

**For Immediate Release****TENCENT ANNOUNCES 2022 FOURTH QUARTER AND ANNUAL RESULTS**

**Hong Kong, March 22, 2023** – 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 fourth quarter (“4Q2022”) and the audited consolidated results for the year ended December 31, 2022 (“FY2022”).

**4Q2022 Key Highlights**

**Revenues: +0.5% YoY, non-IFRS<sup>1</sup> profit attributable to equity holders of the Company: +19% YoY**

- **Total revenues** were RMB145.0 billion (USD20.8 billion<sup>2</sup>), an increase of 0.5% over the fourth quarter of 2021 (“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 RMB39.4 billion (USD5.7 billion), an increase of 19% YoY. Operating margin increased to 27% from 23% last year.
  - **Profit for the period** was RMB30.6 billion (USD4.4 billion), an increase of 19% YoY. Net margin increased to 21% from 18% last year.
  - **Profit attributable to equity holders of the Company** for the quarter was RMB29.7 billion (USD4.3 billion), an increase of 19% YoY.
  - **Basic earnings per share** were RMB3.124. **Diluted earnings per share** were RMB3.042.
- **On an IFRS basis:**
  - Operating profit was RMB116.8 billion (USD16.8 billion), an increase of 6% YoY. Operating margin increased to 81% from 76% last year.
  - Profit for the period was RMB106.9 billion (USD15.3 billion), an increase of 12% YoY. Net margin increased to 74% from 66% last year.
  - Profit attributable to equity holders of the Company for the quarter was RMB106.3 billion (USD15.3 billion), an increase of 12% YoY.
  - Basic earnings per share were RMB11.173. Diluted earnings per share were RMB10.977.
- **Total cash** were RMB319.6 billion (USD45.9 billion) at the end of the period.

**FY2022 Key Highlights**

**Revenues: -1% YoY, non-IFRS profit attributable to equity holders of the Company: -7% YoY**

- **Total revenues** were RMB554.6 billion (USD79.6 billion), a decrease of 1% over 2021.
- **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 RMB153.5 billion (USD22.0 billion), a decrease of 4% YoY. Operating margin was stable at 28%.

<sup>1</sup> 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

<sup>2</sup> Figures stated in USD are based on USD1 to RMB6.9646

- **Profit for the year** was RMB119.2 billion (USD17.1 billion), a decrease of 7% YoY. Net margin decreased to 21% from 23% last year.
- **Profit attributable to equity holders of the Company** for the year was RMB115.6 billion (USD16.6 billion), a decrease of 7% YoY.
- **Basic earnings per share** were RMB12.138. **Diluted earnings per share** were RMB11.835.
- **On an IFRS basis:**
  - Operating profit was RMB235.7 billion (USD33.8 billion), a decrease of 13% YoY. Operating margin decreased to 43% from 48% last year.
  - Profit for the year was RMB188.7 billion (USD27.1 billion), a decrease of 17% YoY. Net margin decreased to 34% from 41% last year.
  - Profit attributable to equity holders of the Company for the year was RMB188.2 billion (USD27.0 billion), a decrease of 16% YoY.
  - Basic earnings per share were RMB19.757. Diluted earnings per share were RMB19.341.
- On 16 November 2022, the Board resolved to declare a special interim dividend in the form of a distribution in specie of approximately 948 million Class B ordinary shares of Meituan indirectly held by the Company, on the basis of 1 Class B ordinary share of Meituan for every 10 Shares held by the Qualifying Shareholders<sup>3</sup>.
- The Board has recommended the payment of a final dividend of HKD2.40 per share for FY2022 (2021: HKD1.60 per share), subject to the approval of the shareholders at the 2023 Annual General Meeting.

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “During 2022, we increased our business efficiency, sharpened our focus on core activities, and developed new services and revenue lines including Video Accounts and international games. These changes position us to benefit from, and contribute to, a rebound in China economic growth which our users’ activity suggests is now underway. We are investing in our AI capabilities and cloud infrastructure to embrace foundation models, which we believe will enhance the experience of our existing products and services and allow us to explore introducing new products. Looking forward, we will continue to seek creating user value, commercial value and social value via technology and innovation.”

## 4Q2022 Financial Review

Revenues from VAS<sup>4</sup> decreased by 2% to RMB70.4 billion for the fourth quarter of 2022 on a year-on-year basis. International Games revenues increased by 5% to RMB13.9 billion, or up 11% excluding currency impact and the Supercell-related true-up adjustment made in the fourth quarter of 2021. Revenue growth was driven by key franchises VALORANT and League of Legends, as well as successful launches of GODDESS OF VICTORY: NIKKE and Warhammer 40,000: Darktide. Domestic Games revenues decreased by 6% to RMB27.9 billion due to year-on-year lower gross cash receipts in the previous quarters. Social Networks revenues decreased by 2% to RMB28.6 billion, reflecting decreased revenues from music- and games-related live streaming services, versus increased revenues from the Video Accounts live streaming service and our music subscription service.

Revenues from Online Advertising increased by 15% to RMB24.7 billion for the fourth quarter of 2022 on a year-on-year basis. Ad spend from eCommerce platforms, FMCG and games advertisers increased notably year-on-year. Social and Others Advertising revenues increased by 17% to RMB21.4 billion, underpinned by

<sup>3</sup> Please refer to the official announcement for details.

<sup>4</sup> Mobile games VAS revenues (including mobile games revenues attributable to our Social Networks business) decreased by 2% year-on-year to RMB39.2 billion, while PC client games revenues increased by 8% year-on-year to RMB11.5 billion, for the fourth quarter of 2022.

robust demand for Video Accounts and Mini Programs ads, as well as the recovery of our mobile ad network. Media Advertising revenues increased by 4% to RMB3.3 billion, reflecting increased monetisation for ad-supported music content.

Revenues from FinTech and Business Services decreased by 1% to RMB47.2 billion for the fourth quarter of 2022 on a year-on-year basis. FinTech Services revenue growth was slower than the previous quarter due to COVID-19 outbreaks temporarily suppressing payment activity. Business Services revenues decreased year-on-year as we scaled back loss-making activities.

## Other Key Financial Information for 4Q2022

EBITDA was RMB44.0 billion, up 20% YoY. Adjusted EBITDA was RMB49.6 billion, up 17% YoY.

Capital expenditures were RMB5.7 billion, down 52% YoY.

Free cash flow was RMB23.1 billion, down 31% YoY.

As at December 31, 2022, net debt position totalled RMB14.8 billion. Fair value of our shareholdings<sup>5</sup> in listed investee companies (excluding subsidiaries) totalled RMB585.1 billion (USD84.0 billion) and the carrying value of unlisted investee companies was RMB333.4 billion (USD47.9 billion). During the fourth quarter, the Company repurchased approximately 45.6 million shares on the Hong Kong Stock Exchange for an aggregate consideration of approximately RMB12.0 billion.

## Operating Metrics

	<b>As at 31 December 2022</b>	As at 31 December 2021 (in millions, unless specified)	Year- on-year change	As at 30 September 2022	Quarter-on- quarter change
Combined MAU of Weixin and WeChat	<b>1,313.2</b>	1,268.2	3.5%	1,308.9	0.3%
Mobile device MAU of QQ	<b>572.1</b>	552.1	3.6%	574.4	-0.4%
Fee-based VAS registered subscriptions	<b>233.8</b>	236.3	-1.1%	228.7	2.2%

## Strategic Progress and Outlook

During 2022, we increased our business efficiency, sharpened our focus on core activities, and developed new services and revenue lines, better positioning us for a new sustainable growth model in the future. Below are some highlights from our key products and business lines during the reporting period:

### *Communication and Social*

Aggregate time spent on Weixin continued to increase throughout 2022, driven by growth in both chat and

<sup>5</sup> Including those held via special purpose vehicles, on an attributable basis

non-chat use cases. Among non-chat use cases, time spent on Moments was broadly stable year-on-year in the fourth quarter of 2022, while time spent on Mini Programs and Video Accounts doubled and tripled year-on-year respectively, each exceeding time spent on Moments. Mini Programs has become a leading transaction platform in China, generating several trillions renminbi of transaction value in 2022 and contributing to the development of the real economy. Video Accounts gained user mindshare in live events, with 190 million users watching the 2023 CCTV Spring Festival Gala via live streaming on Video Accounts.

For QQ, we enlivened the video chat experience by adding Super QQ Show avatars and utilising motion capture technology to mirror users' facial expressions and gestures in real time. We enriched the anime, comics and games content for Mini World, the short-video service within QQ, and launched AI-powered creation tools, increasing DAU and time spent per user significantly.

### *Digital Content*

Our fee-based VAS subscriptions decreased 1% year-on-year to 234 million. Video subscriptions revenue increased as we adjusted pricing, though subscriptions decreased slightly to 119 million because of content scheduling delays. In January 2023, our self-commissioned drama series Three-Body became the highest-rated domestic science fiction series released in China in the past five years<sup>6</sup>. For music, we offered attractive membership privileges and we enhanced user engagement in various music genres, driving growth in paying users and ARPU.

### *Domestic Games*

In 2022, we significantly reduced Minor time spent through the implementation of our industry-leading Minor protection program. However, we have sustained our market leadership, with Honour of Kings resuming year-on-year growth in DAU in the fourth quarter of 2022 and achieving record-high gross receipts during the Chinese New Year holiday in 2023. In February 2023, we tapped into the Survival-Open World-Crafting game genre, through the release of our self-developed game Undawn.

### *International Games*

The fourth quarter is a seasonally strong period for our international games business, which contributed 33% of our games revenue in the fourth quarter of 2022, compared to 28% in the fourth quarter of 2021<sup>7</sup>. Despite the releases of several competing games, VALORANT's MAU and gross receipts grew year-on-year during the fourth quarter of 2022, as players responded favorably to its new agent and "best of 9" game mode. Call of Duty Mobile's gross receipts increased year-on-year in the fourth quarter of 2022, benefitting from its third anniversary promotions and World-Cup themed content. We released GODDESS OF VICTORY: NIKKE on mobile devices, and Warhammer 40,000: Darktide on PC, in the fourth quarter of 2022.

### *Online Advertising*

We returned to year-on-year revenue growth in the fourth quarter of 2022 as we released more inventory on services including Video Accounts, and as advertiser demand improved. We strengthened the transaction-

<sup>6</sup> Source: Douban, a leading review aggregation website in China; as of March 21, 2023

<sup>7</sup> Excluding Supercell's true-up revenue adjustment made in 4Q2021

driven capability of our advertising ecosystem, with click-to-message and click-to-purchase advertisements accounting for over one-third of Weixin's advertising revenue in the fourth quarter of 2022. Our improved machine-learning infrastructure enhanced conversion rates and returns on investments for advertisers, while enabling us to achieve greater training efficiency.

### *FinTech*

During the fourth quarter of 2022, our commercial payment business was temporarily impacted by COVID-19 outbreaks, resulting in a significant slowdown in volume growth. As consumption recovered in China, our daily average commercial payment volume rebounded to a double-digit year-on-year growth rate, quarter to date, in the first quarter of 2023, against a high base period in the first quarter of 2022. Our payment business benefitted from the vibrancy of the Mini Programs commerce ecosystem, which contributed a high-teens percentage of our commercial payment volume in the fourth quarter of 2022. We are expanding our wealth management user base through investor education, better services and a broadening product line. We are also exploring opportunities in consumer loans and online insurance services through closer collaboration with licensed financial institutions, under a new regulatory framework.

### *Cloud and Other Business Services*

We further reduced loss-making activities and optimised costs, while focusing on healthier-margin self-developed PaaS solutions, such as video cloud and database. We are helping automakers to enhance their IT infrastructure and product offerings in areas such as customised smart cockpit solution, digital map and data management.

### *Technology Development*

We are investing in our AI capabilities and cloud infrastructure to embrace foundation models, which we believe will enhance the experience of our existing products and services and allow us to explore introducing new products.

## Environment, Social and Governance (“ESG”) Initiatives

We seek to create sustainable value for users, shareholders and the society, fulfilling our vision of “Value for Users, Tech for Good”.

### *Environment*

Based on our commitment to carbon neutrality, we have refined targets of our decarbonisation pathway, and set greenhouse emission absolute reduction targets which are aligned with the Paris Agreement. In December 2022, we published our Biodiversity Statement, outlining our commitment to developing businesses in an eco-friendly way, utilising technology to promote sustainable use and protection of natural resources, and harnessing Internet technologies to raise public awareness.

### *Social*

To promote basic research, we pledged to provide RMB10 billion over the next ten years to support 200 to 300 outstanding scientists through the New Cornerstone Investigator Program. We upgraded our digital philanthropy platform. During our 99 Giving Day series of charitable events, we raised donations for more than 25,000 charitable projects and further deepened user engagement with the total number of participants exceeding 100 million. We recently published our Diversity, Equity, and Inclusion Statement, demonstrating our commitment to providing a congenial, creative and collaborative workplace.

### *Governance*

We appointed Professor Zhang Xiulan to Tencent’s Board in August 2022. She became our second female independent non-executive director (“INED”), enhancing our Board’s areas of expertise and gender diversity. To further segregate the responsibilities of the Board and management team, Mr Martin Lau will rotate off the Board at the 2023 AGM, but will continue to contribute as the Company’s President and the Chairman of the Investment Committee. Upon Professor Zhang’s appointment, and Mr Lau’s rotation at the 2023 AGM, INED representation in our Board will increase from 50% to 63%, and female representation from 13% to 25%.

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. Shares of Tencent (00700.HK) are listed on the Main Board of the Stock Exchange of Hong Kong.

**Investor contact:** [IR@tencent.com](mailto:IR@tencent.com)

**Media contact:** [GC@tencent.com](mailto:GC@tencent.com)

## **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	
	4Q2022	4Q2021	2022	2021
<b>Revenues</b>	<b>144,954</b>	144,188	<b>554,552</b>	560,118
VAS	70,417	71,913	287,565	291,572
Online Advertising	24,660	21,518	82,729	88,666
FinTech and Business Services	47,244	47,958	177,064	172,195
Others	2,633	2,799	7,194	7,685
<b>Cost of revenues</b>	<b>(83,132)</b>	(86,371)	<b>(315,806)</b>	(314,174)
<b>Gross profit</b>	<b>61,822</b>	57,817	<b>238,746</b>	245,944
	<i><b>Gross margin</b></i>			
	<b>43%</b>	40%	<b>43%</b>	44%
Interest income	2,582	1,703	8,592	6,650
Other gains/(losses), net	85,854	86,199	124,293	149,467
Selling and marketing expenses	(6,115)	(11,616)	(29,229)	(40,594)
General and administrative expenses	(27,314)	(24,380)	(106,696)	(89,847)
<b>Operating profit</b>	<b>116,829</b>	109,723	<b>235,706</b>	271,620
	<i><b>Operating margin</b></i>			
	<b>81%</b>	76%	<b>43%</b>	48%
Finance costs, net	(3,658)	(1,863)	(9,352)	(7,114)
Share of profit/(loss) of associates and joint ventures, net	(1,692)	(8,267)	(16,129)	(16,444)
<b>Profit before income tax</b>	<b>111,479</b>	99,593	<b>210,225</b>	248,062
Income tax expense	(4,575)	(3,888)	(21,516)	(20,252)
<b>Profit for the period</b>	<b>106,904</b>	95,705	<b>188,709</b>	227,810
	<i><b>Net margin</b></i>			
	<b>74%</b>	66%	<b>34%</b>	41%
<b>Attributable to:</b>				
Equity holders of the Company	106,268	94,958	188,243	224,822
Non-controlling interests	636	747	466	2,988
Non-IFRS profit attributable to equity holders of the Company	29,711	24,880	115,649	123,788
<b>Earnings per share for profit attributable to equity holders of the Company (in RMB per share)</b>				
- basic	11.173	9.957	19.757	23.597
- diluted	10.977	9.788	19.341	23.164



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

RMB in millions, unless specified

	<b>Audited</b>	
	<b>2022</b>	<b>2021</b>
	<b>188,709</b>	<b>227,810</b>
<b>Profit for the year</b>		
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	<b>1,479</b>	125
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	<b>(129)</b>	8
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	<b>13</b>	-
Net losses from changes in fair value of financial assets at fair value through other comprehensive income	<b>(52)</b>	-
Currency translation differences	<b>18,732</b>	(19,392)
Other fair value gains, net	<b>5,457</b>	2,796
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	<b>937</b>	387
Net (losses)/gains from changes in fair value of assets held for distribution	<b>(6,102)</b>	5,380
Net losses from changes in fair value of financial assets at fair value through other comprehensive income	<b>(148,686)</b>	(16,166)
Currency translation differences	<b>(794)</b>	(558)
	<b>(129,145)</b>	(27,420)
<b>Total comprehensive income for the year</b>	<b>59,564</b>	<b>200,390</b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>60,699</b>	200,323
Non-controlling interests	<b>(1,135)</b>	67

**OTHER FINANCIAL INFORMATION**

RMB in millions, unless specified

	<b>Unaudited</b>		<b>Audited</b>	
	<b>4Q2022</b>	<b>4Q2021</b>	<b>2022</b>	<b>2021</b>
EBITDA (a)	<b>44,002</b>	36,568	<b>164,037</b>	173,173
Adjusted EBITDA (a)	<b>49,606</b>	42,267	<b>188,986</b>	194,798
Adjusted EBITDA margin (b)	<b>34%</b>	29%	<b>34%</b>	35%
Interest and related expenses	<b>2,826</b>	2,188	<b>9,985</b>	7,918
Net (debt)/cash (c)	<b>(14,832)</b>	(20,243)	<b>(14,832)</b>	(20,243)
Capital expenditures (d)	<b>5,651</b>	11,661	<b>18,014</b>	33,392

**Note:**

- (a) EBITDA is calculated as operating profit minus interest income and 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 (debt)/cash 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 video and music content, game licences and other content).

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

RMB in millions, unless specified

	Audited	
	As at December 31	
	2022	2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	53,978	61,914
Land use rights	18,046	17,728
Right-of-use assets	22,524	20,468
Construction in progress	9,229	5,923
Investment properties	559	517
Intangible assets	161,802	171,376
Investments in associates	246,043	316,574
Investments in joint ventures	6,672	6,614
Financial assets at fair value through profit or loss	206,085	192,184
Financial assets at fair value through other comprehensive income	185,247	250,257
Prepayments, deposits and other assets	36,752	37,177
Other financial assets	6,987	1,261
Deferred income tax assets	29,882	26,068
Term deposits	28,336	19,491
	<b>1,012,142</b>	<b>1,127,552</b>
<b>Current assets</b>		
Inventories	2,333	1,063
Accounts receivable	45,467	49,331
Prepayments, deposits and other assets	76,685	65,390
Other financial assets	1,278	1,749
Financial assets at fair value through profit or loss	27,963	10,573
Term deposits	104,776	83,813
Restricted cash	2,783	2,476
Cash and cash equivalents	156,739	167,966
Assets held for distribution	147,965	102,451
	<b>565,989</b>	<b>484,812</b>
<b>Total assets</b>	<b>1,578,131</b>	<b>1,612,364</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

RMB in millions, unless specified

	Audited	
	As at December 31	
	2022	2021
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	-	-
Share premium	62,418	67,330
Treasury shares	(1,868)	-
Shares held for share award schemes	(4,226)	(4,843)
Other reserves	(40,914)	73,901
Retained earnings	705,981	669,911
	<b>721,391</b>	<b>806,299</b>
<b>Non-controlling interests</b>	<b>61,469</b>	<b>70,394</b>
<b>Total equity</b>	<b>782,860</b>	<b>876,693</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	163,668	136,936
Notes payable	148,669	145,590
Long-term payables	9,067	9,966
Other financial liabilities	5,574	5,912
Deferred income tax liabilities	12,162	13,142
Lease liabilities	18,424	16,501
Deferred revenue	3,503	4,526
	<b>361,067</b>	<b>332,573</b>
<b>Current liabilities</b>		
Accounts payable	92,381	109,470
Other payables and accruals	61,139	60,582
Borrowings	11,580	19,003
Notes payable	10,446	-
Current income tax liabilities	13,488	12,506
Other tax liabilities	4,698	2,240
Other financial liabilities	3,937	3,554
Lease liabilities	6,354	5,446
Deferred revenue	82,216	87,846
Dividends payable for distribution in specie	147,965	102,451
	<b>434,204</b>	<b>403,098</b>
<b>Total liabilities</b>	<b>795,271</b>	<b>735,671</b>
<b>Total equity and liabilities</b>	<b>1,578,131</b>	<b>1,612,364</b>

## RECONCILIATIONS OF IFRS TO NON-IFRS RESULTS

RMB in millions, unless specified	As reported	Adjustments						Income tax effects (g)	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)		
<b>Year ended December 31, 2022</b>									
<b>Operating profit</b>	<b>235,706</b>	<b>26,248</b>	<b>(164,384)</b>	<b>5,197</b>	<b>44,803</b>	<b>5,763</b>	<b>205</b>	<b>–</b>	<b>153,538</b>
<b>Profit for the year</b>	<b>188,709</b>	<b>33,311</b>	<b>(164,698)</b>	<b>11,818</b>	<b>48,004</b>	<b>5,763</b>	<b>2,125</b>	<b>(5,839)</b>	<b>119,193</b>
<b>Profit attributable to equity holders</b>	<b>188,243</b>	<b>32,651</b>	<b>(164,840)</b>	<b>10,880</b>	<b>46,326</b>	<b>5,763</b>	<b>2,125</b>	<b>(5,499)</b>	<b>115,649</b>
<b>Operating margin</b>	<b>43%</b>								<b>28%</b>
<b>Net margin</b>	<b>34%</b>								<b>21%</b>
<b>Year ended December 31, 2021</b>									
Operating profit	271,620	22,222	(165,632)	4,651	25,028	674	976	–	159,539
Profit for the year	227,810	30,816	(167,471)	12,272	25,541	674	1,568	(3,291)	127,919
Profit attributable to equity holders	224,822	30,070	(166,661)	10,848	25,534	674	1,567	(3,066)	123,788
Operating margin	48%								28%
Net margin	41%								23%

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) Mainly including expenses incurred for non-recurring compliance-related costs and certain litigation settlements of the Group and/or arising from investee companies
- (g) Income tax effects of non-IFRS adjustments

## 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)	
<b>Unaudited three months ended December 31, 2022</b>									
<b>Operating profit</b>	<b>116,829</b>	<b>5,680</b>	<b>(107,945)</b>	<b>1,241</b>	<b>22,007</b>	<b>1,600</b>	<b>14</b>	<b>–</b>	<b>39,426</b>
<b>Profit for the period</b>	<b>106,904</b>	<b>7,217</b>	<b>(107,955)</b>	<b>2,601</b>	<b>23,700</b>	<b>1,600</b>	<b>206</b>	<b>(3,717)</b>	<b>30,556</b>
<b>Profit attributable to equity holders</b>	<b>106,268</b>	<b>7,124</b>	<b>(107,928)</b>	<b>2,420</b>	<b>23,693</b>	<b>1,600</b>	<b>206</b>	<b>(3,672)</b>	<b>29,711</b>
<b>Operating margin</b>	<b>81%</b>								<b>27%</b>
<b>Net margin</b>	<b>74%</b>								<b>21%</b>
<b>Unaudited three months ended September 30, 2022</b>									
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%
<b>Unaudited three months ended December 31, 2021</b>									
Operating profit	109,723	5,664	(100,349)	1,316	15,217	604	976	–	33,151
Profit for the period	95,705	7,880	(98,046)	3,340	15,573	604	1,568	(866)	25,758
Profit attributable to equity holders	94,958	7,776	(97,804)	3,010	15,573	604	1,567	(804)	24,880
Operating margin	76%								23%
Net margin	66%								18%

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) Mainly including expenses incurred for non-recurring compliance-related costs and certain litigation settlements of the Group and/or arising from investee companies
- (g) Income tax effects of non-IFRS adjustments