

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

Hong Kong, August 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 second quarter (“2Q2024”) ended Jun 30, 2024.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “Our second quarter 2024 results demonstrated the strengths of our platform plus content strategy. Our Domestic Games revenue resumed growth, and our International Games revenue accelerated growth, due to increased user engagement at several of our evergreen titles, and the successful launches of certain new games. Tencent Video achieved notable audience and subscriber growth with drama series developed from China Literature IP and produced internally. Looking forward, we continue to invest in our platforms and technologies including AI, enabling us to create new business value and better serve user needs.”

2Q2024 Financial Highlights

Revenues: +8% YoY; gross profit: +21% YoY; non-IFRS¹ operating profit*: +27% YoY

- **Total revenues** were RMB161.1 billion (USD22.6 billion²), up 8% over the second quarter of 2023 (“YoY”).
- **Gross profit** was RMB85.9 billion (USD12.1 billion), up 21% 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 RMB58.4 billion (USD8.2 billion), up 27% YoY. Operating margin* increased to 36% from 31% last year.
 - **Profit for the period** was RMB58.4 billion (USD8.2 billion), up 51% YoY.
 - **Profit attributable to equity holders of the Company** for the quarter was RMB57.3 billion (USD8.0 billion), up 53% YoY.
 - **Basic earnings per share** were RMB6.151. **Diluted earnings per share** were RMB6.014.
- **On an IFRS basis:**
 - Operating profit* was RMB50.7 billion (USD7.1 billion), up 40% YoY. Operating margin* increased to 31% from 24% last year.
 - Profit for the period was RMB48.4 billion (USD6.8 billion), up 79% YoY.
 - Profit attributable to equity holders of the Company for the quarter was RMB47.6 billion (USD6.7 billion), up 82% YoY.
 - Basic earnings per share were RMB5.112. Diluted earnings per share were RMB4.994.
- **Total cash** was RMB415.2 billion (USD58.3 billion) and **free cash flow** was RMB40.4 billion (USD5.7 billion), +35% YoY. **Net cash position** totalled RMB71.8 billion (USD10.1 billion).
- Fair value of our shareholdings³ in listed investee companies (excluding subsidiaries) totalled RMB564.5 billion (USD79.2 billion) and the carrying book value of our unlisted investments was RMB327.4 billion (USD45.9 billion).
- During the second quarter of 2024, the Company repurchased approximately 103.7 million shares on the Hong Kong Stock Exchange for a consideration of approximately HKD37.5 billion. In addition, the

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 RMB7.1268

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.

Company paid approximately HKD31.7 billion for the final dividend in respect of the year ended 31 December 2023.

2Q24 Business Review and Outlook

- **Video Accounts'** total user time spent substantially increased year-on-year, as we enhanced recommendation algorithms and provided more local content. We are strengthening our transaction capabilities in a systematic way, in order to deliver seamless shopping experiences to users and drive sales for merchants.
- **Mini Programs'** total user time spent increased over 20% year-on-year, benefitting from their robust commerce and content ecosystem. GMV facilitated by Mini Programs grew at a double-digit percentage rate year-on-year. Total gross receipts of Mini Games increased over 30% year-on-year.
- We upgraded and rebranded **Tencent Channels**, a community-based platform which grew out of QQ, enabling moderators to manage their channels via customisable tools, and users to interact via text, image and live streaming. Users can now join Tencent Channels from Weixin and from game apps, as well as from QQ.
- **Tencent Video** released several popular drama series, driving long-form video subscriptions growth of 13% year-on-year to 117 million⁴. For example, "Joy of Life 2" (慶餘年第二季) and "The Legend of Shen Li" (與鳳行) were the first and second most watched drama series on China online video platforms during the first half of 2024⁵. Both drama series were based on China Literature's web novel IPs, produced by New Classics Media, and broadcast on Tencent Video.
- **Tencent Music** strengthened cooperation with labels and artists, released original soundtracks for Tencent Video popular drama series, and provided live music experiences through offline events and concert tours. Music subscriptions increased 18% year-on-year to 117 million⁶.
- We revitalised our flagship Domestic Games, **Honour of Kings** and **Peacekeeper Elite**, which each resumed year-on-year growth in gross receipts in the second quarter of 2024. Naruto Mobile reached a new milestone of 10 million monthly average DAU in May 2024. DnF Mobile, a newly released game, reactivated millions of IP fans and is retaining players well, positioning it to become our next evergreen major hit.
- **Brawl Stars** achieved a historical high quarterly average DAU and ranked third internationally among all mobile games measured by DAU⁷, benefitting from frequent content updates and social features. The game's gross receipts grew more than tenfold year-on-year.
- We upgraded our **advertising technology platform** to analyse user interests over a longer time horizon and process signals more frequently, enabling us to gain deeper user insights and provide more relevant advertising recommendations.

⁴ The average daily number of subscriptions for the second quarter of 2024; year-on-year growth rate was calculated based on restated comparative figure

⁵ By video views across all online platforms in China for the first half of 2024, according to Enlightent

⁶ The average number of subscriptions as of the last day of each month during the second quarter of 2024

⁷ By average DAU in the second quarter of 2024, according to Sensor Tower

- Leveraging our top-tier foundation model, Tencent Hunyuan, we released our AI assistant application, **Yuanbao**, to the public. Yuanbao possesses competitive strengths including accurate image understanding, advanced natural language processing, and AI search enhanced by our unique content ecosystem.

Operating Metrics

	As at 30 June 2024	As at 30 June 2023 (in millions, unless specified)	Year- on-year change	As at 31 March 2024	Quarter-on- quarter change
Combined MAU of Weixin and WeChat	1,371	1,327	3%	1,359	0.9%
Mobile device MAU of QQ	571	571	stable	553	3%
Fee-based VAS registered subscriptions [#]	263	234	12%	260	1%

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

2Q24 Management Discussion and Analysis

Revenues from VAS increased by 6% year-on-year to RMB78.8 billion for the second quarter of 2024. International Games revenues were RMB13.9 billion, up by 9% in both reported and constant currency terms, primarily driven by a strong performance from PUBG Mobile and enhanced popularity for Supercell's games. Gross receipts for International Games grew at a substantially faster rate than revenues. Domestic Games revenues resumed year-on-year growth, up by 9% to RMB34.6 billion, driven by increased revenue from VALORANT and the successful launch of DnF Mobile. Gross receipts growth for Domestic Games outpaced revenue growth. Social Networks revenues were RMB30.3 billion, up 2% year-on-year, supported by growth in music and long-form video subscription revenues, Mini Games platform service fees and app-based game virtual item sales, partially offset by a decline in music-related and games-related live streaming revenues.

Revenues from Online Advertising were RMB29.9 billion for the second quarter of 2024, up 19% year-on-year, primarily driven by increased revenues from Video Accounts and long-form video. Revenue from our mobile ad network declined year-on-year, due to reduced advertising budgets from certain Internet services companies.

Revenues from FinTech and Business Services increased by 4% year-on-year to RMB50.4 billion for the second quarter of 2024. FinTech Services revenue growth decelerated to a low single-digit percentage rate, impacted by further moderation in commercial payment revenue growth that reflected slow consumption spending, alongside a decline in consumer loan services revenue due to stronger risk control measures, while wealth management services revenues experienced double-digit percentage growth. Business Services revenues achieved a teens growth rate, driven by a rise in cloud services revenues, which included improved monetisation of WeCom, as well as higher 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, 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	
	2Q2024	2Q2023 Restated*	2Q2024	1Q2024
Revenues	161,117	149,208	161,117	159,501
VAS	78,822	74,211	78,822	78,629
Online Advertising	29,871	25,003	29,871	26,506
FinTech and Business Services	50,440	48,635	50,440	52,302
Others	1,984	1,359	1,984	2,064
Cost of revenues	(75,222)	(78,368)	(75,222)	(75,631)
Gross profit	85,895	70,840	85,895	83,870
	Gross margin			
	53%	47%	53%	53%
Selling and marketing expenses	(9,156)	(8,310)	(9,156)	(7,536)
General and administrative expenses	(27,491)	(25,419)	(27,491)	(24,809)
Other gains/(losses), net	1,484	(828)*	1,484	1,031
Operating profit	50,732	36,283*	50,732	52,556
	Operating margin			
	31%	24%*	31%	33%
Net gains/(losses) from investments and others	(654)	598*	(654)	656
Interest income	3,850	3,419*	3,850	4,248
Finance costs	(3,112)	(3,291)	(3,112)	(2,826)
Share of profit/(loss) of associates and joint ventures, net	7,718	1,159	7,718	2,186
Profit before income tax	58,534	38,168	58,534	56,820
Income tax expense	(10,168)	(11,145)	(10,168)	(14,169)
Profit for the period	48,366	27,023	48,366	42,651
Attributable to:				
Equity holders of the Company	47,630	26,171	47,630	41,889
Non-controlling interests	736	852	736	762
Non-IFRS operating profit	58,443	46,055*	58,443	58,619
Non-IFRS profit attributable to equity holders of the Company	57,313	37,548	57,313	50,265
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)				
- basic	5.112	2.761	5.112	4.479
- diluted	4.994	2.695	4.994	4.386

* 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	
	2Q2024	2Q2023
Profit for the period	48,366	27,023
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	139	424
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	17	(23)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	-	(3)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	12	17
Currency translation differences	(242)	17,560
Net movement in reserves for cash flow hedges	(921)	31
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(379)	(743)
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income	25,905	(20,673)
Currency translation differences	151	2,742
	24,682	(668)
Total comprehensive income for the period	73,048	26,355
Attributable to:		
Equity holders of the Company	71,703	24,416
Non-controlling interests	1,345	1,939

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		
	2Q2024	1Q2024	2Q2023
EBITDA (a)	62,902	65,094	51,918
Adjusted EBITDA (a)	68,518	69,259	56,848
Adjusted EBITDA margin (b)	43%	43%	38%
Interest and related expenses	2,918	3,044	3,009
Net cash/(debt) (c)	71,757	92,534	17,717
Capital expenditures (d)	8,729	14,359	3,953

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 June 30, 2024	Audited As at December 31, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	57,195	53,232
Land use rights	23,479	17,179
Right-of-use assets	18,800	20,464
Construction in progress	13,463	13,583
Investment properties	659	570
Intangible assets	177,621	177,727
Investments in associates	262,961	253,696
Investments in joint ventures	7,221	7,969
Financial assets at fair value through profit or loss	206,848	211,145
Financial assets at fair value through other comprehensive income	253,436	213,951
Prepayments, deposits and other assets	27,746	28,439
Other financial assets	1,144	2,527
Deferred income tax assets	31,266	29,017
Term deposits	51,490	29,301
	1,133,329	1,058,800
Current assets		
Inventories	4,387	456
Accounts receivable	52,250	46,606
Prepayments, deposits and other assets	92,844	88,411
Other financial assets	5,437	5,949
Financial assets at fair value through profit or loss	8,864	14,903
Financial assets at fair value through other comprehensive income	850	-
Term deposits	200,090	185,983
Restricted cash	3,408	3,818
Cash and cash equivalents	153,511	172,320
	521,641	518,446
Total assets	1,654,970	1,577,246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Unaudited As at June 30, 2024	Audited As at December 31, 2023
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	-	-
Share premium	32,957	37,989
Treasury shares	(3,664)	(4,740)
Shares held for share award schemes	(3,705)	(5,350)
Other reserves	(6,955)	(33,219)
Retained earnings	842,048	813,911
	<u>860,681</u>	<u>808,591</u>
Non-controlling interests	<u>66,916</u>	<u>65,090</u>
Total equity	<u>927,597</u>	<u>873,681</u>
LIABILITIES		
Non-current liabilities		
Borrowings	152,946	155,819
Notes payable	131,575	137,101
Long-term payables	13,315	12,169
Other financial liabilities	7,684	8,781
Deferred income tax liabilities	14,223	17,635
Lease liabilities	14,979	16,468
Deferred revenue	4,825	3,435
	<u>339,547</u>	<u>351,408</u>
Current liabilities		
Accounts payable	121,230	100,948
Other payables and accruals	69,693	76,595
Borrowings	52,462	41,537
Notes payable	6,410	14,161
Current income tax liabilities	17,046	17,664
Other tax liabilities	4,258	4,372
Other financial liabilities	3,784	4,558
Lease liabilities	5,999	6,154
Deferred revenue	106,944	86,168
	<u>387,826</u>	<u>352,157</u>
Total liabilities	<u>727,373</u>	<u>703,565</u>
Total equity and liabilities	<u>1,654,970</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 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 31 March 2024									
Operating profit	52,556	4,694	–	1,249	–	120	–	–	58,619
Share of profit/(loss) of associates and joint ventures, net	2,186	1,509	(459)	1,556	699	–	–	–	5,491
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%
Unaudited three months ended 30 June 2023									
Operating profit (Restated)*	36,283	5,551	–	1,023	–	195	3,003	–	46,055
Share of profit/(loss) of associates and joint ventures, net	1,159	1,308	(81)	1,349	128	–	(1)	–	3,862
Profit for the period	27,023	6,859	(287)	2,372	210	369	3,002	(929)	38,619
Profit attributable to equity holders	26,171	6,661	(162)	2,187	193	369	3,002	(873)	37,548
Operating margin (Restated)*	24%								31%

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.