within Video Accounts.

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.

CONDENSED CONSOLIDATED INCOME STATEMENT

RMB in millions, unless specified

	Unaudited		Unaudited	
	1Q2024	1Q2023 Restated*	1Q2024	4Q2023
Revenues	159,501	149,986	159,501	155,196
VAS	78,629	79,337	78,629	69,079
Online Advertising	26,506	20,964	26,506	29,794
FinTech and Business Services	52,302	48,701	52,302	54,379
Others	2,064	984	2,064	1,944
Cost of revenues	(75,631)	(81,804)	(75,631)	(77,632)
Gross profit	83,870	68,182	83,870	77,564
	Gross margin	53%	53%	50%
Selling and marketing expenses	(7,536)	(7,018)	(7,536)	(10,971)
General and administrative expenses	(24,809)	(24,642)	(24,809)	(27,175)
Other gains/(losses), net	1,031	1,520*	1,031	1,983
Operating profit	52,556	38,042*	52,556	41,401
	Operating margin	33%	33%	27%
Net gains/(losses) from investments and others	656	(576)*	656	(6,730)
Interest income	4,248	2,963*	4,248	3,917
Finance costs	(2,826)	(2,650)	(2,826)	(3,543)
Share of profit/(loss) of associates and joint ventures, net	2,186	80	2,186	2,463
Profit before income tax	56,820	37,859	56,820	37,508
Income tax expense	(14,169)	(11,465)	(14,169)	(9,658)
Profit for the period	42,651	26,394	42,651	27,850
	Net margin	27%	27%	18%
Attributable to:				
Equity holders of the Company	41,889	25,838	41,889	27,025
Non-controlling interests	762	556	762	825
Non-IFRS operating profit	58,619	45,028*	58,619	49,135
Non-IFRS profit attributable to equity holders of the Company	50,265	32,538	50,265	42,681
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	4.479	2.725	4.479	2.873
- diluted	4.386	2.639	4.386	2.807

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to the earnings announcement for details.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RMB in millions, unless specified

	Unaudited	
	1Q2024	1Q2023
Profit for the period	42,651	26,394
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	(337)	(662)
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	(30)	14
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	1	1
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	10	22
Currency translation differences	(3,929)	(1,200)
Net movement in reserves for cash flow hedges	(782)	(1,151)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(120)	(154)
Loss from changes in fair value of assets held for distribution	-	(29,991)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	15,918	34,362
Currency translation differences	(463)	(2,846)
	10,268	(1,605)
Total comprehensive income for the period	52,919	24,789
Attributable to:		
Equity holders of the Company	51,673	23,612
Non-controlling interests	1,246	1,177

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		
	1Q2024	4Q2023	1Q2023
EBITDA (a)	65,094	53,983	52,656
Adjusted EBITDA (a)	69,259	59,494	57,811
Adjusted EBITDA margin (b)	43%	38%	39%
Interest and related expenses	3,044	3,015	2,800
Net cash/(debt) (c)	92,534	54,740	31,508
Capital expenditures (d)	14,359	7,524	4,411

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).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RMB in millions, unless specified

	Unaudited	Audited
	As at	As at
	March 31, 2024	December 31, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	54,627	53,232
Land use rights	23,644	17,179
Right-of-use assets	19,077	20,464
Construction in progress	12,528	13,583
Investment properties	582	570
Intangible assets	177,946	177,727
Investments in associates	250,954	253,696
Investments in joint ventures	8,017	7,969
Financial assets at fair value through profit or loss	215,660	211,145
Financial assets at fair value through other comprehensive income	229,747	213,951
Prepayments, deposits and other assets	27,800	28,439
Other financial assets	1,241	2,527
Deferred income tax assets	30,536	29,017
Term deposits	30,613	29,301
	1,082,972	1,058,800
Current assets		
Inventories	1,055	456
Accounts receivable	52,412	46,606
Prepayments, deposits and other assets	87,761	88,411
Other financial assets	5,942	5,949
Financial assets at fair value through profit or loss	10,568	14,903
Term deposits	241,510	185,983
Restricted cash	3,434	3,818
Cash and cash equivalents	161,023	172,320
	563,705	518,446
Total assets	1,646,677	1,577,246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Unaudited As at March 31, 2024	Audited As at December 31, 2023
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	28,989	37,989
Treasury shares	(4,549)	(4,740)
Shares held for share award schemes	(4,798)	(5,350)
Other reserves	(28,070)	(33,219)
Retained earnings	857,015	813,911
	<u>848,587</u>	<u>808,591</u>
Non-controlling interests	<u>68,182</u>	<u>65,090</u>
Total equity	<u>916,769</u>	<u>873,681</u>
LIABILITIES		
Non-current liabilities		
Borrowings	153,185	155,819
Notes payable	130,974	137,101
Long-term payables	12,658	12,169
Other financial liabilities	8,150	8,781
Deferred income tax liabilities	16,762	17,635
Lease liabilities	15,238	16,468
Deferred revenue	4,378	3,435
	<u>341,345</u>	<u>351,408</u>
Current liabilities		
Accounts payable	112,520	100,948
Other payables and accruals	64,230	76,595
Borrowings	48,006	41,537
Notes payable	20,569	14,161
Current income tax liabilities	21,623	17,664
Other tax liabilities	4,620	4,372
Other financial liabilities	4,871	4,558
Lease liabilities	6,036	6,154
Deferred revenue	106,088	86,168
	<u>388,563</u>	<u>352,157</u>
Total liabilities	<u>729,908</u>	<u>703,565</u>
Total equity and liabilities	<u>1,646,677</u>	<u>1,577,246</u>

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)	
Unaudited three months ended 31 March 2024									
Operating profit	52,556	4,694	–	1,249	–	120	–	–	58,619
Profit for the period	42,651	6,203	(1,476)	2,805	1,562	132	–	(535)	51,342
Profit attributable to equity holders	41,889	6,035	(1,449)	2,589	1,541	132	–	(472)	50,265
Operating margin	33%								37%
Net margin	27%								32%
Unaudited 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%
Unaudited three months ended 31 March 2023									
Operating profit (Restated) *	38,042	5,844	–	998	–	135	9	–	45,028
Profit for the period	26,394	7,313	(5,224)	2,271	1,862	1,526	9	(706)	33,445
Profit attributable to equity holders	25,838	7,094	(5,224)	2,098	1,852	1,526	9	(655)	32,538
Operating margin (Restated) *	25%								30%
Net margin	18%								22%

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 resulting 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

* Since the fourth quarter of 2023, certain items have been reclassified from above to below the operating profit line. Historical comparative figures have been restated accordingly. Please refer to the earnings announcement for details.