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+RQJ .RQJ 1RYHPEHU – Tencent Holdings Limited ("Tencent" or the "Company", 00700.HK), a leading provider of Internet value-added services in China, today announced the unaudited consolidated results for the third quarter ("3Q2023") ended September 30, 2023.

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- 7RWDO UHYHQXHV were RMB154.6 billion (USD21.5 billion[2]), an increase of 10% over the third quarter of 2022 ("YoY").
- 2Q DQ,)56 EDVLV which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
  - 2SHUDWLQJ SURILW was RMB55.5 billion (USD7.7 billion), an increase of 36% YoY. Operating margin increased to 36% from 29% last year.
  - 3URILW IRU WKH SHULRG was RMB45.8 billion (USD6.4 billion), an increase of 37% YoY. Net margin increased to 30% from 24% last year.
  - 3URILW DWWULEXWDEOH WR HTXLW\ KROGHUV for the quarter was RMB44.9 billion (USD6.3 billion), an increase of 39% YoY.
  - %DVLF HDUQLQJV per share were RMB4.753. Diluted earnings per share were RMB4.657.
- 2Q DQ ,)56 :EDVLV
  - Operating profit was RMB48.5 billion (USD6.8 billion), a decrease of 6% YoY. Operating margin decreased to 31% from 37% last year.
  - Profit for the period was RMB36.8 billion (USD5.1 billion), a decrease of 5% YoY. Net margin decreased to 24% from 28% last year.
  - Profit attributable to equity holders of the Company for the quarter was RMB36.2 billion (USD5.0 billion), a decrease of 9% YoY.
  - Basic earnings per share were RMB3.828. Diluted earnings per share were RMB3.752.
- 7RWDO were RMB387.4 billion (USD54.0 billion) at the end of the period.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, "During the third quarter of 2023, we achieved solid and high quality revenue growth, notable margin expansion, and structural operating leverage. Relatively new services such as Video Accounts and Mini Games contributed high margin revenue streams while we re-focused away from less-scalable activities. We are increasing investment in our AI models, providing new features to our products and enhancing our targeting capabilities for both content and advertising. We aspire to position our leading AI capability not only as a growth multiplier for ourselves, but also as a value provider to our enterprise customers, and the society at large. "

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

[2] Figures stated in USD are based on USD1 to RMB7.1798

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- At Weixin, Video Accounts' total video views climbed over 50% year-on-year, supported by a thriving creator community and growing user mindshare. Original content video views increased rapidly and now contribute the large majority of Video Accounts' total video views.
- At QQ, we are adding capabilities to QQ Channels, which enable users with shared hobbies, activities or memberships to operate interest-based communities, utilising software tools such as voice chat and event management.
- Video subscriptions declined 3% year-on-year, but grew 1% quarter-on-quarter, to 117 million.
- Music subscriptions rose 21% year-on-year to 103 million, while ARPU increased 17% year-on-year.
- The 19th Asian Games included esports as a medal event for the first time, and we are the publisher for four out of the seven selected game titles.
- Recent domestic game launches included PC tactical first person game VALORANT, mobile hero first person game Hyper Legends, and mobile MMORPG MapleStory: The Legends of Maple. Recent international game launches included mobile extraction shooter Arena Breakout.
- Weixin's closed-loop advertising revenue (derived from advertisements linking to the landing pages of Weixin Mini Programs, Video Accounts, Official Accounts and WeCom) increased over 30% year-on-year and contributed over half of Weixin advertising revenue.
- Video Accounts advertising revenue grew notably quarter-on-quarter, driven by increases in video views and user time spent, while ad load percentage remained stable.
- We expanded our advertising AI models with more parameters to increase targeting and attribution accuracy. We also started to provide generative AI tools to advertiser partners, enabling them to dynamically generate advertising visuals based on text prompts, and to optimise advertisement sizes for different inventories.
- We are upgrading our proprietary foundation model, Tencent Hunyuan, and deploying it for in-house products, as well as making it available to enterprise customers.

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):

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

RMB in millions, unless specified

	Unaudited	Audited
	As at September 30, 2023	As at December 31, 2022
ASSETS		
Non-current assets		
Property, plant and equipment		53,978
Land use rights		18,046
Right-of-use assets		22,524
Construction in progress		9,229
Investment properties		559
Intangible assets		161,802
Investments in associates		246,043
Investments in joint ventures		6,672
Financial assets at fair value through profit or loss		206,085
Financial assets at fair value through other comprehensive income		185,247
Prepayments, deposits and other assets		36,752
Other financial assets		6,987
Deferred income tax assets		29,882
Term deposits		28,336
		1,012,142
Current assets		
Inventories		2,333
Accounts receivable		45,467
Prepayments, deposits and other assets		76,685
Other financial assets		1,278
Financial assets at fair value through profit or loss		27,963
Term deposits		104,776
Restricted cash		2,783
Cash and cash equivalents		156,739
Assets held for distribution		147,965
		565,989
Total assets		1,578,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Unaudited As at September 30, 2023	Audited As at December 31, 2022
EQUITY		
Equity attributable to equity holders of the Company		
Share capital		-
Share premium		62,418
Treasury shares		(1,868)
Shares held for share award schemes		(4,226)
Other reserves		(40,914)
Retained earnings		705,981
		721,391
Non-controlling interests		61,469
Total equity		782,860
LIABILITIES		
Non-current liabilities		
Borrowings		163,668
Notes payable		148,669
Long-term payables		9,067
Other financial liabilities		5,574
Deferred income tax liabilities		12,162
Lease liabilities		18,424
Deferred revenue		3,503
		361,067
Current liabilities		
Accounts payable		92,381
Other payables and accruals		61,139
Borrowings		11,580
Notes payable		10,446
Current income tax liabilities		13,488
Other tax liabilities		4,698
Other financial liabilities		3,937
Lease liabilities		6,354
Deferred revenue		82,216
Dividends payable for distribution in specie		147,965
		434,204
Total liabilities		795,271
Total equity and liabilities		1,578,131

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RMB in millions, unless specified	As reported	Adjustments: Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	6 6 9 & 3 3 H	2 W K H U	, Q F R F W D [H I I J	Non-IFRS
				Unaudited three months ended September 30, 2023					
Operating profit	48,475	5,655	(703)	1,434	321	301	±	±	55,483
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	31%								36%
Net margin	24%								30%
				Unaudited three months ended June 30, 2023					
Operating profit	40,300	5,551	(206)	1,023	82	369	3,003	-	50,122
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	*27%*								*34%*
Net margin	*18%*								*26%*
				Unaudited three months ended September 30, 2022					
Operating profit	51,593	5,925	(32,341)	1,313	12,962	1,445	10	-	40,907
Profit for the period	38,842	8,020	(32,106)	3,065	13,283	1,445	1,738	(933)	33,354
Profit attributable to equity holders	39,943	7,818	(32,402)	2,836	11,617	1,445	1,738	(741)	32,254
Operating margin	*37%*								*29%*
Net margin	*28%*								*24%*

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