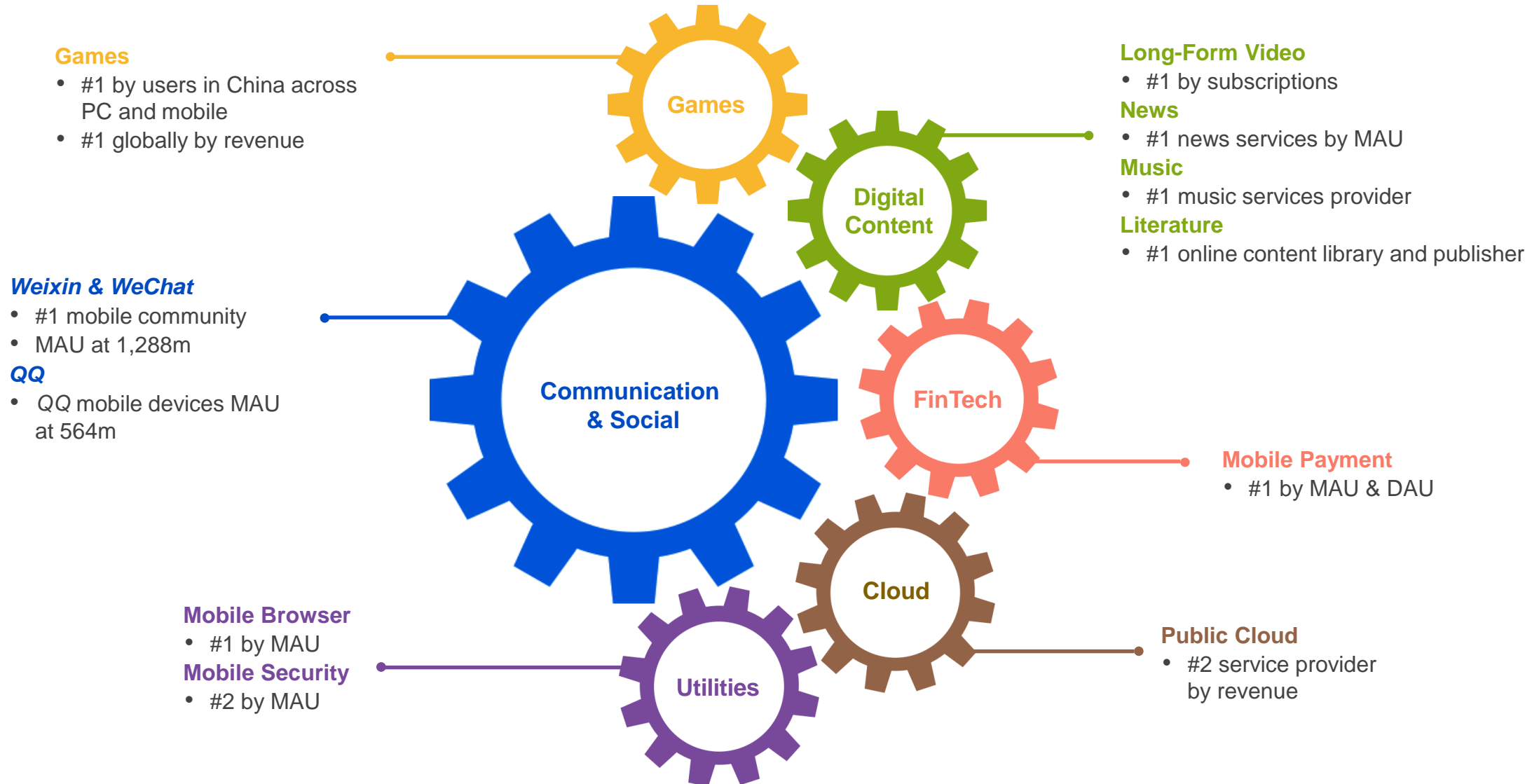


Tencent 腾讯

CORPORATE OVERVIEW

May 18, 2022

Leading Services with Highly Engaged User Base



Digital Ecosystem Fulfilling Everyday Needs of Consumers

1 billion+

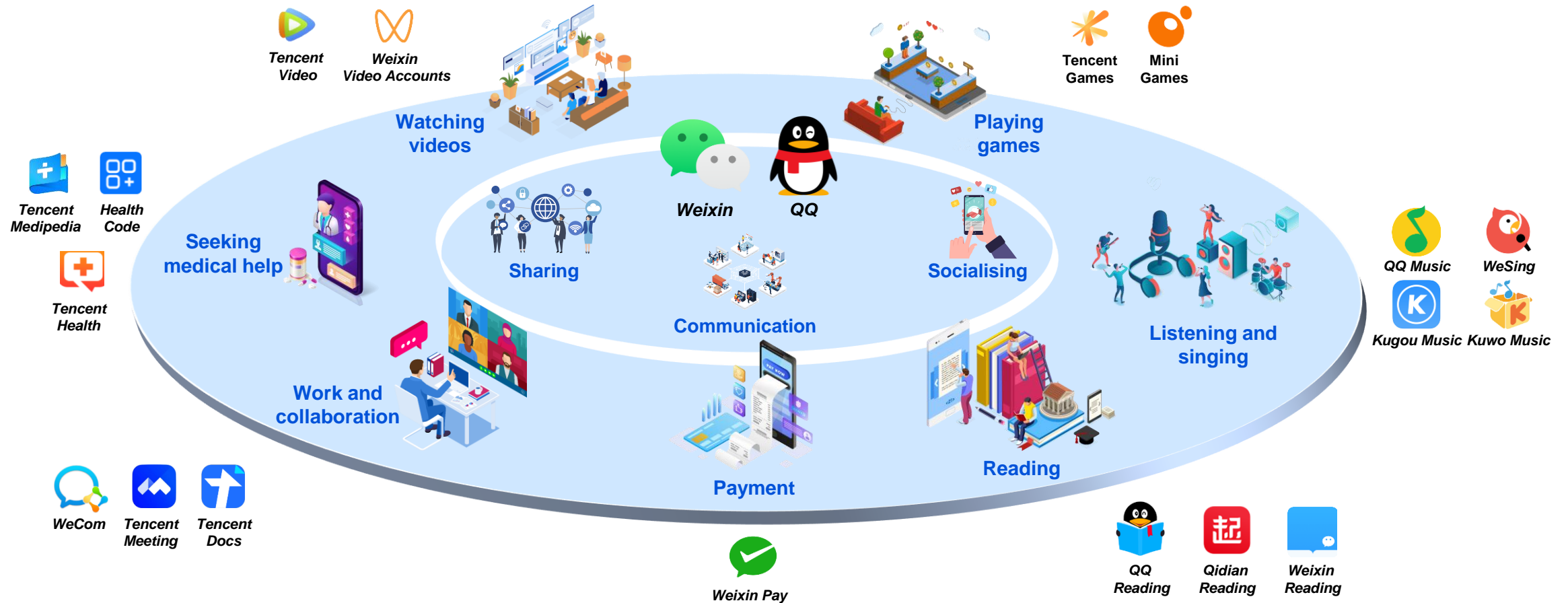
daily average commercial payment transactions on *Weixin Pay* ⁽¹⁾

RMB1.6 trillion+

total transaction value generated from *Weixin Mini Programs* ⁽²⁾

239 million

total fee-based VAS subscriptions ⁽³⁾



1. Since 4Q2019
 2. Annual transaction value in 2020
 3. Fee-based VAS subscriptions as of Mar 31, 2022

Weixin Connects Users, Content and Services in China



Chat and Moments

- *Weixin Chat* provides synchronous communication between mutual contacts
- *Moments* provide asynchronous photo, video and audio sharing

Weixin Pay

- Easy and secured online/offline transactions
- Over 1 billion average commercial transactions per day since 4Q2019

Mini Programs

- Connect over 500 million DAU with products, content and services
- Help independent businesses thrive with their own channels and customer relationships
- 2020 annual transaction value more than doubled YoY

Official Accounts

- Allow individuals, media and businesses to share original content and engage with audience
- Strengthen brand awareness and content management

Video Accounts

- A separate ID-based content platform for public sharing of video and live streaming content
- Provide unique channel for acquiring and managing customers efficiently
- Composed of both knowledge-based and entertainment content, offered to users via social and algorithmic recommendations

Largest communication and social service in China for 1.3 billion MAU ⁽¹⁾

QQ Caters to Evolving Interactive Needs of Young Generations

Mini Programs



Connect users with content & services, e.g., animated series provided by third-parties

Mini World



Short-form video creation, sharing and consumption

Super QQ Show



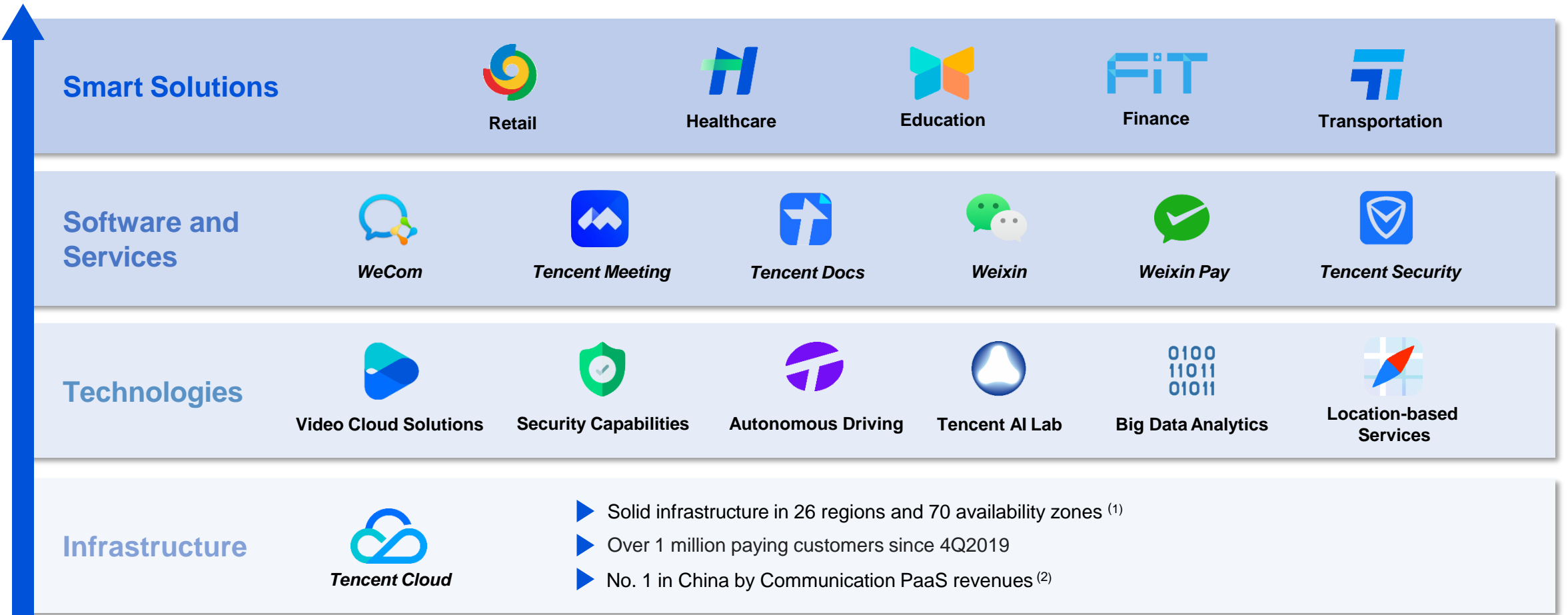
Testing new customisable virtual avatar for use in various social scenarios

564 million QQ MAU ⁽¹⁾ on mobile devices

1. As of Mar 31, 2022

Embrace Industrial Internet with Strong Technological Capabilities

- ▶ Extending our strategy of 'Connection' to connecting industries, consumers & business partners; focusing on customer value creation and quality of growth
- ▶ Provide smart industry solutions based on Tencent Cloud; leverage our high-DAU products and software, and proprietary technologies to assist enterprises in digital transformation
- ▶ Concentrate our resources on SaaS/PaaS solutions such as enterprise communication software, video cloud and cybersecurity solutions



1. As of Mar 31, 2022

2. Gartner's "Market Share: All Software, Markets, Worldwide, 2021"

Our ESG Commitment and Approach

Integrate social responsibility into products and services

Promote technological innovation to create long-term value for all stakeholders

Environment

To achieve **Carbon Neutrality** in own operations and supply chain, and shift to 100% renewable energy by 2030, via:

- Improving energy efficiency via technology innovations and applications
- Increasing renewable energy use and participating in green power trading
- Carbon offsets for the remaining segments which cannot be reduced otherwise

Social

- Adapted various apps to provide **elderly-oriented and barrier-free services**
- Adopted industry-leading and effective measures for **Minor protection**
- **Assist SMEs** to reduce operating costs and enhance efficiency by offering subsidies, resources and services via *Weixin Pay*
- Upgraded our **charitable fundraising platform**, extending reach of annual 99 *Giving Day* event to engage 69 million users and 12,000 enterprises

Governance

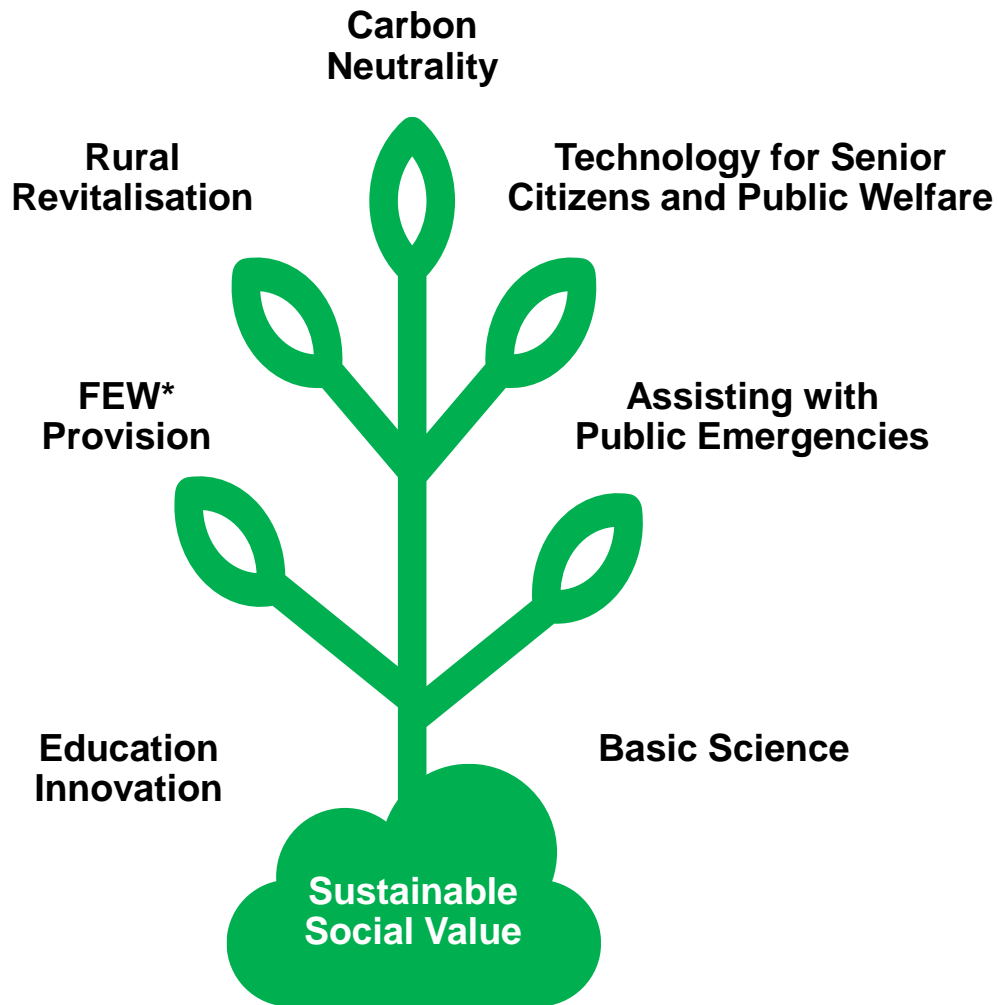
- **Enhanced anti-trust compliance** with a dedicated department, updated guidelines for all businesses and strengthened staff trainings
- **Updated anti-money laundering and sanctions compliance** to closely follow domestic and global regulatory requirements and trends
- **Support diversity and inclusion**, increasing female representation in managerial roles, and collaborating with UNDP to inspire women in technology industry

MSCI ESG Rating: **BBB** | Sustainalytics ESG risk score: **22.9** ⁽¹⁾

* For more details about Tencent's ESG approach, please refer to our [2021 ESG Report](#).

1. Out of 100, the lower the better

Create Sustainable Innovations for Social Value



Established Sustainable Social Value Org (SSV) in Apr 2021, to deploy social value initiatives in a professional and entrepreneurial way

Contributed to common prosperity with new commitment in Aug 2021

Pursue long-term social value leveraging our technology and products:

- Fund basic scientific research to support critical healthcare and environmental technologies
- Building a public AED emergency response platform leveraging IoT solutions and *Weixin Mini Programs*
- Nurture administrative and business talents in rural areas with our digital solutions
- Utilise advanced game technologies, AI, AR and VR for cultural preservation and popularisation

* Food, Energy and Water

Leading industry in fostering a healthy gameplay environment in China

- Pioneered a system for parents to manage minors' game activity in Feb 2017. Introduced the strictest measures in the industry with mandatory real-name verification, game time and spending limits in Sep 2018
- Further tightened game time and spending limits beyond regulatory requirement in Aug 2021, reducing daily time limit for users aged under 18 and preventing in-game spending by users aged under 12
- Full compliance with new regulations enforced since Sep 1, 2021: users aged under 18 can only play games between 8-9pm on Fridays, Saturdays, Sundays and statutory holidays.
- Industry-leading effort in combatting minors' usage of adult accounts: 1) upgraded our screening system to identify misused adult accounts; and 2) proactively assist authorities in cracking down on illegal account transactions
- Users aged under 18 accounted for: 1) 0.9% of Domestic Games time spent in 4Q2021, down 88% YoY; 2) 1.5% of our Domestic Games grossing receipts in 4Q2021, down 73% YoY

Feb 2017

Pioneered a system for parents to manage minors' game activity

Sep 2018

Upgraded Healthy Gameplay System with mandatory real-name verification, game time and spending limit

Sep 2019

Took down games incompatible with Healthy Gameplay System

Aug 2021

Further tightened game time and spending limits

Sep 2021

Full compliance with new regulations enforced since 1st Sep

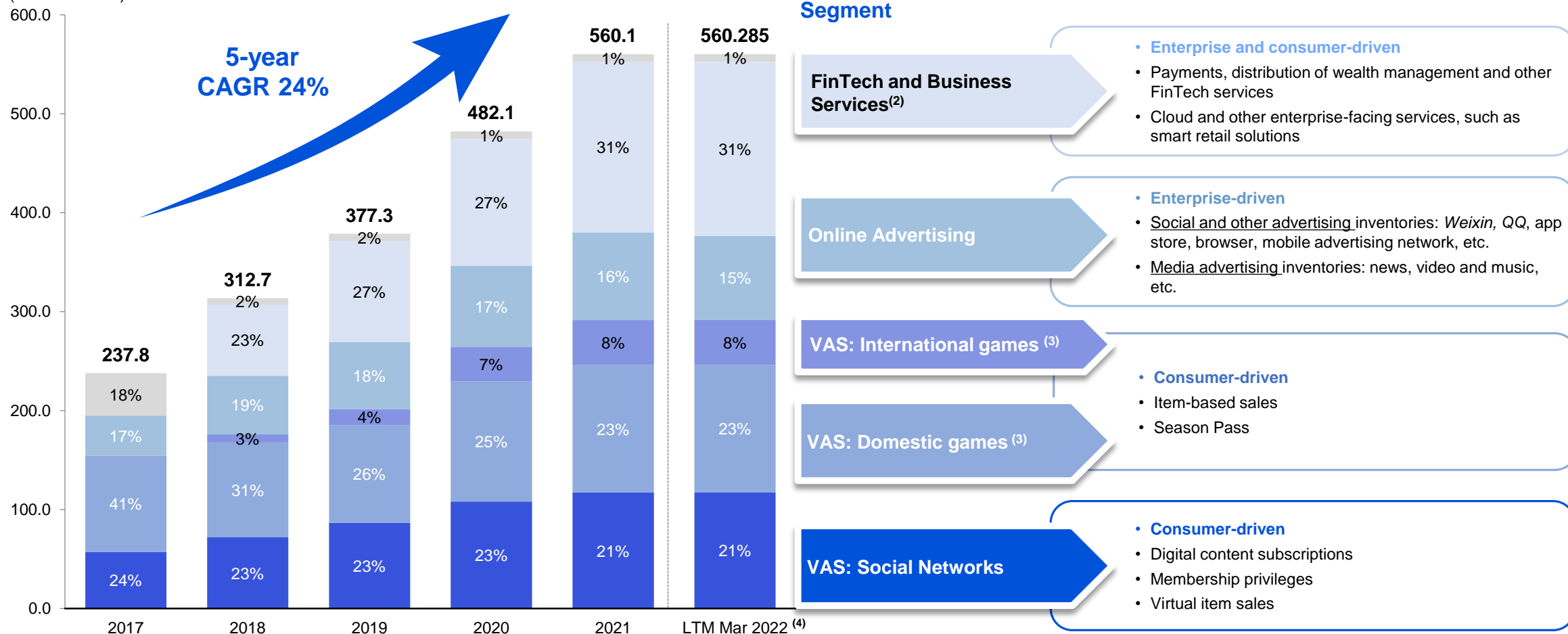
1. Business Model

2. Financials

Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment ⁽¹⁾⁽²⁾

(RMB in billions)



- "Others" segment revenues is marked in grey. "Others" segment revenues for 2016-2017 include FinTech and Business Services, and the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. "Others" segment revenues for 2018 – 2021 included the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.
- Starting 1Q2019, we moved "FinTech and Business Services" revenues out of the "Others" segment to form a new segment, comparative figures in 2018 were restated accordingly.
- Starting 3Q21, we disclose revenue from Domestic Games and International Games as new sub-segments under VAS, reflecting the increasing scale of our International Games business. For the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.
- Last twelve months ended Mar 31, 2022

Digital Content Services

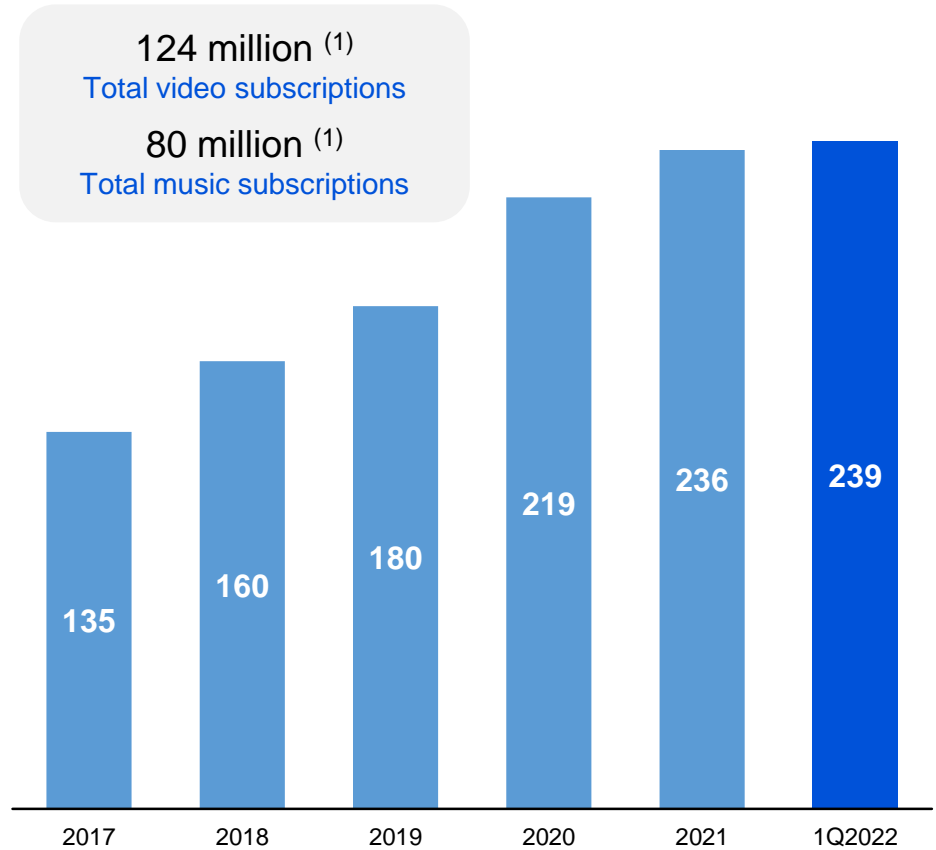
- ▶ Leading digital content platforms offer high quality content in various forms, including literature, anime, video, games and others
- ▶ Expertise in curating popular IP and extending IP influence across various media forms and high-DAU properties
- ▶ Strategic partner of choice for major content producers and owners locally and globally

High Quality Content



Growing Fee-based VAS Subscriptions

(in millions)



1. As of Mar 31, 2022

Games

Leading global platform for game development, publishing and operation

Sizable Developer

Owned Studios



Invested External Studios



Partnership with External Studios



Deep Portfolio of Massively Popular Titles across Genres

Battle Arena



Honour of Kings
#1 China mobile game by DAU ⁽¹⁾



League of Legends
#4 international PC game by MAU ⁽²⁾



League of Legends: Wild Rift
#5 China mobile games by DAU ⁽¹⁾

Action



Peacekeeper Elite
#2 China mobile game by DAU ⁽¹⁾



PUBG Mobile
Top 10 international mobile game by DAU ⁽³⁾



Call of Duty Mobile
Top 10 international mobile game by DAU ⁽³⁾



Valorant
#6 international PC game by MAU ⁽²⁾

Strategy



Clash of Clans
Top 10 international mobile game by DAU ⁽³⁾



Return to Empire
#2 in real-time strategy genre by grossing receipts ⁽⁴⁾

Other Key Genres



Fight of the Golden Spatula
Auto Battler
6th China mobile game by DAU ⁽³⁾



Light and Night
Female-oriented Narrative

Expanding international presence

Investing in talents & leading studios

- Scaling up talents in owned studios
- Acquiring and nurturing specialist genre-leading studios

Global IP portfolio

- Internally - extending IPs to multiple genres, and creating new IPs
- Externally - partnering with IP owners to develop and operate popular games

Building capabilities

- New publishing brand Level Infinite
- Fostering player communities via eSports

1. QuestMobile, as of Mar 2022
2. Newzoo, as of Mar 2022
3. data.ai, as of Mar 2022
4. data.ai, as of Apr 2022

Online Advertising

Large Share of Time Spent with Significant Headroom for Monetisation

35%

time spent on apps in China is captured by apps of Tencent ⁽¹⁾

11.0%

market share of online ads revenue in China ⁽²⁾

Our Advertising Properties

Social



Weixin Moments



Weixin Official Accounts



Weixin Mini Programs



QQ

Media



Tencent Video



Tencent News



QQ Music



Tencent Sports



QQ Reading

Tools and Others



QQ Browser



Tencent Games



Tencent eSports



Mobile Advertising Network

Our Technology

Integrated Advertising Solutions



- Integrated digital marketing solutions provide access to full range of Tencent and third-party advertising inventories

Leading Advertising Technology

- Offers a range of digital tools including user insight, campaign management, and digital asset management
- Upgrading machine learning infrastructure of our advertising system to process data more efficiently
- Enables us to enhance targeting and conversion rates, and hence higher ROI for advertisers

Strong revenue growth (22% CAGR from 2017 to 2021)

1. According to QuestMobile, in December 2021; including apps with MAU of no less than 10,000.

2. Market share calculated as Tencent Online Advertising revenue in 2020 divided by China online advertising market size in 2020 according to CNNIC adjusted by adding customer management revenue of Alibaba in 2020 as disclosed.

FinTech and Business Services

FinTech Solutions



Weixin Pay

- Over 1 billion average daily commercial payment transactions since 4Q2019
- Take-rate collected from merchants for commercial transactions
- Social and other transactions including red packets, bill sharing and utility payment



LiCaiTong

- Offers wealth management services including compliant and inclusive financial products from partners

Business Services



StarLake



Video Cloud Solutions



WeCom



Tencent Meeting

IaaS, PaaS, SaaS and technology solutions for enterprise customers

- IaaS: *Star Lake* server and T-block technology enhanced service performance
- PaaS: No. 1 in China by Communication PaaS ⁽²⁾ revenues and increasing adoption of security solutions
- SaaS: deepened integration among fast growing *WeCom*, *Tencent Meeting* and *Tencent Docs*

1. *WeBank is an affiliate of Tencent and is a licensed bank*

2. *Gartner's "Market Share: All Software, Markets, Worldwide, 2021"*

1. Business Model

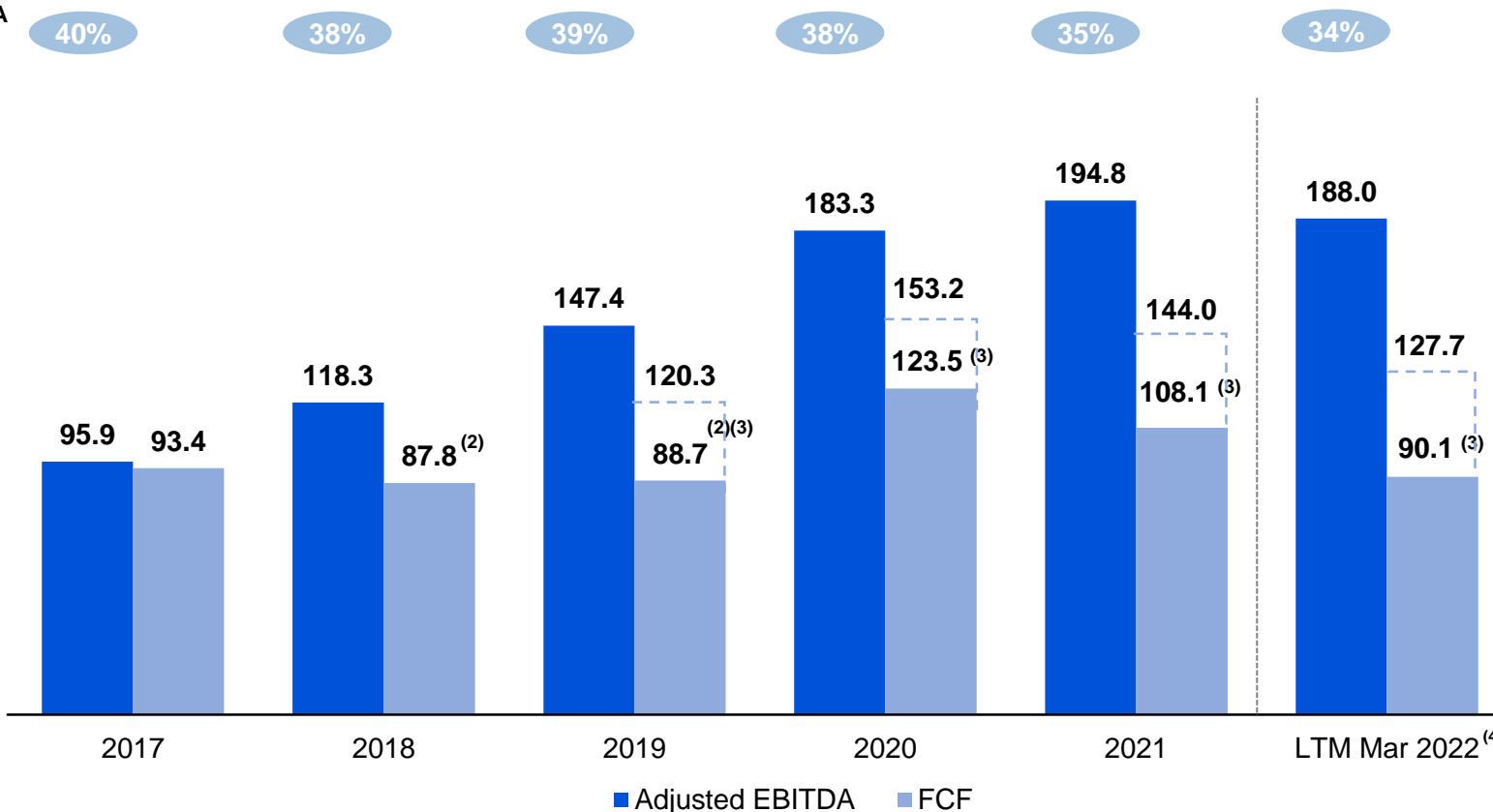
2. Financial Highlights

Highly Profitable and Cash-Generative Business Model

Adjusted EBITDA ⁽¹⁾ and Free Cash Flow (FCF) ⁽²⁾

(RMB in billions)

Adj. EBITDA Margin



Key Metrics

19%
Adj. EBITDA CAGR ⁽⁵⁾

35%
Adj. EBITDA Margin ⁽⁶⁾

55%
FCF Conversion ⁽⁷⁾

1. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses

2. Free cash flow calculated as net cash flow generated from operating activities minus payments for capital expenditures. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly

3. Starting from 2020, free cash flow was adjusted by subtracting payments for media contents and lease liabilities, in addition to subtracting payments for capital expenditure from operating cash flow. RMB120.3 billion in 2019, RMB153.2 billion in 2020 and RMB144.0 billion in 2021 are the free cash flow numbers before the adjustments

4. Last twelve months ended Mar 31, 2022

5. 2017–2021 CAGR

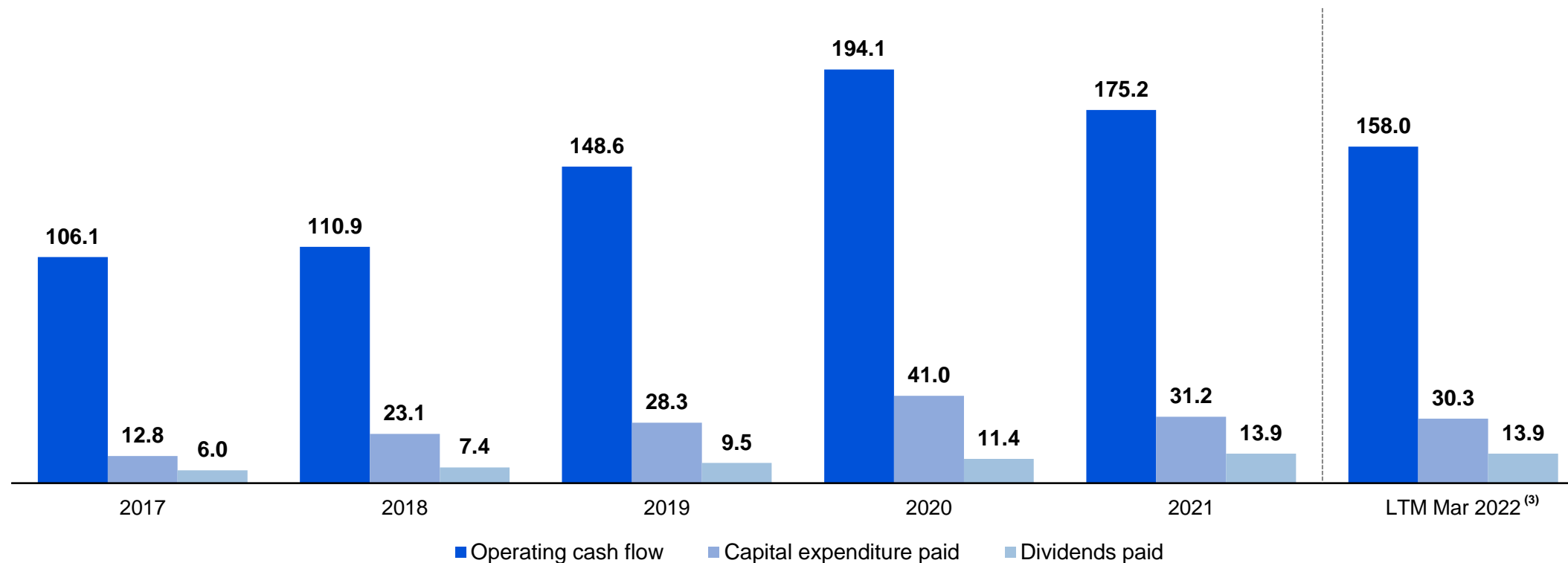
6. 2021 Adjusted EBITDA as % of Revenues

7. FCF Conversion = FCF / Adjusted EBITDA; In 2021

Stable and Sustainable Cash Generation

Operating Cash Flow (OCF)⁽¹⁾, Capital Expenditure Paid and Dividends Paid⁽²⁾

(RMB in billions)



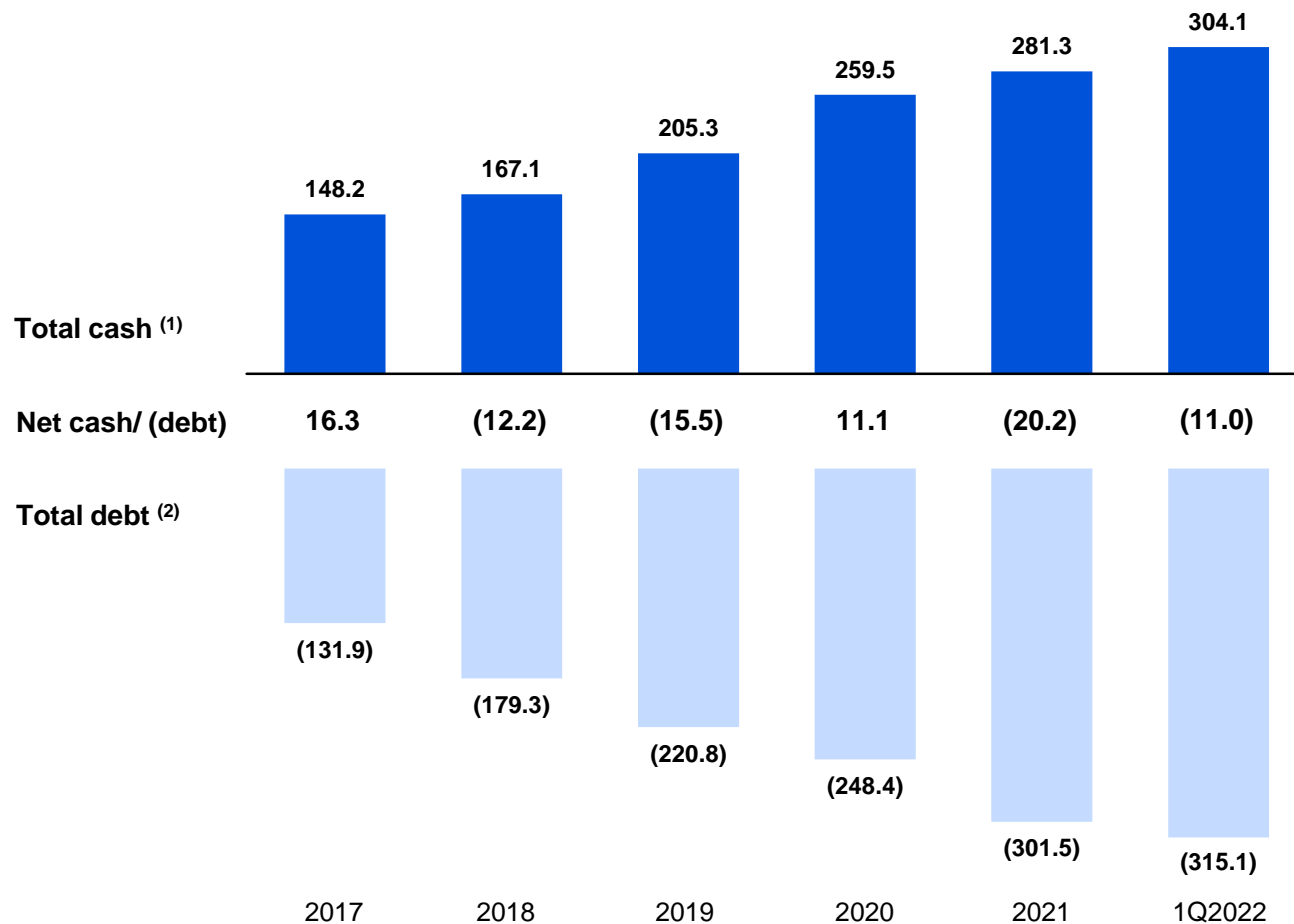
Capital expenditure paid (as % of OCF):	12%	21%	19%	21%	18%	19%
Dividends paid (as % of OCF):	6%	7%	6%	6%	8%	9%

- In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.
- Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents). Dividends paid include dividends paid to both the Company's shareholders and non-controlling interests.
- Last twelve months ended Mar 31, 2022

Solid Balance Sheet Position

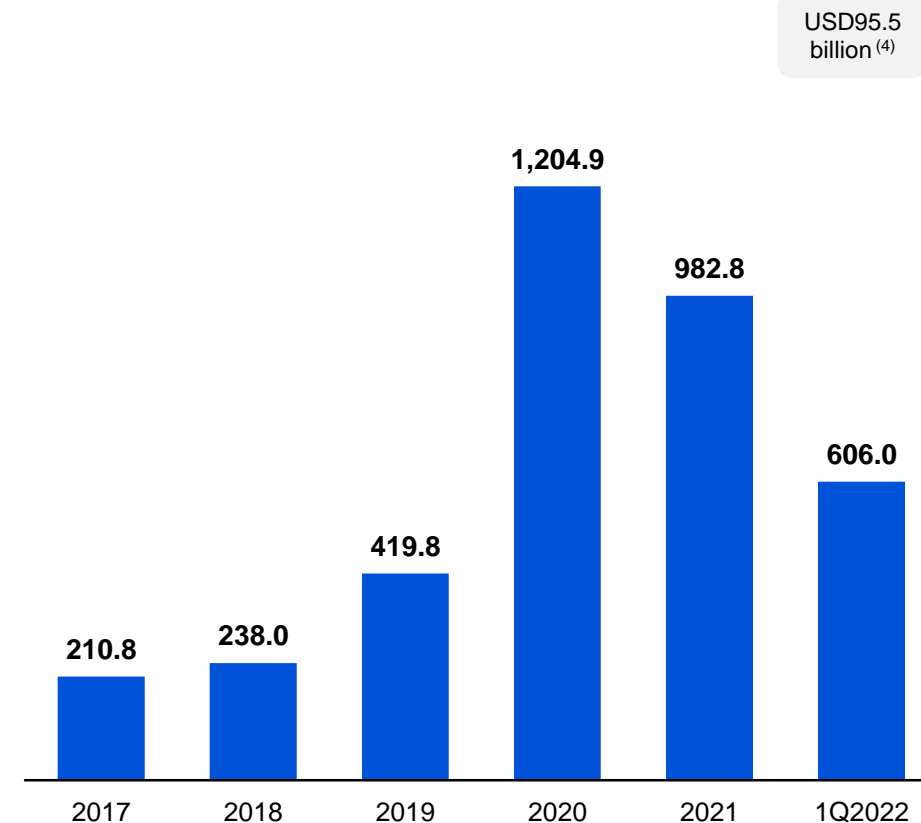
Net Cash / (Debt) Position

(RMB in billions)



Fair Value of Shareholdings in Listed Investee Companies ⁽³⁾

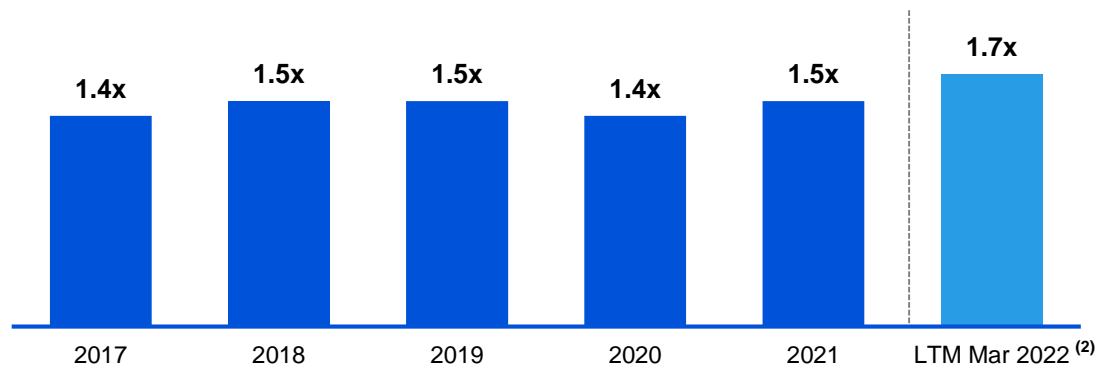
(RMB in billions)



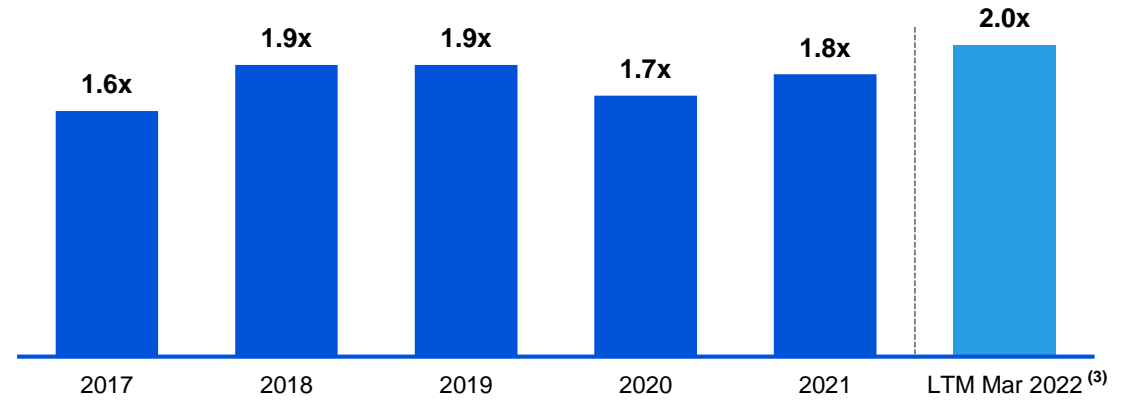
1. Based on cash and cash equivalents, and term deposits and others
2. Total debt consists of borrowings and notes payable
3. Excluding subsidiaries, including those held via special purpose vehicles, on an attributable basis
4. 1Q2022 figures quoted in US dollars are based on the exchange rate of US\$1 to RMB6.3482

Prudent Capital Management and Robust Credit Metrics

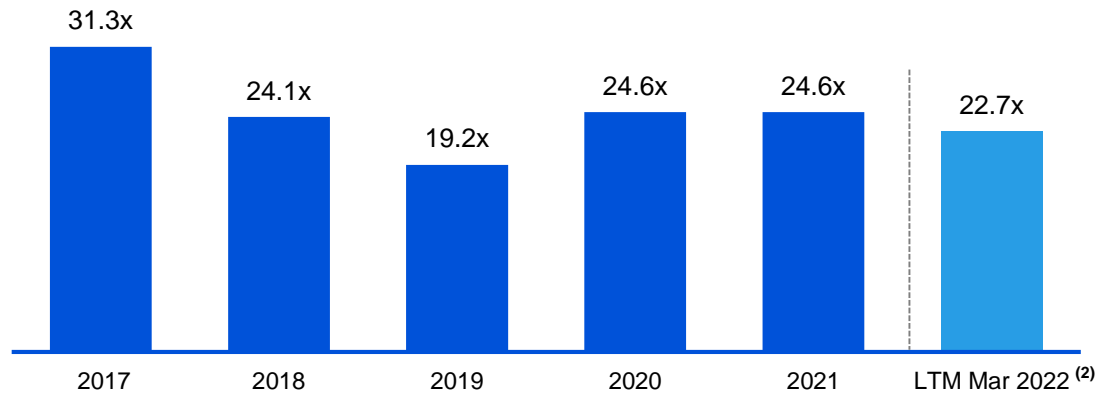
Total debt / Adjusted EBITDA ⁽¹⁾



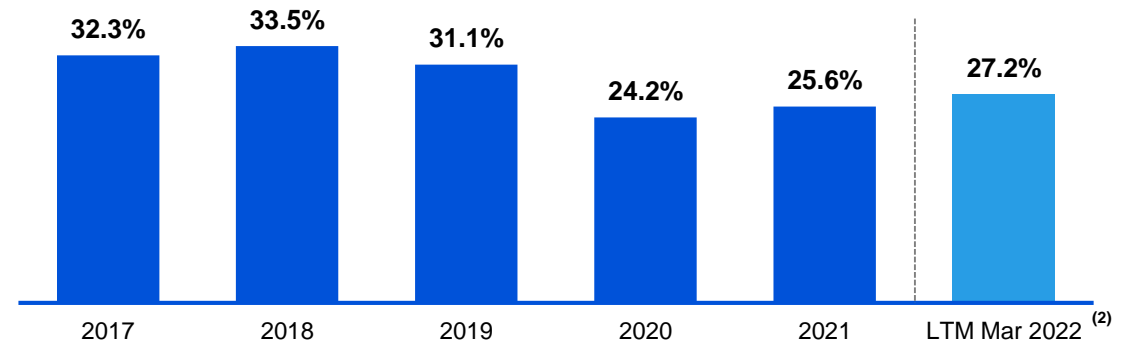
Total debt / (Adjusted EBITDA – CAPEX paid) ⁽³⁾



Adjusted EBITDA / Interest expense



Total debt / Total capitalisation ⁽⁴⁾



1. Total debt consists of borrowings and notes payable; Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses

2. Last twelve months ended Mar 31, 2022

3. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents)

4. Total capitalisation consists of total debt plus total equity (book value)



<https://www.tencent.com/ir>