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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 MONTHS ENDED MARCH 31, 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 months ended March 31, 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

	March 31, 2024	March 31, 2023	Year-over- year change	Unaudited Three months ended December 31, 2023	Quarter-over- quarter change
	(Renminbi (“ RMB ”) in millions, unless specified)				
Revenue	75,506.8	59,477.1	27.0%	73,243.7	3.1%
Gross profit	16,829.7	11,591.5	45.2%	15,614.0	7.8%
Operating profit	3,683.0	5,900.2	-37.6%	5,056.7	-27.2%
Profit before income tax	5,222.4	5,470.7	-4.5%	5,697.5	-8.3%
Profit for the period	4,173.2	4,216.1	-1.0%	4,723.5	-11.6%
Non-IFRS Measure: Adjusted Net Profit ¹	6,490.9	3,233.3	100.8%	4,909.7	32.2%

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

BUSINESS REVIEW AND OUTLOOK

1. Overall Performance

In the first quarter of 2024, we diligently executed our key strategies to strengthen our operations and enhance our capabilities, achieving significant growth in both revenue and profitability. In the first quarter of 2024, our total revenue amounted to RMB75.5 billion, an increase of 27.0% year-over-year, and our adjusted net profit increased by 100.8% year-over-year to RMB6.5 billion, which included RMB2.3 billion in expenses related to our smart Electric Vehicle (“EV”) business and other new initiatives².

We continued to advance our corporate strategy of “Human × Car × Home”, which we announced in October 2023. In the first quarter of 2024, our global smartphone shipments reached 40.6 million units, up 33.7% year-over-year. According to Canalys, in the first quarter of 2024, we maintained our No. 3 global smartphone shipment ranking with a 13.8% market share, marking our ranking in the top three globally for 15 consecutive quarters. In March 2024, our global monthly active users (“MAU”)³ reached 658.1 million, another historic high and an increase of 10.6% year-over-year. As of March 31, 2024, the number of connected IoT devices on our AIoT platform (excluding smartphones, tablets and laptops) increased to 786.1 million, up 27.2% year-over-year. On March 28, 2024, we officially launched our first smart EV product, the *Xiaomi SU7 Series*, a “full-size high-performance eco-technology sedan”. The *Xiaomi SU7 Series* has attracted significant interests. As of April 30, 2024, the cumulative locked-in orders for the *Xiaomi SU7 Series* reached 88,063 vehicles. As of May 15, 2024, the cumulative delivery of the *Xiaomi SU7 Series* has reached 10,000 vehicles.⁴

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 first quarter of 2024, our research and development expenses were RMB5.2 billion, up 25.4% year-over-year. As of March 31, 2024, we had 17,421 research and development personnel, accounting for 49.2% of our employees. In addition, we continued to extend our intellectual property capabilities. As of March 31, 2024, we had obtained more than 39,000 patents worldwide.

We continued to advance on-device large language models (LLM), focusing on lightweight deployment and promoting a hybrid cloud-based and on-device computing approach. At the same time, we actively incorporate AI into our business operations, aligning AI with user scenarios to empower our “Human × Car × Home” strategy. For individual users, we have deeply integrated AI with Xiaomi HyperOS, providing functions such as real-time translation, text-to-image generation, AI portrait, etc. In smart EVs, we incorporate AI into the research, development, and application of autonomous driving and smart cabins. In the smart home sector, Xiaomi HyperMind, the cognitive hub of smart homes, significantly enhances user experience. Additionally, we are actively applying AI technology in our new retail and smart manufacturing operations to improve operational efficiency.

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.

⁴ As of 10:00 a.m. Beijing time on May 15, 2024.

In 2024, we efficiently executed our operating strategy of “steadfastly forging ahead”. In the first quarter of 2024, our gross profit margin reached 22.3% at the Group level, an increase of 2.8 percentage points year-over-year. By segment, in the first quarter of 2024, the gross profit margin of our smartphone business reached 14.8%, an increase of 3.6 percentage points year-over-year. The gross profit margin of our IoT and lifestyle products business reached a historic high of 19.9%, an increase of 4.1 percentage points year-over-year. The gross profit margin of our internet services business reached 74.2%, an increase of 1.9 percentage points year-over-year. In the first quarter of 2024, our adjusted net profit reached RMB6.5 billion, a record high, representing an increase of 100.8% year-over-year. Sufficient cash reserves serve as a crucial foundation for the sustained development of both our core and new businesses. As of March 31, 2024, our cash resources⁵ reached RMB127.3 billion, up 34.7% year-over-year. We have also been actively repurchasing our shares in the open market. Since the beginning of this year⁶, we repurchased shares of HKD2.25 billion, surpassing the total value of shares repurchased in 2023.

2. Smartphones

According to Canalys, in the first quarter of 2024, global smartphone shipments increased by 9.8% year-over-year. We maintained our No. 3 global smartphone shipment ranking with a 13.8% market share. In the first quarter of 2024, our smartphone revenue reached RMB46.5 billion, an increase of 32.9% year-over-year, with our global smartphone shipments reaching 40.6 million units, up by 33.7% year-over-year.

We continued to make significant progress in our smartphone premiumization strategy. According to third-party data, in the first quarter of 2024, the proportion of premium smartphone⁷ shipment represented 21.7% of our total smartphone shipments, up by 1.4 percentage points year-over-year. In the first quarter of 2024, our market share of smartphone sales in the RMB5,000–RMB6,000 price segment in mainland China reached 10.1%, up by 5.8 percentage points year-over-year.

We continued to advance our new retail strategy in mainland China. In the first quarter of 2024, according to third-party data, our market share of smartphone shipments through offline channels in mainland China was 9.0%, up by 1.1 percentage points year-over-year.

As we continued to expand our global footprint, we focused on the growth potential in emerging markets. According to Canalys, in the first quarter of 2024, our smartphone market share in the Middle East, Latin America, Africa and Southeast Asia increased substantially year-over-year. Our smartphone shipments ranked No. 2 in the Middle East, with market share significantly increasing by 7.1 percentage points year-over-year to 20.9%. Our smartphone shipments ranked No. 3 in Latin America, Southeast Asia and Africa, with market shares increasing by 2.0 percentage points, 4.4 percentage points, and 4.5 percentage points year-over-year, respectively, reaching 15.3%, 16.5%, and 10.6%, respectively. According to Canalys, in the first quarter of 2024, our smartphone shipments ranked among the top three across 56 countries and regions globally and ranked among the top five across 67 countries and regions globally.

⁵ 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.

⁶ From January 1 to April 22, 2024.

⁷ Premium smartphones in mainland China are models with retail prices at or above RMB3,000.

3. IoT and lifestyle products

In the first quarter of 2024, revenue from our IoT and lifestyle products was RMB20.4 billion, an increase of 21.0% year-over-year, and gross profit margin reached 19.9%, hitting a record high, notably up by 4.1 percentage points year-over-year.

As of March 31, 2024, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 786.1 million, up 27.2% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 15.2 million, an increase of 24.2% year-over-year. In March 2024, the MAU of our Mi Home App grew to 89.1 million, an increase of 14.0% year-over-year.

We achieved strong growth in our key AIoT products. According to Canalys, in the first quarter of 2024, the ranking of our TWS earbud shipments rose to No. 2 globally and No. 1 in mainland China. In the first quarter of 2024, our wearables shipments in mainland China increased by 70% year-over-year.⁸

According to IDC, in the first quarter of 2024, our tablet shipments increased by 93% year-over-year, ranking No. 5 globally and No. 3 in mainland China.

We continued to enhance the portfolio of our smart large home appliances, sustaining high growth momentum across all three categories. In the first quarter of 2024, our smart large home appliance revenue increased by over 46% year-over-year. During the quarter, our air conditioner shipments exceeded 690,000 units, up 63%, our refrigerator shipments exceeded 530,000 units, an increase of 52%, and our washing machine shipments exceeded 360,000 units, up 47%, all on a year-over-year basis.

4. Internet services

In the first quarter of 2024, our internet services revenue reached RMB8.0 billion, hitting a record high, an increase of 14.5% year-over-year. The gross profit margin of our internet services reached 74.2%, an increase of 1.9 percentage points year-over-year.

Our internet user base continued to expand. Our MAU globally and in mainland China both hit record highs. In March 2024, our global MAU reached 658.1 million, an increase of 10.6% year-over-year, while our MAU in mainland China reached 160.4 million, up 9.7% year-over-year. In March 2024, the global MAU of our smart TV⁹ reached 67.6 million, an increase of 11.6% year-over-year.

In the first quarter of 2024, our advertising revenue reached RMB5.5 billion, an increase of 25.0% year-over-year. In the first quarter of 2024, our gaming revenue reached RMB1.2 billion.

⁸ Including smart bands, smart watches and TWS earbuds.

⁹ Including *Xiaomi Box* and *Xiaomi TV Stick*.

By actively solidifying partnerships with our strategic customers and consistently broadening our collaborative ecosystem, our overseas internet services sustained a robust growth trajectory. In the first quarter of 2024, revenue from our overseas internet services increased 39.0% year-over-year to RMB2.5 billion, hitting a record high and accounting for 31.2% of our total internet services revenue, up 5.5 percentage points year-over-year.

5. Smart EVs

In March 2024, we officially launched our first smart EV, the *Xiaomi SU7 Series*. Positioned as a “full-size high-performance eco-technology sedan”, the *Xiaomi SU7 Series* includes three models: *Xiaomi SU7*, *Xiaomi SU7 Pro* and *Xiaomi SU7 Max*, with prices starting at RMB215,900, RMB245,900 and RMB299,900, respectively. Deliveries for *Xiaomi SU7* and *Xiaomi SU7 Max* commenced in April 2024, followed by *Xiaomi SU7 Pro* in May 2024.

We have received significant market interest in and strong demand for the *Xiaomi SU7 Series*. As of April 30, 2024, the cumulative locked-in orders for the *Xiaomi SU7 Series* reached 88,063 vehicles. As of May 15, 2024, the cumulative delivery of the *Xiaomi SU7 Series* reached 10,000 vehicles.¹⁰ We aim to deliver over 10,000 vehicles of the *Xiaomi SU7 Series* in June 2024.

We have integrated an ecosystem of smart features in the *Xiaomi SU7 Series* to improve user experience. For *Xiaomi Pilot Autonomous Driving*, we remain committed to full-stack proprietary technology research and development, with an autonomous driving team of over 1,000 skilled professionals. All models in the *Xiaomi SU7 Series* are equipped with advanced driver-assistance systems and built-in Highway Navigate on Autopilot (NOA). City NOA on *Xiaomi Pilot Max* is scheduled to be rolled out across 10 cities in mainland China by the end of May 2024, with nationwide coverage expected by August 2024.¹¹

For the smart cabin, the *Xiaomi SU7 Series* is equipped with *Xiaomi Hyper OS*, enabling seamless cross-device connectivity between the in-car system and smartphones, as well as connectivity with *Xiaomi* smart home devices. Additionally, the *Xiaomi SU7 Series* features our AI assistant (“小愛同學”), enhancing user experience through interactive voice commands in five different zones. Furthermore, the central console of the *Xiaomi SU7 Series* support multi-device extension, enabling a diverse smart ecosystem.

In terms of sales and service network, we plan that by the end of 2024, our sales and service network will encompass 219 sales stores covering 46 cities and 143 service centers across 86 cities, enabling *Xiaomi EV* accessible in essentially all provinces, autonomous regions and municipalities in mainland China.

¹⁰ As of 10:00 a.m. Beijing time on May 15, 2024.

¹¹ This function requires an OTA upgrade to be implemented. The upgrade time is subject to the official notice. Nationwide coverage refers to its rollout across major cities in mainland China.

6. Corporate social responsibility (CSR)

We actively fulfill our corporate social responsibility and are deeply committed to driving low-carbon development. In April 2024, we unveiled the Xiaomi Corporation 2023 Environmental, Social and Governance (ESG) Report which we have released for the 6th consecutive year. The report covers our diverse ESG-related endeavors, including the exploration and accessibility of technology, data security and privacy protection, sustainable supply chain, climate mitigation and adaptation, corporate governance, and business ethics, among others. Our greenhouse gas (GHG) reduction goals include: 1) By no later than 2030, to reduce GHG emissions from our main operating segments to 30% of the base year level. 2) By 2035, to use 100% renewable electricity in our own operations. 3) By 2040, to achieve carbon neutrality in our own operations of our existing businesses along with 100% renewable energy utilization by 2040.¹² In April 2024, we also released Xiaomi Corporation’s TCFD Report 2023, which systematically sets forth Xiaomi’s climate-related financial risks and opportunities.

In May 2024, we appointed two female vice presidents, Ms. Xu Fei and Ms. Zhang Jianhui, further advancing the diversity of our management team.

In February 2024, we received additional recognition from global authorities for our ESG endeavors. In the Carbon Disclosure Project (CDP) Score Report — Climate Change 2023, Xiaomi’s rating was upgraded to “B”.

¹² Our main operating segments and existing businesses refer to Smartphones, IoT and Lifestyle products, Internet Services, and others. The base year was 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter of 2024 Compared with First Quarter of 2023

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

	Unaudited	
	Three months ended	
	March 31,	March 31,
	2024	2023
	(RMB in millions)	
Revenue	75,506.8	59,477.1
Cost of sales	(58,677.1)	(47,885.6)
Gross profit	16,829.7	11,591.5
Research and development expenses	(5,159.4)	(4,113.3)
Selling and marketing expenses	(5,481.0)	(4,103.8)
Administrative expenses	(1,523.0)	(1,135.2)
Fair value changes on financial instruments measured at fair value through profit or loss	(1,226.6)	3,453.3
Share of net profits/(losses) of investments accounted for using the equity method	155.4	(133.1)
Other income	157.4	164.8
Other (losses)/gains, net	(69.5)	176.0
Operating profit	3,683.0	5,900.2
Finance income/(costs), net	1,539.4	(429.5)
Profit before income tax	5,222.4	5,470.7
Income tax expenses	(1,049.2)	(1,254.6)
Profit for the period	4,173.2	4,216.1
Non-IFRS Measure: Adjusted Net Profit	6,490.9	3,233.3

Revenue

Revenue increased by 27.0% to RMB75.5 billion in the first quarter of 2024 from RMB59.5 billion in the first quarter of 2023. The following table sets forth our revenue by line of business in the first quarter of 2024 and the first quarter of 2023:

	Unaudited			
	Three months ended		March 31, 2023	
	March 31, 2024		March 31, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	46,479.7	61.6%	34,984.7	58.8%
IoT and lifestyle products	20,373.5	27.0%	16,833.8	28.3%
Internet services	8,048.4	10.7%	7,028.1	11.8%
Others	605.2	0.7%	630.5	1.1%
Total revenue	<u>75,506.8</u>	<u>100.0%</u>	<u>59,477.1</u>	<u>100.0%</u>

Smartphones

Revenue from our smartphones segment increased by 32.9% from RMB35.0 billion in the first quarter of 2023 to RMB46.5 billion in the first quarter of 2024, primarily due to the increase in our smartphone shipments. Our smartphone shipments increased by 33.7% from 30.4 million in the first quarter of 2023 to 40.6 million in the first quarter of 2024, significantly outperforming the 9.8% year-over-year increase in global smartphone shipments in the first quarter of 2024, according to Canalys. The ASP of our smartphones increased year-over-year in mainland China and the overseas markets respectively, however, due to the higher revenue contribution in the overseas market with lower ASP, our overall smartphone ASP decreased slightly by 0.6% from RMB1,151.6 per unit in the first quarter of 2023 to RMB1,144.7 per unit in the first quarter of 2024.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 21.0% from RMB16.8 billion in the first quarter of 2023 to RMB20.4 billion in the first quarter of 2024, primarily attributable to the increase in revenue of tablets, smart large home appliances and wearables.

Revenue from our tablets increased by 70.5% year-over-year, primarily due to the increase in our global tablets shipments of 92.6% year-over-year, according to IDC.

Revenue from our smart large home appliances increased by 46.0% year-over-year, primarily attributable to the increased shipments of our air conditioners, refrigerators and washing machines in mainland China.

Revenue from our smart TVs and laptops remained stable in the first quarter of 2024 compared to the first quarter of 2023.

Internet services

Revenue from our internet services segment increased by 14.5% from RMB7.0 billion in the first quarter of 2023 to RMB8.0 billion in the first quarter of 2024, mainly due to the increase in revenue from our advertising business, partially offset by the decreased revenue from gaming business. The overseas internet services revenue increased by 39.0% from RMB1.8 billion in the first quarter of 2023 to RMB2.5 billion in the first quarter of 2024 driven by the continued expansion of our overseas internet user base.

Others

Revenue from our others segment remained stable at RMB0.6 billion in the first quarter of 2024 compared to the first quarter of 2023.

Cost of Sales

Our cost of sales increased by 22.5% from RMB47.9 billion in the first quarter of 2023 to RMB58.7 billion in the first quarter of 2024. The following table sets forth our cost of sales by line of business in the first quarter of 2024 and the first quarter of 2023:

	Unaudited			
	Three months ended			
	March 31, 2024		March 31, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	39,600.5	52.4%	31,051.7	52.2%
IoT and lifestyle products	16,326.1	21.6%	14,187.1	23.9%
Internet services	2,073.0	2.8%	1,948.4	3.3%
Others	677.5	0.9%	698.4	1.1%
Total cost of sales	<u>58,677.1</u>	<u>77.7%</u>	<u>47,885.6</u>	<u>80.5%</u>

Smartphones

Cost of sales related to our smartphones segment increased by 27.5% from RMB31.1 billion in the first quarter of 2023 to RMB39.6 billion in the first quarter of 2024, primarily due to the increased revenue of our smartphones, partially offset by the decrease in cost of key components.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment increased by 15.1% from RMB14.2 billion in the first quarter of 2023 to RMB16.3 billion in the first quarter of 2024, primarily due to the increased revenue of tablets, smart large home appliances and wearables.

Internet services

Cost of sales related to our internet services segment increased by 6.4% from RMB1.9 billion in the first quarter of 2023 to RMB2.1 billion in the first quarter of 2024, primarily due to the increased cost from our advertising business.

Others

Cost of sales related to our others segment remained stable at RMB0.7 billion in the first quarter of 2024 compared to the first quarter of 2023.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 45.2% from RMB11.6 billion in the first quarter of 2023 to RMB16.8 billion in the first quarter of 2024. Our gross profit margin increased from 19.5% in the first quarter of 2023 to 22.3% in the first quarter of 2024.

The gross profit margin from our smartphones segment increased from 11.2% in the first quarter of 2023 to 14.8% in the first quarter of 2024, mainly due to the improved product mix, as well as the decreased cost of key components.

The gross profit margin from our IoT and lifestyle products segment increased from 15.7% in the first quarter of 2023 to 19.9% in the first 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 tablets and wearables.

The gross profit margin from our internet services segment increased from 72.3% in the first quarter of 2023 to 74.2% in the first quarter of 2024, mainly due to higher revenue contribution from advertising business with higher gross profit margin.

Research and Development Expenses

Our research and development expenses increased by 25.4% from RMB4.1 billion in the first quarter of 2023 to RMB5.2 billion in the first quarter of 2024, primarily due to the increase in research and development expenses related to our smart EV business and other new initiatives.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.6% from RMB4.1 billion in the first quarter of 2023 to RMB5.5 billion in the first quarter of 2024, primarily due to the increase of promotion and advertising expenses and logistics expenses.

Promotion and advertising expenses increased by 66.5% from RMB1.3 billion in the first quarter of 2023 to RMB2.1 billion in the first quarter of 2024, primarily due to the increase in promotional events for our products and brand marketing in the first quarter of 2024.

Logistics expenses increased year-over-year, primarily due to the increased shipments of our products.

Administrative Expenses

Our administrative expenses increased by 34.2% from RMB1.1 billion in the first quarter of 2023 to RMB1.5 billion in the first quarter of 2024, primarily due to the increase in credit loss allowance of receivables and administrative expenses related to our smart EV business 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 gain of RMB3.5 billion in the first quarter of 2023 to a loss of RMB1.2 billion in the first quarter of 2024, primarily due to the fair value losses of listed equity investments in the first quarter of 2024.

Share of Net Profits/(Losses) of Investments Accounted for Using the Equity Method

Our share of net profits/(losses) of investments accounted for using the equity method changed from net losses of RMB133.1 million in the first quarter of 2023 to net profits of RMB155.4 million in the first quarter of 2024.

Other Income

Our other income remained stable at RMB0.2 billion in the first quarter of 2024 compared to the first quarter of 2023.

Other (Losses)/Gains, Net

Our other net (losses)/gains changed from a net gain of RMB176.0 million in the first quarter of 2023 to a net loss of RMB69.5 million in the first quarter of 2024, primarily due to the decrease of disposal gains from our investments accounted for using the equity method, resulting from the reclassification of our certain investee from investments accounted for using the equity method to investments measured at fair value through profit or loss in the fourth quarter of 2023, and foreign exchange loss in the first quarter of 2024.

Finance Income/(Costs), Net

Our net finance income/(costs) changed from a net cost of RMB0.4 billion in the first quarter of 2023 to a net income of RMB1.5 billion in the first quarter of 2024, primarily due to the change of value of financial liabilities payable to fund investors, as well as the increased interest income due to the increase of deposits.

Income Tax Expenses

Our income tax expenses decreased by 16.4% from RMB1.3 billion in the first quarter of 2023 to RMB1.0 billion in the first quarter of 2024, primarily due to the decrease of operating profit in the first quarter of 2024.

Profit for the Period

As a result of the foregoing, our profit for the period remained stable at RMB4.2 billion in the first quarter of 2024 compared to the first quarter of 2023.

Adjusted Net Profit

Our adjusted net profit increased by 100.8% from RMB3.2 billion in the first quarter of 2023 to RMB6.5 billion in the first quarter of 2024.

First Quarter of 2024 Compared with Fourth Quarter of 2023

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

	Unaudited	
	Three months ended	
	March 31,	December 31,
	2024	2023
	(RMB in millions)	
Revenue	75,506.8	73,243.7
Cost of sales	(58,677.1)	(57,629.7)
Gross profit	16,829.7	15,614.0
Research and development expenses	(5,159.4)	(5,463.3)
Selling and marketing expenses	(5,481.0)	(5,909.7)
Administrative expenses	(1,523.0)	(1,483.1)
Fair value changes on financial instruments measured at fair value through profit or loss	(1,226.6)	623.5
Share of net profits of investments accounted for using the equity method	155.4	84.0
Other income	157.4	261.7
Other (losses)/gains, net	(69.5)	1,329.6
Operating profit	3,683.0	5,056.7
Finance income, net	1,539.4	640.8
Profit before income tax	5,222.4	5,697.5
Income tax expenses	(1,049.2)	(974.0)
Profit for the period	4,173.2	4,723.5
Non-IFRS Measure: Adjusted Net Profit	6,490.9	4,909.7

Revenue

Revenue increased by 3.1% to RMB75.5 billion in the first quarter of 2024 from RMB73.2 billion in the fourth quarter of 2023. The following table sets forth our revenue by line of business in the first quarter of 2024 and the fourth quarter of 2023:

	Unaudited			
	Three months ended			
	March 31, 2024		December 31, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	46,479.7	61.6%	44,232.2	60.4%
IoT and lifestyle products	20,373.5	27.0%	20,346.8	27.8%
Internet services	8,048.4	10.7%	7,879.7	10.8%
Others	605.2	0.7%	785.0	1.0%
Total revenue	<u>75,506.8</u>	<u>100.0%</u>	<u>73,243.7</u>	<u>100.0%</u>

Smartphones

Revenue from our smartphones segment increased by 5.1% from RMB44.2 billion in the fourth quarter of 2023 to RMB46.5 billion in the first quarter of 2024, primarily due to the increase in our smartphone ASP. Our smartphone shipments increased by 0.2% from 40.5 million in the fourth quarter of 2023 to 40.6 million in the first quarter of 2024, primarily due to the increased shipments in the overseas markets. The ASP of our smartphones increased by 4.9% from RMB1,091.7 per unit in the fourth quarter of 2023 to RMB1,144.7 per unit in the first quarter of 2024, primarily due to the increased ASP in the overseas market, partially offset by the decreased ASP in mainland China.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 0.1% from RMB20.3 billion in the fourth quarter of 2023 to RMB20.4 billion in the first quarter of 2024, primarily due to the increase in revenue of tablets in mainland China, wearables and certain lifestyles products in the overseas markets, partially offset by the decrease in revenue of certain lifestyles products in mainland China due to seasonality, as well as the decrease in revenue of smart TVs and laptops in mainland China.

Revenue from our tablets increased by 16.6% quarter-over-quarter, primarily due to the increased revenue of *Xiaomi Pad 6s* series tablets which we launched in mainland China in January 2024.

Revenue from our smart large home appliances increased by 3.3% quarter-over-quarter, primarily attributable to the increase in shipments of our air conditioners in mainland China.

Revenue from smart TVs and laptops decreased by 8.7% quarter-over-quarter, mainly due to the decrease in shipments of smart TVs and laptops, partially offset by the increase in ASP of smart TVs and laptops.

Internet services

Revenue from our internet services segment increased by 2.1% from RMB7.9 billion in the fourth quarter of 2023 to RMB8.0 billion in the first quarter of 2024, primarily due to the increase in revenue from our gaming business, partially offset by the decreased revenue from advertising business due to seasonality.

Others

Revenue from our others segment decreased by 22.9% from RMB0.8 billion in the fourth quarter of 2023 to RMB0.6 billion in the first quarter of 2024, primarily due to the decrease in revenue from the sales of materials.

Cost of Sales

Our cost of sales increased by 1.8% from RMB57.6 billion in the fourth quarter of 2023 to RMB58.7 billion in the first quarter of 2024. The following table sets forth our cost of sales by line of business in the first quarter of 2024 and the fourth quarter of 2023:

	Unaudited			
	Three months ended			
	March 31, 2024		December 31, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	39,600.5	52.4%	36,989.6	50.5%
IoT and lifestyle products	16,326.1	21.6%	17,510.3	23.9%
Internet services	2,073.0	2.8%	1,914.6	2.6%
Others	677.5	0.9%	1,215.2	1.7%
	<hr/>	<hr/>	<hr/>	<hr/>
Total cost of sales	<u>58,677.1</u>	<u>77.7%</u>	<u>57,629.7</u>	<u>78.7%</u>

Smartphones

Cost of sales related to our smartphones segment increased by 7.1% from RMB37.0 billion in the fourth quarter of 2023 to RMB39.6 billion in the first quarter of 2024, due to the increased cost of key components quarter-over-quarter, as well as the increase in inventory impairment provisions.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment decreased by 6.8% from RMB17.5 billion in the fourth quarter of 2023 to RMB16.3 billion in the first quarter of 2024, primarily due to the decrease in revenue of certain lifestyle products and smart TVs and laptops in mainland China.

Internet services

Cost of sales related to our internet services segment increased by 8.3% from RMB1.9 billion in the fourth quarter of 2023 to RMB2.1 billion in the first quarter of 2024, primarily due to the increase in cost from our advertising business and gaming business.

Others

Cost of sales related to our others segment decreased by 44.2% from RMB1.2 billion in the fourth quarter of 2023 to RMB0.7 billion in the first quarter of 2024, primarily due to the decrease in cost from the sales of materials.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 7.8% from RMB15.6 billion in the fourth quarter of 2023 to RMB16.8 billion in the first quarter of 2024. Our gross profit margin increased from 21.3% in the fourth quarter of 2023 to 22.3% in the first quarter of 2024.

The gross profit margin from our smartphones segment decreased from 16.4% in the fourth quarter of 2023 to 14.8% in the first quarter of 2024, primarily due to the increased cost of key components, as well as the increase in inventory impairment provisions.

The gross profit margin from our IoT and lifestyle products segment increased from 13.9% in the fourth quarter of 2023 to 19.9% in the first quarter of 2024, mainly due to higher revenue contribution and the increased gross profit margin of certain products, such as certain lifestyle products in the overseas markets and tablets.

The gross profit margin from our internet services segment decreased from 75.7% in the fourth quarter of 2023 to 74.2% in the first quarter of 2024, mainly due to lower revenue contribution from advertising business with higher gross profit margin.

Research and Development Expenses

Our research and development expenses decreased by 5.6% from RMB5.5 billion in the fourth quarter of 2023 to RMB5.2 billion in the first quarter of 2024 due to the pace of our research projects. Our research and development expenses related to smart EV business and other new initiatives remained stable quarter-over-quarter.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 7.3% from RMB5.9 billion in the fourth quarter of 2023 to RMB5.5 billion in the first quarter of 2024, primarily due to the decrease in promotion and advertising expenses.

Promotion and advertising expenses decreased by 15.0% from RMB2.5 billion in the fourth quarter of 2023 to RMB2.1 billion in the first quarter of 2024, primarily due to less promotional events of our products and brand marketing during this quarter.

Administrative Expenses

Our administrative expenses remained stable at RMB1.5 billion in the first quarter of 2024 compared to the fourth quarter of 2023, primarily due to the increase in credit loss allowance of receivables, partially offset by the decrease in 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 gain of RMB0.6 billion in the fourth quarter of 2023 to a loss of RMB1.2 billion in the first quarter of 2024, primarily due to the fair value losses of listed equity investments in the first 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 85.0% from RMB84.0 million in the fourth quarter of 2023 to RMB155.4 million in the first quarter of 2024.

Other Income

Our other income decreased by 39.9% from RMB0.3 billion in the fourth quarter of 2023 to RMB0.2 billion in the first quarter of 2024, primarily due to the decrease of additional deduction of input value-added tax and government grants.

Other (Losses)/Gains, Net

Our other net (losses)/gains changed from a net gain of RMB1,329.6 million in the fourth quarter of 2023 to a net loss of RMB69.5 million in the first quarter of 2024, primarily due to the decrease of disposal gains from our investments accounted for using the equity method in the first quarter of 2024, mainly resulting from the reclassification of our certain investee from investments accounted for using the equity method to investments measured at fair value through profit or loss in the fourth quarter of 2023.

Finance Income, Net

Our net finance income increased by 140.2% from RMB0.6 billion in the fourth quarter of 2023 to RMB1.5 billion in the first quarter of 2024, primarily due to the change of value of financial liabilities payable to fund investors.

Income Tax Expenses

Our income tax expenses increased by 7.7% from RMB974.0 million in the fourth quarter of 2023 to RMB1,049.2 million in the first quarter of 2024, primarily due to more deductible expenses in the fourth quarter of 2023.

Profit for the Period

As a result of the foregoing, we had a profit of RMB4.2 billion in the first quarter of 2024, compared with a profit of RMB4.7 billion in the fourth quarter of 2023.

Adjusted Net Profit

Our adjusted net profit increased by 32.2% from RMB4.9 billion in the fourth quarter of 2023 to RMB6.5 billion in the first 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 first quarters of 2024 and 2023, respectively, and the fourth quarter of 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Unaudited Three Months Ended March 31, 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	4,173,212	950,246	2,223,661	36,002	(764,513)	(127,677)	6,490,931
Net margin	5.5%						8.6%

	Unaudited Three Months Ended March 31, 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	4,216,138	863,354	(3,025,510)	36,002	860,593	282,680	3,233,257
Net margin	7.1%						5.4%

	Unaudited Three Months Ended December 31, 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	4,723,462	874,020	(1,167,028)	36,002	115,015	328,195	4,909,666
Net margin	6.4%						6.7%

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, Financial Resources and Gearing

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 RMB34.9 billion and RMB33.6 billion as of March 31, 2024 and December 31, 2023, 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. 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 March 31, 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	
	March 31, 2024	December 31, 2023
	(RMB in millions)	
Net cash (used in)/generated from operating activities ⁽¹⁾	(9,287.1)	7,810.5
Net cash generated from/(used in) investing activities	10,711.0	(5,847.5)
Net cash (used in)/generated from financing activities ⁽¹⁾	(111.0)	43.3
	<u>1,312.9</u>	<u>2,006.3</u>
Net increase in cash and cash equivalents		
	<u>1,312.9</u>	<u>2,006.3</u>
Cash and cash equivalents at the beginning of the period	33,631.3	31,652.6
Effects of exchange rate changes on cash and cash equivalents	(48.0)	(27.6)
	<u>33,631.3</u>	<u>31,652.6</u>
Cash and cash equivalents at the end of the period	<u>34,896.2</u>	<u>33,631.3</u>

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 used in operating activities was RMB7.4 billion in the first quarter of 2024 and the net cash generated from operating activities was RMB11.4 billion in the fourth quarter of 2023, respectively. Excluding the change of borrowings for the finance factoring business, the net cash used in financing activities was RMB0.6 billion in the first quarter of 2024 and the net cash used in financing activities was RMB1.2 billion in the fourth quarter of 2023, 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 March 31, 2024, the aggregate amount of cash resources of the Group was RMB127.3 billion.

Net Cash Used in Operating Activities

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

In the first quarter of 2024, net cash used in our operating activities amounted to RMB9.3 billion, representing cash used in operations of RMB8.3 billion plus income tax paid of RMB1.0 billion. Cash used in operations was primarily attributable to our profit before income tax of RMB5.2 billion, mainly adjusted by an increase in inventories of RMB8.7 billion, including inventories related to the smart EV business, an increase in prepayments and other receivables of RMB3.6 billion and an increase in trade receivables of RMB2.7 billion.

Net Cash Generated From Investing Activities

For the first quarter of 2024, our net cash generated from investing activities was RMB10.7 billion, which was primarily attributed to the net decrease of short-term investments measured at fair value through profit or loss of RMB6.9 billion, the net decrease of short-term bank deposits of RMB6.2 billion, partially offset by the net increase of long-term bank deposits of RMB2.6 billion.

Net Cash Used In Financing Activities

For the first quarter of 2024, our net cash used in financing activities was RMB0.1 billion, which was primarily attributed to the payments for shares repurchase of RMB1.9 billion, payments of deferred consideration for acquisition of intangible assets of RMB1.0 billion, payment of lease liabilities of RMB0.3 billion, partially offset by the net increase of borrowings of RMB3.0 billion.

Borrowings

As of December 31, 2023 and March 31, 2024, we had total borrowings of RMB27.9 billion and RMB27.7 billion, respectively.

Capital Expenditure

	Three months ended	
	March 31, 2024	December 31, 2023
	(RMB in millions)	
Capital expenditures	2,335.3	2,140.9
Placement of long-term investments ⁽¹⁾	507.3	586.4
Total	<u>2,842.6</u>	<u>2,727.3</u>

Note:

(1) Placement for long-term investments represents equity investments, preferred share investments and other investments.

Off-Balance Sheet Commitments and Arrangements

As of March 31, 2024, except for financial guarantee contracts, we had not entered into any significant off-balance sheet commitments or arrangements.

Future Plans for Material Investments and Capital Assets

As of March 31, 2024, we did not have plans for material investments and capital assets.

Investments Held

As of March 31, 2024, we had invested in about 430 companies with an aggregate book value of RMB65.2 billion, a decrease of 2.2% year-over-year. In the first quarter of 2024, we recorded a net gain on disposal of investments (after tax) of RMB0.7 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 March 31, 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 RMB67.3 billion as of March 31, 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 of March 31, 2024) during the three months ended March 31, 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the three months ended March 31, 2024, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As of March 31, 2024, we had 35,423 full-time employees, 33,335 of whom were based in mainland China, primarily at our headquarters in Beijing, with the rest primarily based in India. As of March 31, 2024, our research and development personnel, totaling 17,421 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 March 31, 2024, 12,418 employees held share-based awards. The total remuneration expenses, including share-based compensation expenses, in the first quarter of 2024 were RMB5.2 billion, representing an increase of 0.1% from the fourth quarter of 2023.

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 March 31, 2024, our total restricted bank deposits amounted to RMB4.5 billion, compared with RMB4.8 billion as of December 31, 2023. We also had pledged certain construction in progress and land use right for borrowings.

Contingent Liabilities

We did not have any material contingent liabilities as of March 31, 2024 and December 31, 2023. Further details of the contingencies are set out in Note 10 to the financial information.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended March 31, 2024

(Expressed in Renminbi (“RMB”))

	Note	Unaudited Three months ended March 31,	
		2024	2023
		RMB'000	RMB'000
Revenue	2	75,506,822	59,477,134
Cost of sales	2, 3	<u>(58,677,105)</u>	<u>(47,885,567)</u>
Gross profit		16,829,717	11,591,567
Research and development expenses	3	(5,159,387)	(4,113,360)
Selling and marketing expenses	3	(5,481,047)	(4,103,864)
Administrative expenses	3	(1,523,007)	(1,135,173)
Fair value changes on financial instruments measured at fair value through profit or loss	5	(1,226,492)	3,453,259
Share of net profits/(losses) of investments accounted for using the equity method		155,391	(133,081)
Other income		157,407	164,834
Other (losses)/gains, net		<u>(69,544)</u>	<u>176,027</u>
Operating profit		3,683,038	5,900,209
Finance income		1,019,435	678,150
Finance costs		<u>519,905</u>	<u>(1,107,646)</u>
Profit before income tax		5,222,378	5,470,713
Income tax expenses		<u>(1,049,166)</u>	<u>(1,254,575)</u>
Profit for the period		<u>4,173,212</u>	<u>4,216,138</u>
Attributable to:			
— Owners of the Company		4,182,061	4,203,839
— Non-controlling interests		<u>(8,849)</u>	<u>12,299</u>
		<u>4,173,212</u>	<u>4,216,138</u>
Earnings per share (expressed in RMB per share):	4		
Basic		<u>0.17</u>	<u>0.17</u>
Diluted		<u>0.16</u>	<u>0.17</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2024

(Expressed in RMB)

	Unaudited	
	Three months ended	
	March 31,	
	2024	2023
	RMB'000	RMB'000
Profit for the period	4,173,212	4,216,138
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive loss of investments accounted for using the equity method	(13,265)	(23,573)
Transfer of share of other comprehensive loss to profit or loss upon disposal of investments accounted for using the equity method	—	7
Net losses from changes in fair value of financial assets at fair value through other comprehensive income	(4,928)	(7,199)
Currency translation differences	33,240	(19,345)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences	74,189	(567,490)
Other comprehensive income/(loss) for the period, net of tax	89,236	(617,600)
Total comprehensive income for the period	4,262,448	3,598,538
Attributable to:		
— Owners of the Company	4,271,146	3,589,912
— Non-controlling interests	(8,698)	8,626
	4,262,448	3,598,538

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of March 31, 2024

(Expressed in RMB)

	Note	Unaudited As of March 31, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		14,324,160	13,720,825
Intangible assets		8,079,485	8,628,739
Investments accounted for using the equity method		7,075,190	6,922,241
Long-term investments measured at fair value through profit or loss	5	58,135,532	60,199,798
Deferred income tax assets		2,357,527	2,160,750
Long-term bank deposits		19,603,480	18,293,650
Long-term investments measured at amortized cost	5	364,404	364,476
Other non-current assets		17,014,313	14,904,260
		<u>126,954,091</u>	<u>125,194,739</u>
Current assets			
Inventories	7	51,918,525	44,422,837
Trade and notes receivables	6	11,213,539	12,150,928
Loan receivables		11,040,569	9,772,589
Prepayments and other receivables		23,562,064	20,078,875
Bills receivables measured at fair value through other comprehensive income		261,450	125,661
Short-term investments measured at fair value through other comprehensive income	5	392,469	582,131
Short-term investments measured at amortized cost	5	1,002,998	502,816
Short-term investments measured at fair value through profit or loss	5	13,264,991	20,193,662
Short-term bank deposits		47,972,147	52,797,857
Restricted cash		4,492,491	4,794,031
Cash and cash equivalents		34,896,211	33,631,313
		<u>200,017,454</u>	<u>199,052,700</u>
Total assets		<u><u>326,971,545</u></u>	<u><u>324,247,439</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As of March 31, 2024

(Expressed in RMB)

	Note	Unaudited As of March 31, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		405	407
Reserves		<u>167,335,815</u>	<u>163,995,082</u>
		<u>167,336,220</u>	<u>163,995,489</u>
Non-controlling interests		<u>257,581</u>	<u>266,279</u>
Total equity		<u><u>167,593,801</u></u>	<u><u>164,261,768</u></u>
Liabilities			
Non-current liabilities			
Borrowings	8	22,671,729	21,673,969
Deferred income tax liabilities		1,343,266	1,494,287
Warranty provision		1,089,747	1,215,546
Other non-current liabilities		<u>20,607,675</u>	<u>20,014,273</u>
		<u>45,712,417</u>	<u>44,398,075</u>
Current liabilities			
Trade payables	9	60,547,077	62,098,500
Other payables and accruals		26,063,631	25,614,650
Advance from customers		13,156,844	13,614,756
Borrowings	8	5,034,168	6,183,376
Income tax liabilities		2,186,128	1,838,222
Warranty provision		<u>6,677,479</u>	<u>6,238,092</u>
		<u>113,665,327</u>	<u>115,587,596</u>
Total liabilities		<u><u>159,377,744</u></u>	<u><u>159,985,671</u></u>
Total equity and liabilities		<u><u>326,971,545</u></u>	<u><u>324,247,439</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2024

(Expressed in RMB)

	Unaudited	
	Three months ended	
	March 31,	2023
	2024	2023
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(9,287,058)	1,218,761
Net cash generated from/(used in) investing activities	10,710,999	(1,622,151)
Net cash used in financing activities	<u>(111,044)</u>	<u>(866,848)</u>
Net increase/(decrease) in cash and cash equivalents	1,312,897	(1,270,238)
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	<u>(47,999)</u>	<u>(156,071)</u>
Cash and cash equivalents at the end of the period	<u><u>34,896,211</u></u>	<u><u>26,180,952</u></u>

1 Basis of preparation

The condensed consolidated interim financial information comprises the interim condensed consolidated balance sheet as of March 31, 2024, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three-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 issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) 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 three months ended March 31, 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 March 31, 2024.

2 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.

Currently, substantially all of the Group’s revenue were generated from sales of smartphone and the ecosystem products or services, these revenue are regularly reviewed and evaluated by the CODM, thus the Group determined that it has operating segments as follows:

- Smartphones
- IoT and lifestyle products
- Internet services
- Others

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses and research and development expenses are not included in the measure of the segments’ performance that reviewed by CODM as a basis for the purpose of resource allocation and assessment of segment performance. Fair value changes on financial instruments measured at fair value through profit or loss, share of net profits/(losses) of investments accounted for using the equity method, other income, other (losses)/gains, net, finance income, finance costs and income tax expenses are not allocated to individual operating segments as they were centrally monitored by the Group.

The segment results for the three months ended March 31, 2024 and 2023 are as follows:

	Three months ended March 31, 2024				
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Others RMB'000	Total RMB'000
(Unaudited)					
Segment revenues	46,479,748	20,373,489	8,048,383	605,202	75,506,822
Cost of sales	<u>(39,600,525)</u>	<u>(16,326,052)</u>	<u>(2,073,018)</u>	<u>(677,510)</u>	<u>(58,677,105)</u>
Gross profit/(loss)	<u>6,879,223</u>	<u>4,047,437</u>	<u>5,975,365</u>	<u>(72,308)</u>	<u>16,829,717</u>
	Three months ended March 31, 2023				
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Others RMB'000	Total RMB'000
(Unaudited)					
Segment revenues	34,984,746	16,833,782	7,028,148	630,458	59,477,134
Cost of sales	<u>(31,051,729)</u>	<u>(14,187,118)</u>	<u>(1,948,401)</u>	<u>(698,319)</u>	<u>(47,885,567)</u>
Gross profit/(loss)	<u>3,933,017</u>	<u>2,646,664</u>	<u>5,079,747</u>	<u>(67,861)</u>	<u>11,591,567</u>

For the three months ended March 31, 2024 and 2023, the geographical information on the total revenues is as follows:

	Three months ended March 31, 2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Mainland China	37,634,073	49.8	32,491,984	54.6
Rest of the world (Note(a))	<u>37,872,749</u>	50.2	<u>26,985,150</u>	45.4
	<u>75,506,822</u>		<u>59,477,134</u>	

Note:

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

3 Expenses by nature

	Three months ended	
	March 31,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and royalty fees	53,763,945	42,760,964
Provision for impairment of inventories	1,241,490	1,814,492
Employee benefit expenses	5,190,377	4,500,457
Depreciation of property, plant and equipment, right-of-use assets and investment properties	803,713	563,606
Amortization of intangible assets	590,610	361,473
Promotion and advertising expenses	2,109,809	1,266,873
Content fees to game developers and video providers	826,732	864,497
Credit loss allowance	269,364	58,957
Consultancy and professional service fees	334,643	282,856
Cloud service, bandwidth and server custody fees	468,522	550,549
Warranty expenses	1,037,167	863,431

4 Earnings per share

(a) Basic

Basic earnings per share for the three months ended March 31, 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	
	March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	4,182,061	4,203,839
Weighted average number of ordinary shares in issue (thousand shares)	25,037,673	24,828,396
Basic earnings per share (expressed in RMB per share)	0.17	0.17

(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 ended March 31, 2024.

	Three months ended	
	March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	4,182,061	4,203,839
Weighted average number of ordinary shares in issue (thousand shares)	25,037,673	24,828,396
Adjustments for RSUs and share options granted to employees (thousand shares)	443,382	309,441
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	25,481,055	25,137,837
Diluted earnings per share (expressed in RMB per share)	0.16	0.17

5 Investments

	As of	As of
	March 31,	December 31,
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current assets		
Short-term investments measured at		
— Amortized cost	1,002,998	502,816
— Fair value through other comprehensive income	392,469	582,131
— Fair value through profit or loss	13,264,991	20,193,662
	14,660,458	21,278,609
Non-current assets		
Long-term investments measured at amortized cost	364,404	364,476
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	13,536,254	15,291,625
— Preferred shares investments	34,028,441	34,444,516
— Treasury investments	7,023,593	6,846,562
— Other investments	3,547,244	3,617,095
	58,499,936	60,564,274

Amounts recognized in profit or loss of financial investments measured at fair value through profit or loss

	Three months ended	
	March 31,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	(1,591,554)	3,216,333
— Preferred shares investments	198,087	102,568
— Treasury and other investments	90,190	78,344
Short-term investments measured at fair value through profit or loss	122,384	56,014
	<u>(1,180,893)</u>	<u>3,453,259</u>

6 Trade and notes receivables

The Group usually 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	As of
	March 31,	December 31,
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade and notes receivables		
Up to 3 months	8,550,501	9,108,133
3 to 6 months	1,283,814	1,666,418
6 months to 1 year	753,737	522,612
1 to 2 years	1,028,701	1,016,563
Over 2 years	168,369	154,160
	<u>11,785,122</u>	<u>12,467,886</u>
Less: credit loss allowance	<u>(571,583)</u>	<u>(316,958)</u>
	<u>11,213,539</u>	<u>12,150,928</u>

7 Inventories

	As of March 31, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Raw materials	14,194,696	11,455,435
Finished goods	32,167,588	27,132,256
Work in progress	3,614,358	3,564,974
Spare parts	3,655,129	3,494,076
Others	751,681	952,492
	<u>54,383,452</u>	<u>46,599,233</u>
Less: provision for impairment (Note (a))	<u>(2,464,927)</u>	<u>(2,176,396)</u>
	<u><u>51,918,525</u></u>	<u><u>44,422,837</u></u>

Note:

- (a) During three months ended March 31, 2024, the Group incurred inventory impairment provision approximately RMB1,241,490,000 (RMB1,814,492,000 for the three months ended March 31, 2023) and transferred out of such provision upon the sales of inventories approximately RMB953,000 (RMB1,612,000 for the three months ended March 31, 2023).

8 Borrowings

	As of March 31, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Included in non-current liabilities		
Secured borrowings	986,700	—
Unsecured borrowings	16,574,647	16,631,078
Convertible bonds	5,110,382	5,042,891
	<u>22,671,729</u>	<u>21,673,969</u>
Included in current liabilities		
Secured borrowings	19,345	—
Unsecured borrowings	5,014,823	6,183,376
	<u>5,034,168</u>	<u>6,183,376</u>

9 Trade payables

Trade payables primarily include payables for inventories. As of March 31, 2024 and December 31, 2023, the carrying amounts of trade payables were primarily denominated in RMB and US\$.

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

	As of March 31, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Up to 3 months	46,932,482	52,493,579
3 to 6 months	7,718,164	4,809,809
6 months to 1 year	4,288,684	3,039,535
1 to 2 years	1,028,069	1,001,272
Over 2 years	579,678	754,305
	<u>60,547,077</u>	<u>62,098,500</u>

10 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 (the “**ED**”) 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 INR45,750,963,000 (equivalent to RMB3,969,354,000) has been considered as restrictive as of March 31, 2024. The cases are currently in the hearing stages and not yet concluded.

Management assessed the aforesaid matters related to Xiaomi India, taking into considerations opinions from professional advisors, and concluded Xiaomi India has valid grounds to respond to the relevant Indian authorities. The Group, hence, has not made any provision as of March 31, 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 three months ended March 31, 2024 and up to the date of this announcement, the Company repurchased a total of 163,134,400 Class B ordinary shares (the “**Class B Shares**”) of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration of approximately HK\$2,245,467,263 (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	<u>18,200,000</u>	15.98	15.42	<u>285,886,401</u>
Total	<u>163,134,400</u>			<u>2,245,467,263</u>

As at the date of this announcement, the number of Class B Shares in issue was reduced by 138,100,000 shares as a result of the cancellations of the Shares Repurchased in January 2024 and February 2024, and all of the Shares Repurchased in March 2024 and April 2024 are in the process of being cancelled. Upon cancellation of the Shares Repurchased, the weighted voting rights (“**WVR**”) beneficiaries of the Company will simultaneously reduce their WVR in the Company proportionately by way of converting their Class A ordinary shares (the “**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.

The Class B Shares repurchased in November 2023, December 2023, January 2024 and February 2024 were subsequently cancelled on March 14, 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.

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 during the three months ended March 31, 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 three months ended March 31, 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 months ended March 31, 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 March 31, 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 March 31, 2024

Save as disclosed in this announcement, there have been no other significant events that might affect the Group after March 31, 2024 and up to the date of this announcement.

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, May 23, 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.