

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

Hong Kong, November 13, 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 third quarter (“3Q2024”) ended Sep 30, 2024.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “During the third quarter of 2024, we delivered robust revenue growth in our games business, underpinned by consistent performance of evergreen games globally and contributions from new games with evergreen potential. We upgraded our eCommerce strategy around Mini Shops, to create a unified and trustworthy transaction experience spanning the entire Weixin ecosystem. We are increasingly seeing tangible benefits of deploying AI across our products and operations including marketing services and cloud, and will continue investing in AI technology, tools and solutions that assist users and partners.”

3Q2024 Financial Highlights

Revenues: +8% YoY; gross profit: +16% YoY; non-IFRS¹ operating profit*: +19% YoY

- **Total revenues** were RMB167.2 billion (USD23.9 billion²), up 8% over the third quarter of 2023 (“YoY”).
- **Gross profit** was RMB88.8 billion (USD12.7 billion), up 16% 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 RMB61.3 billion (USD8.7 billion), up 19% YoY. Operating margin* increased to 37% from 33% last year.
 - **Profit for the period** was RMB60.9 billion (USD8.7 billion), up 33% YoY.
 - **Profit attributable to equity holders of the Company** for the quarter was RMB59.8 billion (USD8.5 billion), up 33% YoY.
 - **Basic earnings per share** were RMB6.475. **Diluted earnings per share** were RMB6.340.
- **On an IFRS basis:**
 - Operating profit* was RMB53.3 billion (USD7.6 billion), up 20% YoY. Operating margin* increased to 32% from 29% last year.
 - Profit for the period was RMB54.0 billion (USD7.7 billion), up 47% YoY.
 - Profit attributable to equity holders of the Company for the quarter was RMB53.2 billion (USD7.6 billion), up 47% YoY.
 - Basic earnings per share were RMB5.762. Diluted earnings per share were RMB5.644.
- **Total cash** was RMB425.5 billion (USD60.7 billion) and **free cash flow** was RMB58.5 billion (USD8.3 billion), +14% YoY. **Net cash position** totalled RMB95.5 billion (USD13.6 billion).
- Fair value of our shareholdings³ in listed investee companies (excluding subsidiaries) totalled RMB612.5 billion (USD87.4 billion) and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) was RMB327.7 billion (USD46.8 billion).
- During the third quarter of 2024, the Company repurchased approximately 94.9 million shares on the Hong Kong Stock Exchange for a consideration of approximately HKD35.9 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 RMB7.0074

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

* 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.

3Q24 Business Review and Outlook

- **Mini Programs**' GMV grew at a high teens year-on-year rate to over RMB 2 trillion in the third quarter of 2024, benefitting from better coverage and solutions for use cases such as food ordering, electric vehicle charging and medical services.
- We provided merchants with more traffic and transaction support through **Mini Shops**, a platform where merchants operate storefronts with indexed and standardised merchandise. Leveraging Weixin's social interactions, content platforms and payment capabilities, Mini Shops help merchants to effectively reach customers and drive sales conversions.
- Utilising large language model capabilities, **Weixin Search** facilitated its understanding of complex queries and content, enhancing the relevance of search results. Weixin Search grew commercial queries and click-through rates year-on-year.
- The **QQ** team has comprehensively upgraded the platform's back end infrastructure, and added and popularised new functionalities such as Tencent Channels, resulting in QQ mobile device MAU returning to year-on-year growth in the third quarter of 2024.
- **Music** subscriptions increased 16% year-on-year to 119 million⁴, benefitting from enhanced recommendation algorithms, enriched content offerings and upgraded audio quality.
- **Long-form video** subscriptions increased 6% year-on-year to 116 million⁵, benefitting from popular animated series and drama series.
- Our flagship evergreen games in domestic markets, **Honour of Kings** and **Peacekeeper Elite**, delivered healthy year-on-year growth in gross receipts. Other evergreen games, **Naruto Mobile** and **VALORANT**, reached new highs in quarterly average DAU. We released **Delta Force**, our first multi-platform first person shooter, which achieved high average user daily time spent and retention rates, demonstrating evergreen potential.
- In international markets, **VALORANT** expanded from PC to PlayStation and Xbox with the launch of its console version in five key international markets, contributing to the game growing gross receipts by over 30% year-on-year during the third quarter of 2024.
- We released **Tencent Hunyuan Turbo**, an upgraded foundation model utilising a heterogeneous Mixture-of-Experts (MoE) architecture, which doubled training and inference efficiency, and halved inference cost, versus its predecessor Tencent Hunyuan Pro.

⁴ The average number of subscriptions as of the last day of each month during the third quarter of 2024

⁵ The average daily number of subscriptions for the third quarter of 2024; year-on-year growth rate was calculated based on restated comparative figure

Operating Metrics

	As at 30 September 2024	As at 30 September 2023 (in millions, unless specified)	Year- on-year change	As at 30 June 2024	Quarter-on- quarter change
Combined MAU of Weixin and WeChat	1,382	1,336	3%	1,371	0.8%
Mobile device MAU of QQ	562	558	0.7%	571	-2%
Fee-based VAS registered subscriptions [#]	265	243	9%	263	0.8%

[#] Adjusted to report the average daily number of subscriptions during the quarter, since the first quarter of 2024

3Q24 Management Discussion and Analysis

Revenues from VAS increased by 9% year-on-year to RMB82.7 billion for the third quarter of 2024. International Games revenues were RMB14.5 billion, up 9% year-on-year (or up 11% on a constant currency basis), due to robust performances from games including PUBG MOBILE and Brawl Stars. Revenue growth for International Games substantially lagged gross receipts growth, as improved retention rates for certain titles led to us elongating revenue deferral periods. Domestic Games revenues increased by 14% year-on-year to RMB37.3 billion, driven by games including VALORANT, Honour of Kings, Peacekeeper Elite and DnF Mobile. Social Networks revenues rose by 4% year-on-year to RMB30.9 billion, supported by growth in app-based game virtual item sales, music subscription revenues and Mini Games platform service fees, partially offset by a decline in music-related and games-related live streaming revenues.

Revenues from Marketing Services⁶ were RMB30.0 billion for the third quarter of 2024, up 17% year-on-year, driven by robust advertiser demand for Video Accounts, Mini Programs and Weixin Search inventories and, to a lesser extent, contributions from Paris Olympics-related brand advertising. Advertising spending from the games and eCommerce categories increased year-on-year, which outweighed reduced spending from the real estate and food & beverage categories.

Revenues from FinTech and Business Services rose by 2% year-on-year to RMB53.1 billion for the third quarter of 2024. FinTech Services revenues in aggregate remained largely stable compared to the same quarter last year, within which wealth management services revenues increased year-on-year due to more users and higher aggregated customer assets while payment services revenues declined due to subdued consumption spending. Business Services revenues were up year-on-year, driven by growth in cloud services revenues and eCommerce technology service fees.

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):

⁶ Starting this quarter, we have renamed this revenue segment from 'Online Advertising' to 'Marketing Services' to better represent the breadth of our marketing solutions and accompanying technology services across our online marketing properties



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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 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 ("the Company and its subsidiaries") prepared in accordance with IFRS, certain additional non-IFRS financial measures (in terms of operating profit, operating margin, profit for the period, 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 Group. These forward-looking statements are based on information currently available to the Group 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	
	3Q2024	3Q2023 Restated*	3Q2024	2Q2024
Revenues	167,193	154,625	167,193	161,117
VAS	82,695	75,748	82,695	78,822
Marketing Services	29,993	25,721	29,993	29,871
FinTech and Business Services	53,089	52,048	53,089	50,440
Others	1,416	1,108	1,416	1,984
Cost of revenues	(78,365)	(78,102)	(78,365)	(75,222)
Gross profit	88,828	76,523	88,828	85,895
	Gross margin			
	53%	49%	53%	53%
Selling and marketing expenses	(9,411)	(7,912)	(9,411)	(9,156)
General and administrative expenses	(29,058)	(26,289)	(29,058)	(27,491)
Other gains/(losses), net	2,974	2,026*	2,974	1,484
Operating profit	53,333	44,348*	53,333	50,732
	Operating margin			
	32%	29%*	32%	31%
Net gains/(losses) from investments and others	3,066	618*	3,066	(654)
Interest income	3,996	3,509*	3,996	3,850
Finance costs	(3,531)	(2,784)	(3,531)	(3,112)
Share of profit/(loss) of associates and joint ventures, net	6,019	2,098	6,019	7,718
Profit before income tax	62,883	47,789	62,883	58,534
Income tax expense	(8,900)	(11,008)	(8,900)	(10,168)
Profit for the period	53,983	36,781	53,983	48,366
Attributable to:				
Equity holders of the Company	53,230	36,182	53,230	47,630
Non-controlling interests	753	599	753	736
Non-IFRS operating profit	61,274	51,668*	61,274	58,443
Non-IFRS profit attributable to equity holders of the Company	59,813	44,921	59,813	57,313
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	5.762	3.828	5.762	5.112
- diluted	5.644	3.752	5.644	4.994

* 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	
	3Q2024	3Q2023
Profit for the period	53,983	36,781
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	155	278
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	1
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	20	(3)
Currency translation differences	(2,909)	(7,303)
Net movement in reserves for hedges	(880)	(897)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	52	564
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	33,578	(25,417)
Currency translation differences	(153)	(720)
Net movement in reserves for hedges	19	-
	29,882	(33,497)
Total comprehensive income for the period	83,865	3,284
Attributable to:		
Equity holders of the Company	82,179	3,526
Non-controlling interests	1,686	(242)

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		
	3Q2024	2Q2024	3Q2023
EBITDA (a)	64,397	62,902	55,824
Adjusted EBITDA (a)	69,656	68,518	61,301
Adjusted EBITDA margin (b)	42%	43%	40%
Interest and related expenses	3,145	2,918	3,061
Net cash/(debt) (c)	95,462	71,757	36,431
Capital expenditures (d)	17,094	8,729	8,005

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 As at September 30, 2024	Audited As at December 31, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	69,583	53,232
Land use rights	23,310	17,179
Right-of-use assets	17,793	20,464
Construction in progress	12,801	13,583
Investment properties	738	570
Intangible assets	178,773	177,727
Investments in associates	266,057	253,696
Investments in joint ventures	7,113	7,969
Financial assets at fair value through profit or loss	209,200	211,145
Financial assets at fair value through other comprehensive income	283,632	213,951
Prepayments, deposits and other assets	27,995	28,439
Other financial assets	848	2,527
Deferred income tax assets	31,214	29,017
Term deposits	70,134	29,301
	1,199,191	1,058,800
Current assets		
Inventories	9,823	456
Accounts receivable	47,336	46,606
Prepayments, deposits and other assets	103,135	88,411
Other financial assets	4,950	5,949
Financial assets at fair value through profit or loss	9,773	14,903
Financial assets at fair value through other comprehensive income	2,132	-
Term deposits	197,995	185,983
Restricted cash	3,554	3,818
Cash and cash equivalents	145,468	172,320
	524,166	518,446
Total assets	1,723,357	1,577,246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Unaudited As at September 30, 2024	Audited As at December 31, 2023
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	37,201	37,989
Treasury shares	(2,571)	(4,740)
Shares held for share award schemes	(4,976)	(5,350)
Other reserves	21,113	(33,219)
Retained earnings	861,819	813,911
	<u>912,586</u>	<u>808,591</u>
Non-controlling interests	<u>67,921</u>	<u>65,090</u>
Total equity	<u>980,507</u>	<u>873,681</u>
LIABILITIES		
Non-current liabilities		
Borrowings	151,600	155,819
Notes payable	127,285	137,101
Long-term payables	12,227	12,169
Other financial liabilities	7,904	8,781
Deferred income tax liabilities	15,561	17,635
Lease liabilities	14,023	16,468
Deferred revenue	6,473	3,435
	<u>335,073</u>	<u>351,408</u>
Current liabilities		
Accounts payable	142,665	100,948
Other payables and accruals	73,036	76,595
Borrowings	42,767	41,537
Notes payable	8,403	14,161
Current income tax liabilities	19,044	17,664
Other tax liabilities	4,873	4,372
Other financial liabilities	4,823	4,558
Lease liabilities	5,583	6,154
Deferred revenue	106,583	86,168
	<u>407,777</u>	<u>352,157</u>
Total liabilities	<u>742,850</u>	<u>703,565</u>
Total equity and liabilities	<u>1,723,357</u>	<u>1,577,246</u>

RECONCILIATIONS OF THE GROUP'S NON-IFRS FINANCIAL MEASURES TO THE NEAREST MEASURES PREPARED IN ACCORDANCE WITH IFRS

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 30 September 2024									
Operating profit	53,333	6,377	–	1,324	–	240	–	–	61,274
Share of profit/(loss) of associates and joint ventures, net	6,019	985	60	1,433	12	–	–	–	8,509
Profit for the period	53,983	7,362	(6,610)	2,757	3,788	304	–	(653)	60,931
Profit attributable to equity holders	53,230	7,180	(6,664)	2,591	3,766	304	–	(594)	59,813
Operating margin	32%								37%
Unaudited three months ended 30 June 2024									
Operating profit	50,732	6,213	–	1,305	–	190	3	–	58,443
Share of profit/(loss) of associates and joint ventures, net	7,718	926	(91)	1,313	20	–	–	–	9,886
Profit for the period	48,366	7,139	(3,672)	2,618	3,526	1,025	3	(561)	58,444
Profit attributable to equity holders	47,630	6,981	(3,726)	2,418	3,492	1,025	3	(510)	57,313
Operating margin	31%								36%
Unaudited three months ended 30 September 2023									
Operating profit (Restated)*	44,348	5,655	–	1,434	–	231	–	–	51,668
Share of profit/(loss) of associates and joint ventures, net	2,098	1,293	138	1,232	25	–	–	–	4,786
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%

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.