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XIAOMI CORPORATION

小米集团

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

Stock Codes: 1810 (HKD counter) and 81810 (RMB counter)

RESULTS ANNOUNCEMENT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Xiaomi Corporation 小米集团 (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three and nine months ended September 30, 2024. These interim results have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, and reviewed by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the International Auditing and Assurance Standards Board. The interim results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

KEY HIGHLIGHTS

	Unaudited Three months ended				
	September 30, 2024	September 30, 2023	Year- over-year change	June 30, 2024	Quarter- over-quarter change
	(Renminbi (“ RMB ”) in millions, unless specified)				
Revenue	92,506.5	70,894.4	30.5%	88,887.8	4.1%
Gross profit	18,881.4	16,109.7	17.2%	18,394.2	2.6%
Operating profit	6,041.3	5,011.2	20.6%	5,888.7	2.6%
Profit before income tax	6,817.2	5,887.2	15.8%	6,679.4	2.1%
Profit for the period	5,340.3	4,869.1	9.7%	5,069.7	5.3%
Non-IFRS Measure ¹ : Adjusted Net Profit	6,252.0	5,989.6	4.4%	6,175.4	1.2%

1 See the section entitled “Non-IFRS Measure: Adjusted Net Profit” for more information about the non-IFRS measure.

	Unaudited		
	Nine months ended		
	September 30,	September 30,	Year-over-
	2024	2023	year change
	(RMB in millions, unless specified)		
Revenue	256,901.2	197,726.5	29.9%
Gross profit	54,105.3	41,862.3	29.2%
Operating profit	15,613.0	14,951.9	4.4%
Profit before income tax	18,719.0	16,313.6	14.7%
Profit for the period	14,583.2	12,750.7	14.4%
Non-IFRS Measure: Adjusted Net Profit	18,918.3	14,363.1	31.7%

BUSINESS REVIEW AND OUTLOOK

Overall Performance

In the third quarter of 2024, we achieved record revenue and solid earnings growth. In the third quarter of 2024, our total revenue reached RMB92.5 billion, up 30.5% year-over-year. Segment-wise, in the third quarter of 2024, revenue of our smartphone × AIoT segment reached RMB82.8 billion, up 16.8% year-over-year; revenue of our smart Electric Vehicle (“EV”) and other new initiatives segment reached RMB9.7 billion. In the third quarter of 2024, our adjusted net profit increased by 4.4% year-over-year to RMB6.3 billion, which included RMB1.5 billion in adjusted net loss related to our smart EV and other new initiatives².

We continued to advance our corporate strategy of 「Human × Car × Home」. In the third quarter of 2024, our global smartphone shipments reached 43.1 million units, up 3.1% year-over-year. According to Canalys, in the third quarter of 2024, our smartphone shipments ranked No. 3 globally, with a market share of 13.8%. In terms of smartphone shipments, we ranked among the top three smartphone brands globally for the 17th consecutive quarter. Meanwhile, we continued to expand our user ecosystem. In September 2024, our global monthly active users (“MAU”)³ reached another record high of 685.8 million, up 10.1% year-over-year. As of September 30, 2024, the number of connected IoT devices on our AIoT platform (excluding smartphones, tablets and laptops) increased to 861.4 million, up 23.2% year-over-year. In the third quarter of 2024, deliveries of the *Xiaomi SU7 Series* reached 39,790 vehicles. As of September 30, 2024, we delivered 67,157 vehicles of the *Xiaomi SU7 Series*.

2 Excluding share-based compensation expenses (SBC) related to smart EV and other new initiatives of RMB0.2 billion for the quarter.

3 Including smartphones and tablets.

We are firmly committed to our new goal for 2020–2030, which is to invest in foundational core technologies and to become a global leader in the evolving realm of cutting-edge technologies. In the third quarter of 2024, our research and development (R&D) expenses were RMB6.0 billion, up 19.9% year-over-year. As of September 30, 2024, we had 20,436 research and development personnel, accounting for 48.6% of our employees. In addition, we continued to extend our intellectual property capabilities. As of September 30, 2024, we had obtained more than 41,000 patents worldwide. In 2024, we ranked No. 8 globally among the valid global patent families of declared 5G Standard Essential Patents (SEPs), highlighting our significant R&D accomplishments in the field of communication technology⁴.

In October 2024, we introduced HyperOS 2 together with the launch of our latest flagship *Xiaomi 15 Series*, featuring three core technological innovations: HyperCore, HyperConnect and HyperAI, offering a fresh, advanced experience in fundamental functionality, cross-device smart connectivity, and AI functions. Xiaomi HyperCore facilitates a smoother experience across four key aspects: performance, graphics, network and security. Xiaomi HyperConnect facilitates seamless cross-device smart connectivity throughout the Xiaomi ecosystem, enabling comprehensive hardware compatibility and integration across data and application ecosystems. Our proprietary Xiaomi HyperAI subsystem, deeply embedded in our OS architecture, delivers enhanced capabilities such as AI-animated dynamic wallpapers, AI writing, AI voice recognition, AI translation and AI Art, among others. Additionally, we developed Xiaomi Hyper XiaoAi, our next-generation omnichannel AI Assistant, designed to integrate the entire “perception-understanding-execution” workflow to assist users with daily tasks. Key features include system-wide activation, record and search assistance, and task execution, all while thoroughly safeguarding user data and privacy through on-device hardware encryption⁵.

The year 2024 marks the acceleration and ecosystem upgrades of our new retail strategy. In the third quarter of 2024, the number of our offline retail stores in mainland China continued to grow. As of September 30, 2024, the number of our offline retail stores in mainland China exceeded 13,000. According to third-party data, in the third quarter of 2024, our market share of smartphone shipments through offline channels in mainland China was 10.3%, up by 1.7 percentage points year-over-year. Leveraging our new retail strategy integrating both online and offline channels, our omnichannel cumulative gross merchandise value (“GMV”) amounted to over RMB31.9 billion during the 2024 Double 11 shopping festival, setting a new record during shopping festivals.⁶

We efficiently executed our operating strategy of “steadfastly forging ahead.” In the third quarter of 2024, our gross profit margin reached 20.4% at the Group level. Segment-wise, in the third quarter of 2024, the gross profit margin of our smartphone × AIoT segment reached 20.8%. The gross profit margin of our smart EV and other new initiatives segment reached 17.1%. Owing to our continuous efforts in cost savings and efficiency enhancements, in the third quarter of 2024, the Group’s overall operating expense ratio reached 14.8%, a decrease of 0.9 percentage points year-over-year. The operating expense ratio of our smartphone × AIoT segment reached 12.4%, a decrease of 0.4 percentage point year-over-year. In the third quarter of 2024, our adjusted net profit reached

4 Global 5G Standard Essential Patent and Standard Proposal Research Report (2024) issued by China Academy of Information and Communications Technology.

5 Xiaomi Hyper XiaoAi is expected to be gradually released starting in December 2024.

6 Our omnichannel includes Mi Stores, Mi Homes, Xiaomi Youpin, authorized e-commerce platforms and retailers; Source: Xiaomi Data Center, TMALL Business Intelligence “Shengyi Canmou”, JD Business Intelligence “Shangzhi”, JD Xiaomi Shop Backend, PDD Data Center, Douyin E-commerce Compass, Kuaishou Business Intelligence “Kuaishou Xiaodian”, in no particular order; Data collected from 20:00:00 October 14, 2024 to 23:59:59 November 11, 2024, including some categories sales data collected from 00:00:00 October 1, 2024 to 19:59:59 October 14, 2024.

RMB6.3 billion, up 4.4% year-over-year. Sufficient cash reserves serve as a crucial foundation for the sustained development of both our core and new businesses. As of September 30, 2024, our cash resources⁷ reached RMB151.6 billion, up 18.7% year-over-year.

The global influence of the Xiaomi brand continues to expand. In October 2024, we were included in Interbrand's "Best Global Brands 2024", ranking 87th globally, being one of the only two Chinese brands included.

Smartphone × AIoT

In the third quarter of 2024, revenue from our smartphone × AIoT segment reached RMB82.8 billion, up 16.8% year-over-year. The gross profit margin of our smartphone × AIoT segment was 20.8%.

Smartphones

In the third quarter of 2024, our smartphone revenue reached RMB47.5 billion, up 13.9% year-over-year. Our global smartphone shipments reached 43.1 million units, up 3.1% year-over-year. According to Canalys, in the third quarter of 2024, we maintained our No. 3 global smartphone shipment ranking with a 13.8% market share. Our smartphone shipments ranked among the top three across 52 countries and regions globally and ranked among the top five across 69 countries and regions globally. In particular, our smartphone shipment ranking in mainland China rose to No.4, and our market share increased by 1.2 percentage points year-over-year to 14.7%, marking our three consecutive quarters of market share growth.

We continued to make significant progress in our smartphone premiumization strategy, with continuous improvement in product capabilities. According to third-party data, in the third quarter of 2024, our premium smartphone⁸ shipments accounted for 20.1% of our total smartphone shipments in mainland China, representing an increase of 7.9 percentage points year-over-year. By price segment, in the third quarter of 2024, we achieved year-over-year increases in market share across three smartphone price segments in mainland China. In the RMB3,000–4,000 segment, our market share reached 18.1%, up 9.3 percentage points year-over-year. In the RMB4,000–5,000 segment, our market share reached 22.6%, up 9.7 percentage points year-over-year. In the RMB5,000–6,000 segment, our market share reached 6.9%, up 2.4 percentage points year-over-year.

In October 2024, we unveiled the *Xiaomi 15 Series*⁹, our next-generation flagship smartphone. Running on Xiaomi HyperOS 2, the *Xiaomi 15 Series* debuts the Snapdragon 8 Elite mobile platform processor, achieving a significant leap in performance. It also boasts three professional Leica lenses and an energy-efficient high-brightness screen. Powered by the Xiaomi Surge battery, the *Xiaomi 15 Series* introduces an ultrasonic under-display fingerprint unlocking feature for the first time, further elevating the overall user experience. The *Xiaomi 15 Series* achieved 1 million unit sales volume faster than the previous generation, despite a higher starting price versus the *Xiaomi 14 Series*.

⁷ Including (i) cash and cash equivalents, (ii) restricted cash, (iii) short-term bank deposits, (iv) short-term investments measured at fair value through profit or loss, (v) short-term investments measured at amortized cost, (vi) long-term bank deposits, and (vii) treasury investments included in long-term investments measured at fair value through profit or loss.

⁸ Premium smartphones in mainland China are models with retail prices at or above RMB3,000.

⁹ Including *Xiaomi 15*, *Xiaomi 15 Pro*, *Xiaomi 15 Custom Edition* and *Xiaomi 15 Limited Edition*.

IoT and lifestyle products

In the third quarter of 2024, revenue from our IoT and lifestyle products reached RMB26.1 billion, up 26.3% year-over-year, and gross profit margin reached a record high of 20.8%, up by 2.9 percentage points year-over-year.

As of September 30, 2024, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 861.4 million, up 23.2% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 17.1 million, up 24.9% year-over-year. In September 2024, the MAU of our Mi Home App grew to 100.1 million, up 19.2% year-over-year. The MAU of our AI Assistant (“小愛同學”) grew to 134.9 million, up 8.5% year-over-year.

In our smart large home appliances, we leverage our research and development capabilities to develop innovative products, as well as enhancing our delivery and installation services. In the third quarter of 2024, our air conditioner shipments exceeded 1.7 million units, up over 55% year-over-year; our refrigerator shipments exceeded 810,000 units, up over 20% year-over-year; and our washing machine shipments exceeded 480,000 units, up over 50% year-over-year. In particular, the shipments of both our refrigerators and washing machines reached record highs. We officially commenced operations of our new Xiaomi Smart Home Appliance Innovation Center in October 2024, with a total investment of RMB120 million, a total area of 10,300 square meters, and comprising 47 laboratories. Owing to our persistent investment in R&D, we brought a variety of products in October 2024, showcasing both technological and design innovations, including the *Mijia Air Conditioner Top-Outlet Pro 1.5HP Level 1+ Energy Efficiency*, the *Mijia Washing Machine Dual-drum & Dual washer*, and the *Mijia Multi-zone Refrigerator 4 Glass Door 508L Pro*.

We continued to enhance our tablet product mix to better serve diverse user needs. Our tablets continued to achieve rapid growth. According to Canalys, in the third quarter of 2024, our global tablet shipments grew by 58.4% year-over-year, maintaining our No. 5 ranking globally and No. 3 ranking in mainland China. In October 2024, we unveiled the *Xiaomi Pad 7 Series* along with a new floating keyboard, tailored for professionals who require lightweight office tasks and efficient performance.

We maintained our leading edge in wearables. In the third quarter of 2024, the shipments of our global wearable products increased by over 50% year-over-year, and both our smart watch and TWS earbuds shipments reached record highs. In October 2024, we launched the *Xiaomi Watch S4* and the *Xiaomi Smart Band 9 Pro*, featuring a stylish design with advanced sports modes and health monitoring features, significantly improving user experience.

Internet services

In the third quarter of 2024, our internet services revenue reached a record high of RMB8.5 billion, up 9.1% year-over-year. The gross profit margin of our internet services reached 77.5%, up by 3.1 percentage points year-over-year.

Our internet user base continued to expand. Our MAU globally and in mainland China both hit record highs. In September 2024, our global MAU reached 685.8 million, up 10.1% year-over-year, while our MAU in mainland China reached 167.9 million, up 10.6% year-over-year. In September 2024, the global MAU of our smart TV¹⁰ reached 69.1 million, up 7.3% year-over-year.

In the third quarter of 2024, our advertising revenue reached RMB6.2 billion, up 14.4% year-over-year. In the third quarter of 2024, our gaming revenue reached RMB1.1 billion.

In the third quarter of 2024, revenue from our overseas internet services increased 18.3% year-over-year to RMB2.7 billion, reaching a record high, accounting for 32.5% of our total internet services revenue, up 2.5 percentage points year-over-year.

Smart EV and Other New Initiatives

The *Xiaomi SU7 Series* was highly acclaimed by users after its official release on March 28, 2024. In the third quarter of 2024, revenue from our smart EV and other new initiatives reached RMB9.7 billion, which consisted of RMB9.5 billion from smart EV and RMB0.2 billion from other related businesses. In the third quarter of 2024, the gross profit margin of our smart EV and other new initiatives segment reached 17.1%.

In the third quarter of 2024, the deliveries of the *Xiaomi SU7 Series* reached 39,790 vehicles. We continued to ramp up production and achieved our goal of cumulative production of 100,000 vehicles on November 13, 2024. Our monthly deliveries of the *Xiaomi SU7 Series* exceeded 20,000 vehicles in October 2024. We will strive to achieve the new target of delivering 130,000 vehicles of the *Xiaomi SU7 Series* for the entire year of 2024.

We are committed to building smart EV products with higher quality and safety. In September 2024, *Xiaomi SU7 Series* received the highest G+ rating in three key categories — Occupant Safety Index, Pedestrian Safety Index, and Vehicle Assistance Safety Index — in the safety test results published by China Insurance Research Institute (CIRI)¹¹, fully demonstrating the outstanding safety performance of the *Xiaomi SU7 Series*.

We remain committed to full-stack, in-house technology R&D to advance the intelligent driving experience of our users. On October 30, 2024, we started pushing the City Navigate on Autopilot (City NOA) for all users of the *Xiaomi SU7 Pro* and the *Xiaomi SU7 Max* in mainland China. Moreover, we expect to launch the pioneer version of the full-scenario Hyper Autonomous Driving (HAD) solution by the end of December 2024.

In terms of sales and service network, as of September 30, 2024, we opened 127 smart EV sales centers across 38 cities in mainland China.

¹⁰ Including *Xiaomi Box* and *Xiaomi TV Stick*.

¹¹ Data source: The China Insurance Automotive Safety Index (C-IASI).

In October 2024, we launched our *Xiaomi SU7 Ultra* officially. With high performance and cutting-edge technology, *Xiaomi SU7 Ultra* excels in both daily driving and performance on racing tracks. *Xiaomi SU7 Ultra* features an aerodynamic design, equipped with an oversized front splitter and a carbon fiber fixed rear spoiler, and features 17 components made of carbon fiber. It is powered by a tri-motor system, consisting of two proprietary Xiaomi HyperEngine V8s and one Xiaomi HyperEngine V6s. *Xiaomi SU7 Ultra* can generate a maximum horsepower of 1548PS, being able to accelerate from 0 to 100km/h in just 1.98s, and can reach a designed top speed of 350km/h. With a pre-order price of RMB814,900, the pre-orders reached 3,680 vehicles within the first 10 minutes. Meanwhile, our *Xiaomi SU7 Ultra Prototype* completed its Nürburgring Nordschleife lap challenge, breaking the record for the fastest four-door sedan with a time of 6'46"874. The *Xiaomi SU7 Ultra* is scheduled for official release in March 2025.

Corporate social responsibility (CSR)

In the third quarter of 2024, in recognition of our achievements in smart manufacturing and sustainable development, we were included in the Forbes 2024 China ESG 50 list. Additionally, we were also named one of the Forbes China Best Employers 2024 and China's Most Admired Companies 2024. In October 2024, MSCI upgraded our ESG rating from BB to BBB, recognizing our efforts to enhance our corporate governance and environmental risk management, marking two consecutive years of improvement in our rating.

In October 2024, we hosted the Xiaomi Foundation's 5th Anniversary Forum in Beijing. Founded in 2019 by a donation from Xiaomi Corporation, the Xiaomi Foundation has dedicated the past five years to contributing to society in three key areas: technology innovation, talent development, and poverty and disaster relief. Focusing on these priorities, as of October 31, 2024, Beijing Xiaomi Foundation and Xiaomi Foundation Limited in Hong Kong has cumulatively donated RMB650 million, with pledged donations totaling RMB1.89 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Third Quarter of 2024 Compared to Third Quarter of 2023

The following table sets forth the comparative figures for the third quarter of 2024 and the third quarter of 2023:

	Unaudited	
	Three months ended	
	September 30,	September 30,
	2024	2023
	(RMB in millions)	
Revenue	92,506.5	70,894.4
Cost of sales	(73,625.1)	(54,784.7)
Gross profit	18,881.4	16,109.7
Research and development expenses	(5,956.8)	(4,966.2)
Selling and marketing expenses	(6,280.0)	(4,736.3)
Administrative expenses	(1,415.4)	(1,365.3)
Fair value changes on financial instruments measured at fair value through profit or loss	548.5	(299.9)
Share of net profits of investments accounted for using the equity method	37.7	20.6
Other income	275.9	128.7
Other (losses)/gains, net	(50.0)	119.9
Operating profit	6,041.3	5,011.2
Finance income, net	775.9	876.0
Profit before income tax	6,817.2	5,887.2
Income tax expenses	(1,476.9)	(1,018.1)
Profit for the period	5,340.3	4,869.1
Non-IFRS Measure: Adjusted Net Profit	6,252.0	5,989.6

Revenue

Revenue increased by 30.5% to RMB92.5 billion in the third quarter of 2024 from RMB70.9 billion in the third quarter of 2023. The following table sets forth our revenue by segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	Three months ended			
	September 30, 2024		September 30, 2023	
	% of total		% of total	
	Amount	revenue	Amount	revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	82,809.4	89.5%	70,894.4	100.0%
Smart EV and other new initiatives	9,697.1	10.5%	—	—
Total revenue	<u>92,506.5</u>	<u>100.0%</u>	<u>70,894.4</u>	<u>100.0%</u>

Smartphone × AIoT

Revenue from our smartphone × AIoT segment increased by 16.8% from RMB70.9 billion in the third quarter of 2023 to RMB82.8 billion in the third quarter of 2024. The following table sets forth our revenue by line of our smartphone × AIoT segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	Three months ended			
	September 30, 2024		September 30, 2023	
	% of total		% of total	
	Amount	revenue	Amount	revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	47,452.3	51.3%	41,648.9	58.7%
IoT and lifestyle products	26,102.2	28.2%	20,673.3	29.2%
Internet services	8,462.8	9.1%	7,755.5	10.9%
Other related businesses	792.1	0.9%	816.7	1.2%
Total revenue of smartphone × AIoT segment	<u>82,809.4</u>	<u>89.5%</u>	<u>70,894.4</u>	<u>100.0%</u>

(i) *Smartphones*

Revenue from our smartphones increased by 13.9% from RMB41.6 billion in the third quarter of 2023 to RMB47.5 billion in the third quarter of 2024, primarily due to the increase in both our smartphone average selling price (“ASP”) and shipments. The ASP of our smartphones increased by 10.6% from RMB997.0 per unit in the third quarter of 2023 to RMB1,102.2 per unit in the third quarter of 2024, primarily due to the higher contribution from our premium smartphone shipments. Our smartphone shipments increased by 3.1% from 41.8 million units in the third quarter of 2023 to 43.1 million units in the third quarter of 2024, primarily due to the increased shipments in mainland China with our market share in mainland China increasing by 1.2 percentage points year-over-year to 14.7%, according to Canalys.

(ii) *IoT and lifestyle products*

Revenue from our IoT and lifestyle products increased by 26.3% from RMB20.7 billion in the third quarter of 2023 to RMB26.1 billion in the third quarter of 2024, primarily attributable to the increased revenue from smart large home appliances and certain lifestyle products in mainland China, tablets in the overseas market, and wearables in the global market.

Revenue from our smart large home appliances increased by 54.9% year-over-year, primarily attributable to the increased shipments of air conditioners in mainland China.

Revenue from our tablets increased by 36.5% year-over-year, primarily due to the increased revenue from *Redmi Pad SE 8.7 Series* tablets and *Redmi Pad Pro Series* tablets which we launched in the overseas market in 2024.

Revenue from our wearables increased by 40.2% year-over-year, mainly due to the increased shipments of our TWS earbuds and smart watches.

(iii) *Internet services*

Revenue from our internet services increased by 9.1% from RMB7.8 billion in the third quarter of 2023 to RMB8.5 billion in the third quarter of 2024, primarily due to the increased revenue of our advertising business.

(iv) *Other related businesses*

Revenue from our other related businesses decreased by 3.0% from RMB816.7 million in the third quarter of 2023 to RMB792.1 million in the third quarter of 2024, primarily due to the decreased revenue from sales of materials, partially offset by the increased revenue from installation services provided for air conditioners.

Smart EV and Other New Initiatives

Revenue from our smart EV and other new initiatives segment was RMB9.7 billion in the third quarter of 2024.

Revenue from our smart EV was RMB9.5 billion in the third quarter of 2024. In the third quarter of 2024, we have delivered 39,790 *Xiaomi SU7 Series* vehicles. The ASP of our smart EV was RMB238,650 per unit.

Revenue from our other related businesses was RMB0.2 billion in the third quarter of 2024.

Cost of Sales

Our cost of sales increased by 34.4% from RMB54.8 billion in the third quarter of 2023 to RMB73.6 billion in the third quarter of 2024. The following table sets forth our cost of sales by segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	September 30, 2024		September 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	65,588.4	70.9%	54,784.7	77.3%
Smart EV and other new initiatives	8,036.7	8.7%	—	—
Total cost of sales	<u>73,625.1</u>	<u>79.6%</u>	<u>54,784.7</u>	<u>77.3%</u>

Smartphone × AIoT

Cost of sales related to our smartphone × AIoT segment increased by 19.7% from RMB54.8 billion in the third quarter of 2023 to RMB65.6 billion in the third quarter of 2024. The following table sets forth our cost of sales by line of our smartphone × AIoT segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	Three months ended			
	September 30, 2024		September 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	41,904.7	45.3%	34,718.9	49.0%
IoT and lifestyle products	20,684.1	22.4%	16,987.9	24.0%
Internet services	1,908.2	2.1%	1,984.3	2.8%
Other related businesses	1,091.4	1.1%	1,093.6	1.5%
Total cost of sales of smartphone × AIoT segment	<u>65,588.4</u>	<u>70.9%</u>	<u>54,784.7</u>	<u>77.3%</u>

(i) Smartphones

Cost of sales related to our smartphones increased by 20.7% from RMB34.7 billion in the third quarter of 2023 to RMB41.9 billion in the third quarter of 2024, primarily due to the increased sales of our smartphones and the increased cost of key components.

(ii) IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products increased by 21.8% from RMB17.0 billion in the third quarter of 2023 to RMB20.7 billion in the third quarter of 2024, primarily due to the increased sales of our IoT and lifestyle products.

(iii) Internet services

Cost of sales related to our internet services decreased by 3.8% from RMB2.0 billion in the third quarter of 2023 to RMB1.9 billion in the third quarter of 2024, primarily due to the decreased cost of other value-added services, partially offset by the increased cost of advertising business.

(iv) *Other related businesses*

Cost of sales related to our other related businesses remained stable at RMB1.1 billion in the third quarter of 2024 compared to the third quarter of 2023.

Smart EV and Other New Initiatives

Cost of sales related to our smart EV and other new initiatives segment was RMB8.0 billion in the third quarter of 2024.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 17.2% from RMB16.1 billion in the third quarter of 2023 to RMB18.9 billion in the third quarter of 2024. Our gross profit margin decreased from 22.7% in the third quarter of 2023 to 20.4% in the third quarter of 2024.

The following table sets forth our gross profit and margin by segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	Three months ended			
	September 30, 2024		September 30, 2023	
	Gross	Gross	Gross	Gross
	profit	margin %	profit	margin %
	(RMB in millions, unless specified)			
Smartphone × AIoT	17,221.0	20.8%	16,109.7	22.7%
Smart EV and other new initiatives	1,660.4	17.1%	—	—
Total gross profit and gross margin	<u>18,881.4</u>	<u>20.4%</u>	<u>16,109.7</u>	<u>22.7%</u>

Smartphone × AIoT

The gross profit margin from our smartphone × AIoT segment decreased from 22.7% in the third quarter of 2023 to 20.8% in the third quarter of 2024. The following table sets forth our gross profit and margin by line of our smartphone × AIoT segment in the third quarter of 2024 and the third quarter of 2023:

	Unaudited			
	Three months ended		September 30, 2023	
	September 30, 2024		September 30, 2023	
	Gross	Gross	Gross	Gross
	profit	margin %	profit	margin %
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	5,547.6	11.7%	6,930.0	16.6%
IoT and lifestyle products	5,418.1	20.8%	3,685.4	17.8%
Internet services	6,554.6	77.5%	5,771.2	74.4%
Other related businesses	(299.3)	(37.8%)	(276.9)	(33.9%)
	<u>17,221.0</u>	<u>20.8%</u>	<u>16,109.7</u>	<u>22.7%</u>

The gross profit margin from our smartphones decreased from 16.6% in the third quarter of 2023 to 11.7% in the third quarter of 2024, mainly due to the increased price of key components and the increased competition.

The gross profit margin from our IoT and lifestyle products increased from 17.8% in the third quarter of 2023 to 20.8% in the third quarter of 2024, mainly due to higher revenue contribution and the increased gross profit margin of certain products with higher gross profit margin, such as wearables and smart large home appliances.

The gross profit margin from our internet services increased from 74.4% in the third quarter of 2023 to 77.5% in the third quarter of 2024, mainly due to higher revenue contribution of our advertising business.

Smart EV and Other New Initiatives

The gross profit margin from our smart EV and other new initiatives segment was 17.1% in the third quarter of 2024.

Operating Expenses

Our operating expenses comprised our research and development expenses, selling and marketing expenses and administrative expenses. Our operating expenses related to our smart EV and other new initiatives segment was RMB3.3 billion in the third quarter of 2024.

Research and Development Expenses

Our research and development expenses increased by 19.9% from RMB5.0 billion in the third quarter of 2023 to RMB6.0 billion in the third quarter of 2024, primarily due to the increase in research and development expenses related to our smart EV and other new initiatives.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 32.6% from RMB4.7 billion in the third quarter of 2023 to RMB6.3 billion in the third quarter of 2024, primarily due to the increase in selling and marketing expenses related to our smart EV and other new initiatives and the overseas logistic expenses related to smartphone × AIoT.

Administrative Expenses

Our administrative expenses increased by 3.7% from RMB1,365.3 million in the third quarter of 2023 to RMB1,415.4 million in the third quarter of 2024, primarily due to the increase in administrative expenses related to our smart EV and other new initiatives.

Fair Value Changes on Financial Instruments Measured at Fair Value Through Profit or Loss

Our fair value changes on financial instruments measured at fair value through profit or loss changed from a loss of RMB0.3 billion in the third quarter of 2023 to a gain of RMB0.5 billion in the third quarter of 2024, primarily due to the fair value gains of listed equity investments, partially offset by the fair value losses of certain unlisted preferred shares investments in the third quarter of 2024.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method increased by 82.9% from RMB20.6 million in the third quarter of 2023 to RMB37.7 million in the third quarter of 2024.

Other Income

Our other income increased by 114.3% from RMB128.7 million in the third quarter of 2023 to RMB275.9 million in the third quarter of 2024, primarily due to the increase of dividend income received from our investee companies.

Other (Losses)/Gains, Net

Our other (losses)/gains changed from a net gain of RMB119.9 million in the third quarter of 2023 to a net loss of RMB50.0 million in the third quarter of 2024, mainly due to the decrease of disposal gains of investments accounted for using the equity method.

Finance Income, Net

Our net finance income decreased by 11.4% from RMB876.0 million in the third quarter of 2023 to RMB775.9 million in the third quarter of 2024, primarily due to the decrease of interest income and the increase of interest expenses.

Income Tax Expenses

Our income tax expenses increased by 45.1% from RMB1.0 billion in the third quarter of 2023 to RMB1.5 billion in the third quarter of 2024, primarily due to the increase of operating profit in the third quarter of 2024.

Profit for the Period

As a result of the foregoing, we had a profit of RMB5.3 billion in the third quarter of 2024, compared with a profit of RMB4.9 billion in the third quarter of 2023.

Adjusted Net Profit

Our adjusted net profit increased by 4.4% from RMB6.0 billion in the third quarter of 2023 to RMB6.3 billion in the third quarter of 2024.

Third Quarter of 2024 Compared to Second Quarter of 2024

The following table sets forth the comparative figures for the third quarter of 2024 and the second quarter of 2024:

	Unaudited	
	Three months ended	
	September 30,	June 30,
	2024	2024
	(RMB in millions)	
Revenue	92,506.5	88,887.8
Cost of sales	(73,625.1)	(70,493.6)
Gross profit	18,881.4	18,394.2
Research and development expenses	(5,956.8)	(5,497.7)
Selling and marketing expenses	(6,280.0)	(5,899.1)
Administrative expenses	(1,415.4)	(1,182.5)
Fair value changes on financial instruments measured at fair value through profit or loss	548.5	(849.4)
Share of net profits of investments accounted for using the equity method	37.7	86.4
Other income	275.9	287.2
Other (losses)/gains, net	(50.0)	549.6
Operating profit	6,041.3	5,888.7
Finance income, net	775.9	790.7
Profit before income tax	6,817.2	6,679.4
Income tax expenses	(1,476.9)	(1,609.7)
Profit for the period	5,340.3	5,069.7
Non-IFRS Measure: Adjusted Net Profit	6,252.0	6,175.4

Revenue

Revenue increased by 4.1% to RMB92.5 billion in the third quarter of 2024 from RMB88.9 billion in the second quarter of 2024. The following table sets forth our revenue by segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	Three months ended			
	September 30, 2024		June 30, 2024	
	% of total		% of total	
	Amount	revenue	Amount	revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	82,809.4	89.5%	82,519.0	92.8%
Smart EV and other new initiatives	9,697.1	10.5%	6,368.8	7.2%
Total revenue	<u>92,506.5</u>	<u>100.0%</u>	<u>88,887.8</u>	<u>100.0%</u>

Smartphone × AIoT

Revenue from our smartphone × AIoT segment increased by 0.4% from RMB82.5 billion in the second quarter of 2024 to RMB82.8 billion in the third quarter of 2024. The following table sets forth our revenue by line of our smartphone × AIoT segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	Three months ended			
	September 30, 2024		June 30, 2024	
	% of total		% of total	
	Amount	revenue	Amount	revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	47,452.3	51.3%	46,516.4	52.3%
IoT and lifestyle products	26,102.2	28.2%	26,760.3	30.1%
Internet services	8,462.8	9.1%	8,265.6	9.3%
Other related businesses	792.1	0.9%	976.7	1.1%
Total revenue of smartphone × AIoT segment	<u>82,809.4</u>	<u>89.5%</u>	<u>82,519.0</u>	<u>92.8%</u>

(i) *Smartphones*

Revenue from our smartphones increased by 2.0% from RMB46.5 billion in the second quarter of 2024 to RMB47.5 billion in the third quarter of 2024, primarily due to the increase in our smartphone shipments. Our smartphone shipments increased by 2.1% from 42.2 million units in the second quarter of 2024 to 43.1 million units in the third quarter of 2024, primarily due to the increased shipments in mainland China resulting from the successful launch of new products, as well as the increased shipments in India due to the Diwali Festival. The ASP of our smartphones decreased by 0.1% from RMB1,103.5 per unit in the second quarter of 2024 to RMB1,102.2 per unit in the third quarter of 2024.

(ii) *IoT and lifestyle products*

Revenue from our IoT and lifestyle products decreased by 2.5% from RMB26.8 billion in the second quarter of 2024 to RMB26.1 billion in the third quarter of 2024, primarily due to the decreased revenue from smart large home appliances and certain lifestyles products in mainland China, partially offset by the increased revenue from smart TVs and laptops as well as wearables.

Revenue from our smart large home appliances decreased by 30.7% quarter-over-quarter, primarily due to the seasonal decrease of revenue from air conditioners in mainland China.

Revenue from smart TVs and laptops increased by 15.9% quarter-over-quarter, mainly due to the increased shipments of laptops in mainland China and smart TVs in the global market.

Revenue from our wearables increased by 28.6% quarter-over-quarter, primarily due to the increased shipments of newly launched smart bands and TWS earbuds.

(iii) *Internet services*

Revenue from our internet services increased by 2.4% from RMB8.3 billion in the second quarter of 2024 to RMB8.5 billion in the third quarter of 2024, primarily due to the increased revenue of our advertising business and gaming business.

(iv) *Other related businesses*

Revenue from our other related businesses decreased by 18.9% from RMB1.0 billion in the second quarter of 2024 to RMB0.8 billion in the third quarter of 2024, primarily due to the decreased revenue from installation services provided for air conditioners.

Smart EV and Other New Initiatives

Revenue from our smart EV and other new initiatives segment increased by 52.3% from RMB6.4 billion in the second quarter of 2024 to RMB9.7 billion in the third quarter of 2024.

Revenue from our smart EV increased by 52.1% from RMB6.2 billion in the second quarter of 2024 to RMB9.5 billion in the third quarter of 2024, primarily attributable to the increase in vehicle deliveries resulting from the increased production capacity. The ASP of our smart EV increased by 4.4% from RMB228,644 per unit in the second quarter of 2024 to RMB238,650 per unit in the third quarter of 2024, primarily due to the increase in the percentage of the *Xiaomi SU7 Pro* and the *Xiaomi SU7 Max* delivered in this quarter.

Revenue from our other related businesses increased by 60.7% to RMB0.2 billion in the third quarter of 2024.

Cost of Sales

Our cost of sales increased by 4.4% from RMB70.5 billion in the second quarter of 2024 to RMB73.6 billion in the third quarter of 2024. The following table sets forth our cost of sales by segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	September 30, 2024		June 30, 2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	65,588.4	70.9%	65,104.6	73.2%
Smart EV and other new initiatives	8,036.7	8.7%	5,389.0	6.1%
Total cost of sales	73,625.1	79.6%	70,493.6	79.3%

Smartphone × AIoT

Cost of sales related to our smartphone × AIoT segment increased by 0.7% from RMB65.1 billion in the second quarter of 2024 to RMB65.6 billion in the third quarter of 2024. The following table sets forth our cost of sales by line of our smartphone × AIoT segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	September 30, 2024		June 30, 2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	41,904.7	45.3%	40,867.0	46.0%
IoT and lifestyle products	20,684.1	22.4%	21,476.7	24.2%
Internet services	1,908.2	2.1%	1,792.9	2.0%
Other related businesses	1,091.4	1.1%	968.0	1.0%
Total cost of sales of smartphone × AIoT segment	65,588.4	70.9%	65,104.6	73.2%

(i) Smartphones

Cost of sales related to our smartphones increased by 2.5% from RMB40.9 billion in the second quarter of 2024 to RMB41.9 billion in the third quarter of 2024, primarily due to the increased sales of our smartphones and the increased price of key components.

(ii) IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products decreased by 3.7% from RMB21.5 billion in the second quarter of 2024 to RMB20.7 billion in the third quarter of 2024, primarily due to the decreased sales of our IoT and lifestyle products.

(iii) Internet services

Cost of sales related to our internet services increased by 6.4% from RMB1.8 billion in the second quarter of 2024 to RMB1.9 billion in the third quarter of 2024, primarily due to the increased cost of our advertising business and other value-added services.

(iv) Other related businesses

Cost of sales related to our other related businesses increased by 12.7% from RMB1.0 billion in the second quarter of 2024 to RMB1.1 billion in the third quarter of 2024.

Smart EV and Other New Initiatives

Cost of sales related to our smart EV and other new initiatives segment increased by 49.1% from RMB5.4 billion in the second quarter of 2024 to RMB8.0 billion in the third quarter of 2024, primarily due to the increase in vehicle deliveries.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 2.6% from RMB18.4 billion in the second quarter of 2024 to RMB18.9 billion in the third quarter of 2024. Our gross profit margin decreased from 20.7% in the second quarter of 2024 to 20.4% in the third quarter of 2024.

The following table sets forth our gross profit and margin by segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	September 30, 2024		June 30, 2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	17,221.0	20.8%	17,414.4	21.1%
Smart EV and other new initiatives	1,660.4	17.1%	979.8	15.4%
Total gross profit and gross margin	<u>18,881.4</u>	<u>20.4%</u>	<u>18,394.2</u>	<u>20.7%</u>

Smartphone × AIoT

The gross profit margin from our smartphone × AIoT segment decreased from 21.1% in the second quarter of 2024 to 20.8% in the third quarter of 2024. The following table sets forth our gross profit and margin by line of our smartphone × AIoT segment in the third quarter of 2024 and the second quarter of 2024:

	Unaudited			
	September 30, 2024		June 30, 2024	
	Gross profit	Gross margin %	Gross profit	Gross margin %
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	5,547.6	11.7%	5,649.4	12.1%
IoT and lifestyle products	5,418.1	20.8%	5,283.6	19.7%
Internet services	6,554.6	77.5%	6,472.7	78.3%
Other related businesses	(299.3)	(37.8%)	8.7	0.9%
Total gross profit and margin of smartphone × AIoT segment	17,221.0	20.8%	17,414.4	21.1%

The gross profit margin from our smartphones decreased from 12.1% in the second quarter of 2024 to 11.7% in the third quarter of 2024, mainly due to the increased price of key components.

The gross profit margin from our IoT and lifestyle products increased from 19.7% in the second quarter of 2024 to 20.8% in the third quarter of 2024, mainly due to higher revenue contribution and the increased gross profit margin of certain products with higher gross profit margin, such as wearables.

The gross profit margin from our internet services decreased from 78.3% in the second quarter of 2024 to 77.5% in the third quarter of 2024, mainly due to the decreased gross profit margin of our advertising business.

Smart EV and Other New Initiatives

The gross profit margin from our smart EV and other new initiatives increased from 15.4% in the second quarter of 2024 to 17.1% in the third quarter of 2024, primarily due to the increase in ASP, as well as the decrease in key components price and manufacturing cost per unit.

Operating Expenses

Our operating expenses comprised our research and development expenses, selling and marketing expenses and administrative expenses. Our operating expenses related to our smart EV and other new initiatives segment was RMB3.3 billion in the third quarter of 2024.

Research and Development Expenses

Our research and development expenses increased by 8.3% from RMB5.5 billion in the second quarter of 2024 to RMB6.0 billion in the third quarter of 2024, primarily due to the increase in research and development expenses related to our smart EV and other new initiatives.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 6.5% from RMB5.9 billion in the second quarter of 2024 to RMB6.3 billion in the third quarter of 2024, primarily due to the increase in the promotion and advertising expenses and the overseas logistic expenses related to smartphone × AIoT.

Promotion and advertising expenses increased by 7.9% from RMB1.7 billion in the second quarter of 2024 to RMB1.8 billion in the third quarter of 2024, primarily due to the increased expenses of brand marketing in the overseas market, partially offset by the decreased promotion and advertising expenses related to our smart EV and other new initiatives.

Administrative Expenses

Our administrative expenses increased by 19.7% from RMB1.2 billion in the second quarter of 2024 to RMB1.4 billion in the third quarter of 2024, primarily due to the increase of compensation for administrative personnel, as well as the increase of professional service fees.

Fair Value Changes on Financial Instruments Measured at Fair Value Through Profit or Loss

Our fair value changes on financial instruments measured at fair value through profit or loss changed from a loss of RMB0.8 billion in the second quarter of 2024 to a gain of RMB0.5 billion in the third quarter of 2024, primarily due to the lower fair value losses of unlisted preferred shares investments in the third quarter of 2024.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method decreased by 56.3% from RMB86.4 million in the second quarter of 2024 to RMB37.7 million in the third quarter of 2024.

Other Income

Our other income decreased by 3.9% from RMB287.2 million in the second quarter of 2024 to RMB275.9 million in the third quarter of 2024, primarily due to the decrease of the government grants, partially offset by the increase of dividend income received from our investee companies.

Other (Losses)/Gains, Net

Our other (losses)/gains changed from a net gain of RMB549.6 million in the second quarter of 2024 to a net loss of RMB50.0 million in the third quarter of 2024, mainly due to the decrease of deemed disposal gains of investments accounted for using the equity method.

Finance Income, Net

Our net finance income remained stable at RMB0.8 billion in the third quarter of 2024 compared to the second quarter of 2024.

Income Tax Expenses

Our income tax expenses decreased by 8.3% from RMB1.6 billion in the second quarter of 2024 to RMB1.5 billion in the third quarter of 2024, primarily due to the lower taxable profit recorded for the period.

Profit for the Period

As a result of the foregoing, we had a profit of RMB5.3 billion in the third quarter of 2024, compared with a profit of RMB5.1 billion in the second quarter of 2024.

Adjusted Net Profit

Our adjusted net profit increased by 1.2% from RMB6.2 billion in the second quarter of 2024 to RMB6.3 billion in the third quarter of 2024.

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated results which are prepared and presented in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”), we utilize non-IFRS adjusted net profit (“**Adjusted Net Profit**”) as an additional financial measure. We define Adjusted Net Profit as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects of non-IFRS adjustments.

Adjusted Net Profit is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS Accounting Standards measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and the impact of certain investment transactions. We also believe that the non-IFRS measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group's non-IFRS measures for the third quarter of 2024, the second quarter of 2024, the third quarter of 2023, and the first nine months of 2024 and 2023, respectively, to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Unaudited Three Months Ended September 30, 2024						Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to fund investors ⁽⁴⁾	Income tax effects ⁽⁵⁾	
	(RMB in thousand, unless specified)						
Profit for the period	5,340,292	866,909	166,903	36,002	(218,605)	60,464	6,251,965
Net margin	5.8%						6.8%

	Unaudited Three Months Ended June 30, 2024						Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to fund investors ⁽⁴⁾	Income tax effects ⁽⁵⁾	
	(RMB in thousand, unless specified)						
Profit for the period	5,069,669	909,024	629,488	36,002	(280,488)	(188,271)	6,175,424
Net margin	5.7%						6.9%

	Unaudited Three Months Ended September 30, 2023						Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to fund investors ⁽⁴⁾	Income tax effects ⁽⁵⁾	
	(RMB in thousand, unless specified)						
Profit for the period	4,869,073	898,831	503,364	36,002	(241,789)	(75,930)	5,989,551
Net margin	6.9%						8.4%

Unaudited
Nine Months Ended September 30, 2024

	Adjustments						Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to fund investors ⁽⁴⁾	Income tax effects ⁽⁵⁾	
	(RMB in thousand, unless specified)						
Profit for the period	14,583,173	2,726,179	3,020,052	108,006	(1,263,606)	(255,484)	18,918,320
Net margin	5.7%						7.4%

Unaudited
Nine Months Ended September 30, 2023

	Adjustments						Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to fund investors ⁽⁴⁾	Income tax effects ⁽⁵⁾	
	(RMB in thousand, unless specified)						
Profit for the period	12,750,735	2,470,337	(1,579,369)	108,006	295,931	317,448	14,363,088
Net margin	6.4%						7.3%

Notes:

- (1) Represents the expenses related to share-based payments granted to employees of the Group.
- (2) Primarily includes fair value changes on equity investments and preferred shares investments deducting the accumulative fair value changes for investments (including the financial assets measured at fair value through profit or loss (“FAFVPL”) and the investments using the equity method transferred from FAFVPL) disposed in the current period, net gains/(losses) on deemed disposals of investee companies, the impairment provision for investments, re-measurement impact on loss of significant influence in an associate and re-measurement of investments transferring from FAFVPL to investments using the equity method.
- (3) Represents amortization of intangible assets resulting from acquisitions.
- (4) Represent the change of value of the financial liabilities payable to the fund investors, as a result of the change of fair value of the fund.
- (5) Income tax effects of non-IFRS adjustments.

Liquidity and Financial Resources

On December 4, 2020, the Company completed a placing of a total of 1,000,000,000 placing shares at HK\$23.70 for each placing share owned by Smart Mobile Holdings Limited to not less than six places who and whose ultimate beneficial owner(s) are independent third parties and allotted and issued 1,000,000,000 subscription shares at HK\$23.70 per subscription share under the general mandate to Smart Mobile Holdings (the “**2020 Placing and Subscription**”). For further details, please refer to the Company’s announcements dated December 2, 2020, December 3, 2020 and December 9, 2020.

Other than the funds raised through our Global Offering in July 2018, the 2020 Placing and Subscription and the issuance of debt securities as described in “Issuance of Debt Securities” below, we have historically funded our cash requirements principally from cash generated from our operations and bank borrowings. We had cash and cash equivalents of RMB39.7 billion and RMB39.3 billion as of September 30, 2024 and June 30, 2024, respectively.

Issuance of Debt Securities

On April 29, 2020, Xiaomi Best Time International Limited, a wholly owned subsidiary of the Company, issued US\$600 million 3.375% senior notes due 2030 unconditionally and irrevocably guaranteed by the Company (the “**2030 Notes**”). For further details, please refer to the announcements of the Company published on April 20, 2020 and April 23, 2020.

On December 17, 2020, Xiaomi Best Time International Limited issued zero coupon guaranteed convertible bonds due 2027 guaranteed by the Company in the aggregate principal amount of US\$855 million at an initial conversion price of HK\$36.74 per conversion share (subject to adjustments) (the “**2027 Bonds**”). The 2027 Bonds are listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020, December 17, 2020 and December 18, 2020.

As at September 30, 2024, no 2027 Bonds had been converted into new Shares.

On July 14, 2021, Xiaomi Best Time International Limited issued US\$800 million 2.875% senior bonds due 2031 (the “**2031 Bonds**”) and US\$400 million 4.100% senior green bonds due 2051 (the “**Green Bonds**”), both of which were unconditionally and irrevocably guaranteed by the Company. For further details of the 2031 Bonds and Green Bonds, please refer to the announcements of the Company published on July 6, 2021, July 8, 2021, July 14, 2021 and July 15, 2021.

Consolidated Statement of Cash Flows

	Unaudited	
	Three months ended	
	September 30,	June 30,
	2024	2024
	(RMB in millions)	
Net cash generated from operating activities ⁽¹⁾	12,858.1	11,817.6
Net cash used in investing activities	(9,028.4)	(8,001.9)
Net cash (used in)/generated from financing activities ⁽¹⁾	(3,554.4)	566.3
	<u>275.3</u>	<u>4,382.0</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	39,335.8	34,896.2
Effects of exchange rate changes on cash and cash equivalents	44.3	57.6
	<u>39,655.4</u>	<u>39,335.8</u>
Cash and cash equivalents at the end of the period		

Note:

- (1) Excluding (1) the change of trade payables related to the finance factoring business; (2) the change of loan and interest receivables and impairment provision for loan receivables mainly resulting from the fintech business; (3) the change of restricted cash resulting from the fintech business; and (4) the change of deposits from customers resulting from the Airstar bank, the net cash generated from operating activities was RMB9.6 billion and RMB12.2 billion in the third quarter of 2024 and in the second quarter of 2024, respectively. Excluding the change of borrowings for the finance factoring business, the net cash used in financing activities was RMB2.6 billion and RMB0.7 billion in the third quarter of 2024 and in the second quarter of 2024, respectively. The information in this footnote is based on the management accounts of the Group, which have not been audited or reviewed by the Group's auditor. The accounting policies applied in the preparation of the management accounts are consistent with those used for other figures in this announcement.
- (2) The cash resources which the Group considered in cash management include but are not limited to cash and cash equivalents, restricted cash, short-term bank deposits, short-term investments measured at fair value through profit or loss, short-term investments measured at amortized cost, long-term bank deposits and treasury investments included in long-term investments measured at fair value through profit or loss. As of September 30, 2024, the aggregate amount of cash resources of the Group was RMB151.6 billion.

Net Cash Generated from Operating Activities

Net cash generated from our operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily comprises our profit before income tax adjusted by non-cash items and changes in working capital.

In the third quarter of 2024, net cash generated from our operating activities amounted to RMB12.9 billion, representing cash generated from operations of RMB13.5 billion minus income tax paid of RMB0.6 billion. Cash generated from operations was primarily attributable to our profit before income tax of RMB6.8 billion, mainly adjusted by an increase in other payables and accruals of RMB3.5 billion, and an increase in trade payables of RMB1.8 billion.

Net Cash Used in Investing Activities

For the third quarter of 2024, our net cash used in investing activities was RMB9.0 billion, which was primarily attributed to the net increase of long-term bank deposits of RMB8.9 billion.

Net Cash Used in Financing Activities

For the third quarter of 2024, our net cash used in financing activities was RMB3.6 billion, which was primarily attributed to net repayment of borrowings of RMB1.0 billion, the payments of lease liabilities of RMB0.7 billion and the payments for shares repurchase of RMB0.6 billion.

Borrowings

As of September 30, 2024, we had total borrowings of RMB27.4 billion.

Capital Expenditure

	Unaudited Three months ended	
	September 30, 2024	June 30, 2024
	(RMB in millions)	
Capital expenditures		
Smartphone × AIoT	1,316.8	1,133.5
Smart EV and other new initiatives	1,867.9	297.8
Total	3,184.7	1,431.3

Off-Balance Sheet Commitments and Arrangements

As of September 30, 2024, except for financial guarantee contracts, we had not entered into any significant off-balance sheet commitments or arrangements.

Investments Held

As of September 30, 2024, we had invested in about 430 companies with an aggregate book value of RMB64.9 billion. In the third quarter of 2024, we recorded a net gain on disposal of investments (after tax) of RMB0.3 billion. The total amount of our investments (including (i) fair value of our stakes in listed investee companies accounted for using the equity method based on the stock price on September 30, 2024 (ii) book value of our stakes in unlisted investee companies accounted for using the equity method and (iii) book value of long-term investments measured at fair value through profit or loss) reached RMB66.1 billion as at September 30, 2024.

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at September 30, 2024) during the nine months ended September 30, 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

In the third quarter of 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As of September 30, 2024, we had 42,057 full-time employees, 39,905 of whom were based in mainland China, primarily at our headquarters in Beijing, with the rest primarily based in India. As of September 30, 2024, our research and development personnel, totaling 20,436 employees, were staffed across our various departments.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages. As of September 30, 2024, 12,461 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, in the third quarter of 2024 were RMB5.7 billion, representing an increase of 6.4% from the second quarter of 2024.

Foreign Exchange Risk

The transactions of our Company are denominated and settled in our functional currency, the United States Dollar. Our Group's subsidiaries primarily operate in the People's Republic of China (the "PRC") and other regions such as India, and are exposed to foreign exchange risk arising from the exposure to various currencies, primarily with respect to the United States Dollar. Therefore, foreign exchange risk primarily arises from the recognized assets and liabilities in our subsidiaries when receiving or expecting to receive foreign currencies from, or paying or expecting to pay foreign currencies to overseas business partners.

We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate any impacts caused by exchange rate fluctuations.

Pledge of Assets

As of September 30, 2024, our total restricted bank deposits amounted to RMB4.9 billion. We also had pledged certain buildings and land use right for borrowings.

Contingent Liabilities

We did not have any material contingent liabilities as at September 30, 2024. Further details of the contingencies are set out in Note 13 to the financial information.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

For the three months and nine months ended September 30, 2024

(Expressed in Renminbi (“RMB”))

	Note	Unaudited Three months ended September 30,		Unaudited Nine months ended September 30,	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	3	92,506,541	70,894,412	256,901,191	197,726,454
Cost of sales	3, 4	(73,625,131)	(54,784,701)	(202,795,887)	(155,864,160)
Gross profit		18,881,410	16,109,711	54,105,304	41,862,294
Research and development expenses	4	(5,956,784)	(4,966,220)	(16,613,900)	(13,634,383)
Selling and marketing expenses	4	(6,280,146)	(4,736,265)	(17,660,245)	(13,316,887)
Administrative expenses	4	(1,415,369)	(1,365,291)	(4,120,900)	(3,643,654)
Fair value changes on financial instruments measured at fair value through profit or loss	7	548,514	(299,895)	(1,527,388)	2,877,580
Share of net profits/(losses) of investments accounted for using the equity method		37,739	20,633	279,515	(38,402)
Other income		275,902	128,734	720,555	478,344
Other (losses)/gains, net		(50,003)	119,806	430,081	367,056
Operating profit		6,041,263	5,011,213	15,613,022	14,951,948
Finance income		933,119	971,589	2,829,429	2,501,012
Finance costs		(157,188)	(95,602)	276,506	(1,139,366)
Profit before income tax		6,817,194	5,887,200	18,718,957	16,313,594
Income tax expenses	5	(1,476,902)	(1,018,128)	(4,135,784)	(3,562,860)
Profit for the period		5,340,292	4,869,072	14,583,173	12,750,734
Attributable to:					
— Owners of the Company		5,352,404	4,873,861	14,632,467	12,747,675
— Non-controlling interests		(12,112)	(4,789)	(49,294)	3,059
		5,340,292	4,869,072	14,583,173	12,750,734
Earnings per share (expressed in RMB per share):	6				
Basic		0.22	0.20	0.59	0.51
Diluted		0.21	0.19	0.57	0.50

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and nine months ended September 30, 2024

(Expressed in RMB)

	Unaudited		Unaudited	
	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period	5,340,292	4,869,072	14,583,173	12,750,734
Other comprehensive (loss)/income:				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss</i>				
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(5,513)	38,804	(18,021)	10,901
Transfer of share of other comprehensive (income)/loss to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method	—	(507)	2,876	(971)
Net losses from changes in fair value of financial assets at fair value through other comprehensive income	(30,265)	(8,712)	(46,627)	(24,545)
Currency translation differences	(357,566)	(40,375)	(215,389)	526,662
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Currency translation differences	(640,313)	(276,819)	(386,647)	1,313,389
Other comprehensive (loss)/income for the period, net of tax	(1,033,657)	(287,609)	(663,808)	1,825,436
Total comprehensive income for the period	4,306,635	4,581,463	13,919,365	14,576,170
Attributable to:				
— Owners of the Company	4,326,956	4,586,995	13,981,969	14,567,324
— Non-controlling interests	(20,321)	(5,532)	(62,604)	8,846
	4,306,635	4,581,463	13,919,365	14,576,170

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of September 30, 2024

(Expressed in RMB)

	Note	Unaudited As of September 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		16,154,692	13,720,825
Intangible assets		8,388,912	8,628,739
Investments accounted for using the equity method		6,446,306	6,922,241
Long-term investments measured at fair value through profit or loss	7	58,454,489	60,199,798
Deferred income tax assets		2,293,469	2,160,750
Long-term bank deposits		39,929,852	18,293,650
Long-term investments measured at amortized cost	7	313,216	364,476
Other non-current assets		16,053,319	14,904,260
		<u>148,034,255</u>	<u>125,194,739</u>
Current assets			
Inventories	9	49,313,196	44,422,837
Trade and notes receivables	8	14,372,495	12,150,928
Loan receivables		10,071,468	9,772,589
Prepayments and other receivables		22,062,267	20,078,875
Bills receivables measured at fair value through other comprehensive income		2,586,998	125,661
Short-term investments measured at fair value through other comprehensive income	7	1,102,588	582,131
Short-term investments measured at amortized cost	7	—	502,816
Short-term investments measured at fair value through profit or loss	7	19,481,703	20,193,662
Short-term bank deposits		39,343,922	52,797,857
Restricted cash		4,921,119	4,794,031
Cash and cash equivalents		39,655,354	33,631,313
		<u>202,911,110</u>	<u>199,052,700</u>
Total assets		<u><u>350,945,365</u></u>	<u><u>324,247,439</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As of September 30, 2024

(Expressed in RMB)

	Note	Unaudited As of September 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		406	407
Reserves		<u>177,243,650</u>	<u>163,995,082</u>
		<u>177,244,056</u>	<u>163,995,489</u>
Non-controlling interests		<u>580,468</u>	<u>266,279</u>
Total equity		<u><u>177,824,524</u></u>	<u><u>164,261,768</u></u>
Liabilities			
Non-current liabilities			
Borrowings	10	22,416,058	21,673,969
Deferred income tax liabilities		1,236,418	1,494,287
Warranty provision		1,351,873	1,215,546
Other non-current liabilities		<u>19,498,622</u>	<u>20,014,273</u>
		<u>44,502,971</u>	<u>44,398,075</u>
Current liabilities			
Trade payables	11	68,688,815	62,098,500
Other payables and accruals		30,780,666	25,614,650
Advance from customers		14,267,020	13,614,756
Borrowings	10	4,944,089	6,183,376
Income tax liabilities		3,293,507	1,838,222
Warranty provision		<u>6,643,773</u>	<u>6,238,092</u>
		<u>128,617,870</u>	<u>115,587,596</u>
Total liabilities		<u><u>173,120,841</u></u>	<u><u>159,985,671</u></u>
Total equity and liabilities		<u><u>350,945,365</u></u>	<u><u>324,247,439</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2024

(Expressed in RMB)

	Unaudited	
	Nine months ended	
	September 30,	
	2024	2023
	RMB'000	RMB'000
Net cash generated from operating activities	15,388,685	33,489,982
Net cash used in investing activities	(6,319,313)	(29,321,565)
Net cash used in financing activities	(3,099,077)	(548,255)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	5,970,295	3,620,162
Cash and cash equivalents at the beginning of the period	33,631,313	27,607,261
Effects of exchange rate changes on cash and cash equivalents	53,746	425,143
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	39,655,354	31,652,566

1 Basis of preparation

The condensed consolidated interim financial information comprises the interim condensed consolidated balance sheet as of September 30, 2024, the interim condensed consolidated income statements and the interim condensed consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (the “**Interim Financial Information**”). The Interim Financial Information is presented in RMB, unless otherwise stated.

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”, issued by the International Accounting Standards Board (“**IASB**”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended December 31, 2023 which have been prepared in accordance with all applicable IFRS Accounting Standards (“**IFRS Accounting Standards**”) issued by the IASB as set out in the 2023 annual report of the Company dated March 19, 2024 (the “**2023 Financial Statements**”), and any public announcement made by the Company during the nine months ended September 30, 2024 (the “**Interim Report Period**”) and up to date of approval of this unaudited Interim Financial Information.

The accounting policies and methods of computations used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2023 Financial Statements, except for the adoption of certain new and amended standards which has had no significant impact on the Group’s results for the Interim Report Period and the Group’s financial position as of September 30, 2024.

2 Significant changes in the current reporting period

Since the Group officially launched smart EV on March 28, 2024, the financial position and performance of the Group was particularly affected by these new initiative products and transactions during the three months and nine months ended September 30, 2024 (Note 3).

3 Segment information

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the Chief Operating Decision Maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that makes strategic decisions.

The Group officially launched smart EV on March 28, 2024 and at the same time the Group also launched other new initiatives to maintain its sustainable development ability. As these newly initiatives have dissimilar products, production process and customers with the Group’s other existing businesses, and the CODM reviewed these new initiatives separately to assess the performance and allocate resources, thus the smart EV and other new initiatives were regarded as a separate segment in this Interim Financial Information.

In this connection, the Group determined that it has the following reportable segments:

- Smartphone × AIoT
 - Smartphones
 - IoT and lifestyle products
 - Internet services
 - Other related businesses
- Smart EV and other new initiatives

These changes of presentation of segment information align with the manner in which the Group's CODM uses financial information to evaluate the performance of, and to allocate resource to, each of the segments. The prior periods' segment operating results have been retrospectively recast to conform to the current period presentation as applicable.

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. There were no material inter-segment sales during the three months and nine months ended September 30, 2024 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the interim condensed consolidated income statements.

The segment results for the three months and nine months ended September 30, 2024 and 2023 are as follows:

	Three months ended September 30, 2024						
	Smartphone × AIoT					Smart EV and other new initiatives	Total
	Smartphones	IoT and lifestyle products	Internet services	Other related businesses	Subtotal		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)							
Segment revenues	47,452,324	26,102,162	8,462,807	792,114	82,809,407	9,697,134	92,506,541
Cost of sales	(41,904,746)	(20,684,052)	(1,908,226)	(1,091,402)	(65,588,426)	(8,036,705)	(73,625,131)
Gross profit/(loss)	<u>5,547,578</u>	<u>5,418,110</u>	<u>6,554,581</u>	<u>(299,288)</u>	<u>17,220,981</u>	<u>1,660,429</u>	<u>18,881,410</u>
	Three months ended September 30, 2023						
	Smartphone × AIoT					Smart EV and other new initiatives	Total
	Smartphones	IoT and lifestyle products	Internet services	Other related businesses	Subtotal		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)							
Segment revenues	41,648,925	20,673,297	7,755,534	816,656	70,894,412	—	70,894,412
Cost of sales	(34,718,945)	(16,987,910)	(1,984,342)	(1,093,504)	(54,784,701)	—	(54,784,701)
Gross profit/(loss)	<u>6,929,980</u>	<u>3,685,387</u>	<u>5,771,192</u>	<u>(276,848)</u>	<u>16,109,711</u>	<u>—</u>	<u>16,109,711</u>
	Nine months ended September 30, 2024						
	Smartphone × AIoT					Smart EV and other new initiatives	Total
	Smartphones	IoT and lifestyle products	Internet services	Other related businesses	Subtotal		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)							
Segment revenues	140,448,484	73,235,965	24,776,801	2,347,958	240,809,208	16,091,983	256,901,191
Cost of sales	(122,372,223)	(58,486,821)	(5,774,168)	(2,714,181)	(189,347,393)	(13,448,494)	(202,795,887)
Gross profit/(loss)	<u>18,076,261</u>	<u>14,749,144</u>	<u>19,002,633</u>	<u>(366,223)</u>	<u>51,461,815</u>	<u>2,643,489</u>	<u>54,105,304</u>

	Nine months ended September 30, 2023						Total RMB'000
	Smartphone × AIoT				Subtotal RMB'000	Smart EV and other new initiatives RMB'000	
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Other related businesses RMB'000			
(Unaudited)							
Segment revenues	113,229,132	59,760,945	22,227,761	2,508,616	197,726,454	—	197,726,454
Cost of sales	<u>(97,491,162)</u>	<u>(49,518,795)</u>	<u>(5,858,941)</u>	<u>(2,995,262)</u>	<u>(155,864,160)</u>	<u>—</u>	<u>(155,864,160)</u>
Gross profit/(loss)	<u>15,737,970</u>	<u>10,242,150</u>	<u>16,368,820</u>	<u>(486,646)</u>	<u>41,862,294</u>	<u>—</u>	<u>41,862,294</u>

For the three months and nine months ended September 30, 2024 and 2023, the geographical information on the total revenues is as follows:

	Three months ended September 30,				Nine months ended September 30,			
	2024		2023		2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Mainland China	52,347,842	56.6	36,213,944	51.1	140,794,583	54.8	108,291,888	54.8
Rest of the world (Note (a))	40,158,699	43.4	34,680,468	48.9	116,106,608	45.2	89,434,566	45.2
	<u>92,506,541</u>		<u>70,894,412</u>		<u>256,901,191</u>		<u>197,726,454</u>	

Note:

(a) Revenues outside mainland China are mainly from India and Europe.

The following table shows inventory information by reportable segment as of September 30, 2024 and December 31, 2023.

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Smartphone × AIoT	47,780,162	44,354,214
Smart EV and other new initiatives	1,533,034	68,623
	<u>49,313,196</u>	<u>44,422,837</u>

4 Expenses by nature

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories sold and royalty fees	68,467,387	48,717,905	187,096,578	139,120,727
Provision for impairment of inventories	1,467,728	793,579	4,414,474	3,489,533
Employee benefit expenses	5,699,248	4,831,999	16,248,337	13,750,567
Depreciation of property, plant and equipment, right-of-use assets and investment properties	916,859	584,480	2,536,865	1,763,418
Amortization of intangible assets	780,324	1,057,314	1,966,971	1,845,519
Promotion and advertising expenses	1,819,413	1,779,007	5,616,135	4,514,712
Content fees to game developers and video providers	778,148	805,278	2,364,715	2,468,366
Net impairment (reversal)/losses on financial assets	(6,713)	86,039	246,153	169,611
Consultancy and professional service fees	475,430	364,960	1,203,691	1,031,699
Cloud service, bandwidth and server custody fees	577,324	584,762	1,472,617	1,614,612
Warranty expenses	676,230	1,078,382	2,853,723	3,836,696

5 Income tax expenses

The income tax expenses of the Group during the three months and nine months ended September 30, 2024 and 2023 are analyzed as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	1,503,240	912,643	4,526,372	3,452,133
Deferred income tax	(26,338)	105,485	(390,588)	110,727
Income tax expenses	1,476,902	1,018,128	4,135,784	3,562,860

6 Earnings per share

(a) Basic

Basic earnings per share for the three months and nine months ended September 30, 2024 and 2023 are calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the periods and excluding treasury shares.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	5,352,404	4,873,861	14,632,467	12,747,675
Weighted average number of ordinary shares in issue (thousand shares)	24,797,411	24,921,041	24,835,661	24,884,931
Basic earnings per share (expressed in RMB per share)	0.22	0.20	0.59	0.51

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings per share for the three months and nine months ended September 30, 2024 and 2023.

	Three months ended		Nine months ended	
	September 30, 2024 (Unaudited)	2023 (Unaudited)	September 30, 2024 (Unaudited)	2023 (Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	<u>5,352,404</u>	<u>4,873,861</u>	<u>14,632,467</u>	<u>12,747,675</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>24,797,411</u>	<u>24,921,041</u>	<u>24,835,661</u>	<u>24,884,931</u>
Adjustments for RSUs and share options granted to employees (thousand shares)	<u>614,790</u>	<u>363,198</u>	<u>634,655</u>	<u>420,274</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	<u>25,412,201</u>	<u>25,284,239</u>	<u>25,470,316</u>	<u>25,305,205</u>
Diluted earnings per share (expressed in RMB per share)	<u>0.21</u>	<u>0.19</u>	<u>0.57</u>	<u>0.50</u>

7 **Investments**

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Current assets		
Short-term investments measured at		
— Amortized cost	—	502,816
— Fair value through other comprehensive income	<u>1,102,588</u>	<u>582,131</u>
— Fair value through profit or loss	<u>19,481,703</u>	<u>20,193,662</u>
	<u><u>20,584,291</u></u>	<u><u>21,278,609</u></u>

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Non-current assets		
Long-term investments measured at amortized cost	313,216	364,476
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	14,591,671	15,291,625
— Preferred shares investments	31,228,169	34,444,516
— Treasury investments	9,042,118	6,846,562
— Other investments	3,592,531	3,617,095
	<u>58,767,705</u>	<u>60,564,274</u>

Amounts recognized in profit or loss for investments measured at fair value through profit or loss:

	Three months ended September 30, 2024 RMB'000 (Unaudited)		Nine months ended September 30, 2024 RMB'000 (Unaudited)	
	2024	2023	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Long-term investments measured at fair value through profit or loss				
— Ordinary shares investments	749,063	(456,797)	(912,041)	1,294,696
— Preferred shares investments	(453,434)	69,299	(1,130,177)	1,317,710
— Treasury and other investments	96,212	(18,696)	194,103	50,827
Short-term investments measured at fair value through profit or loss	<u>125,488</u>	<u>106,299</u>	<u>334,806</u>	<u>214,347</u>
	<u>517,329</u>	<u>(299,895)</u>	<u>(1,513,309)</u>	<u>2,877,580</u>

8 Trade and notes receivables

The Group generally allows a credit period within 180 days to its customers. Aging analysis of trade and notes receivables based on invoice date is as follows:

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Up to 3 months	10,467,339	9,108,133
3 to 6 months	1,715,569	1,666,418
6 months to 1 year	1,093,943	522,612
1 to 2 years	1,456,821	1,016,563
Over 2 years	240,964	154,160
	<u>14,974,636</u>	<u>12,467,886</u>
Less: credit loss allowance	<u>(602,141)</u>	<u>(316,958)</u>
	<u>14,372,495</u>	<u>12,150,928</u>

9 Inventories

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Raw materials	14,830,785	11,455,435
Finished goods	27,843,823	27,132,256
Work in progress	4,434,064	3,564,974
Spare parts	3,741,490	3,494,076
Others	927,551	952,492
	<u>51,777,713</u>	<u>46,599,233</u>
Less: provision for impairment (Note (a))	<u>(2,464,517)</u>	<u>(2,176,396)</u>
	<u><u>49,313,196</u></u>	<u><u>44,422,837</u></u>

Note:

- (a) During the three and nine months ended September 30, 2024, the Group incurred inventory impairment provision approximately RMB1,467,728,000 and RMB4,414,474,000, respectively (2023: RMB793,579,000 and RMB3,489,533,000, respectively) and transferred out of such provision upon the sales of inventories approximately RMB1,561,815,000 and RMB4,126,353,000, respectively (2023: RMB1,365,465,000 and RMB4,235,117,000, respectively).

10 Borrowings

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Included in non-current liabilities		
Secured borrowings	1,835,713	—
Unsecured borrowings	15,415,013	16,631,078
Convertible bonds	5,165,332	5,042,891
	<u>22,416,058</u>	<u>21,673,969</u>
Included in current liabilities		
Secured borrowings	73,129	—
Unsecured borrowings	4,870,960	6,183,376
	<u>4,944,089</u>	<u>6,183,376</u>

11 Trade payables

Trade payables primarily include payables for inventories. As of September 30, 2024 and December 31, 2023, the carrying amounts of trade payables were primarily denominated in RMB, US\$ and India Rupees (“INR”).

Trade payables and their ageing analysis based on invoice date are as follows:

	As of September 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Up to 3 months	54,788,070	52,493,579
3 to 6 months	10,309,052	4,809,809
6 months to 1 year	1,426,458	3,039,535
1 to 2 years	1,174,440	1,001,272
Over 2 years	990,795	754,305
	<u>68,688,815</u>	<u>62,098,500</u>

12 Dividends

No dividends have been paid or declared by the Company during the three months and nine months ended September 30, 2024 and 2023.

13 Contingencies

The Group, in the ordinary course of its business, is involved in various claims, lawsuits, and legal proceedings that arise from time to time. Since December 2021, Xiaomi Technology India Private Limited (“Xiaomi India”) has been involved in various investigations and notifications initiated by relevant Indian authorities including the Income Tax Department, the Directorate of Revenue Intelligence and the Directorate of Enforcement in relation to compliance of relevant income tax regulations, custom duties regulations as well as foreign exchange regulations, respectively.

In this connection, Xiaomi India received orders alleging that it has inappropriately deducted certain costs and expenses, including purchase costs of mobile phones and royalty fees paid to overseas third parties as well as companies within the Group. As a result, certain of its bank accounts has been attached and thereby INR46,634,205,000 (equivalent to RMB3,907,014,000) has been considered as restrictive as of September 30, 2024 (December 31, 2023: INR45,321,947,000 (equivalent to RMB3,874,120,000)). The cases are currently in the hearing stages and not yet concluded.

Management assessed the aforesaid matters related to Xiaomi India, after taking into considerations of opinions from professional advisors, it is concluded that Xiaomi India has valid grounds to respond to the relevant Indian authorities. The Group, hence, has not made any material provision as of September 30, 2024 pertaining to these matters.

Conclusions of legal proceedings, investigations and allegations could take a long period of time, and the Group could receive judgments or enter into settlements that may adversely affect its operating results or cash flows. Quantifying the related financial effects is not practical at this stage.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the nine months ended September 30, 2024 and up to the date of this announcement, the Company repurchased a total of 249,248,200 Class B Shares (the “**Class B Shares**”) of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$3,708,195,875 (the “**Shares Repurchased**”) to enhance the shareholder value in the long run. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share		Aggregate Consideration approximately (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	112,100,000	15.54	12.30	1,533,095,902
February	26,000,000	12.78	12.08	324,555,828
March	6,834,400	15.00	14.76	101,929,132
April	18,200,000	15.98	15.42	285,886,401
May	5,600,000	17.74	17.40	98,785,548
June	39,313,800	18.00	16.44	676,465,084
July	39,500,000	17.00	16.08	656,098,520
September	1,700,000	18.50	18.42	31,379,460
Total	<u>249,248,200</u>			<u>3,708,195,875</u>

In respect of the Shares Repurchased, the weighted voting rights (“**WVR**”) beneficiaries of the Company simultaneously reduced their WVR in the Company proportionately by way of converting their Class A ordinary shares (“**Class A Shares**”) into Class B Shares on a one-to-one ratio pursuant to Rule 8A.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules.

As at the date of this announcement, the number of Class B Shares in issue (excluding treasury shares) was reduced by 249,248,200 shares as a result of (i) the repurchase of 138,100,000 Class B Shares from January 2024 to February 2024, which were subsequently cancelled on March 14, 2024; (ii) the repurchase of 39,034,400 Class B Shares from March 27, 2024 to June 5, 2024, which were subsequently cancelled on August 15, 2024; (iii) the repurchase of 70,413,800 Class B Shares from June 11, 2024 to July 19, 2024, which were held as treasury shares and were subsequently cancelled on August 15, 2024; and (iv) the repurchase of 1,700,000 Class B Shares in September 2024, which were subsequently cancelled on November 12, 2024.

A total of 29,373,916 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 14, 2024, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 26,454,431 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 2,919,485 Class A Shares.

A total of 19,841,058 Class A Shares were converted into Class B Shares on a one-to-one ratio on August 15, 2024, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 17,869,048 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 1,972,010 Class A Shares.

A total of 307,652 Class A Shares were converted into Class B Shares on a one-to-one ratio on November 12, 2024, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 277,074 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 30,578 Class A Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares) during the nine months ended September 30, 2024 and up to the date of this announcement.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance standards. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders.

Save for code provision C.2.1 of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules, the Company has complied with all the code provisions set out in the CG Code during the nine months ended September 30, 2024.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Lei Jun currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

Audit Committee

The Audit Committee (comprising one non-executive Director and two independent non-executive Directors, namely, Mr. Liu Qin, Dr. Chen Dongsheng and Mr. Wong Shun Tak) has reviewed the unaudited interim results of the Group for the three and nine months ended September 30, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers.

Material Litigation

As of September 30, 2024, the Company was not involved in any material litigation or arbitration, nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

Events after September 30, 2024

Save as disclosed in this announcement, there has been no other significant events that might affect the Group after September 30, 2024 and up to the date of this announcement.

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, November 18, 2024

As at the date of this announcement, the Board comprises Mr. Lei Jun as Chairman and Executive Director, Mr. Lin Bin as Vice-Chairman and Executive Director, Mr. Liu De as Executive Director, Mr. Liu Qin as Non-executive Director, and Dr. Chen Dongsheng, Mr. Wong Shun Tak and Ms. Cai Jinqing as Independent Non-executive Directors.