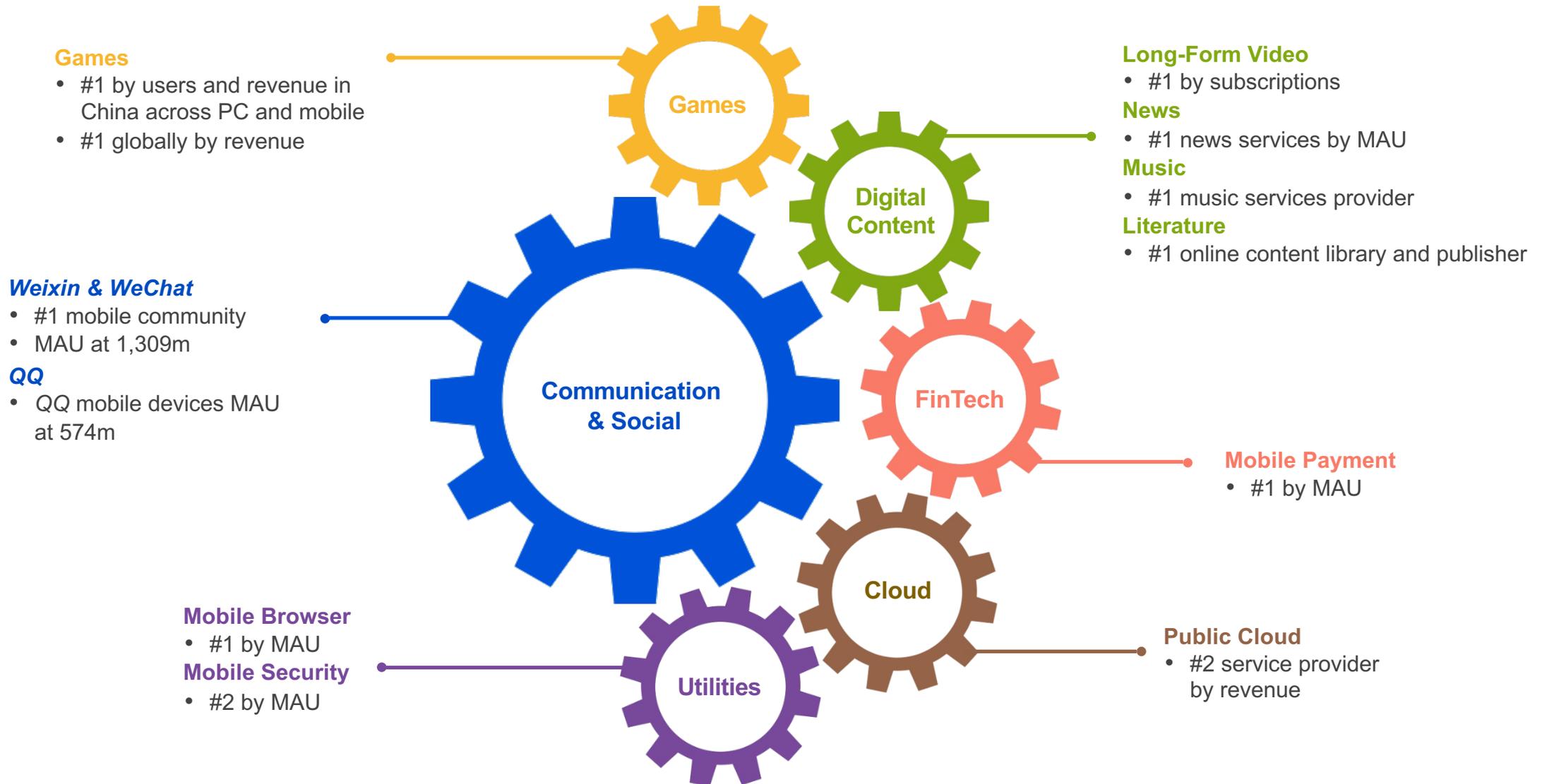


Tencent 腾讯

CORPORATE OVERVIEW

November 16, 2022

Leading Services with Highly Engaged User Base



Digital Ecosystem Fulfilling Everyday Needs of Consumers

1 billion+

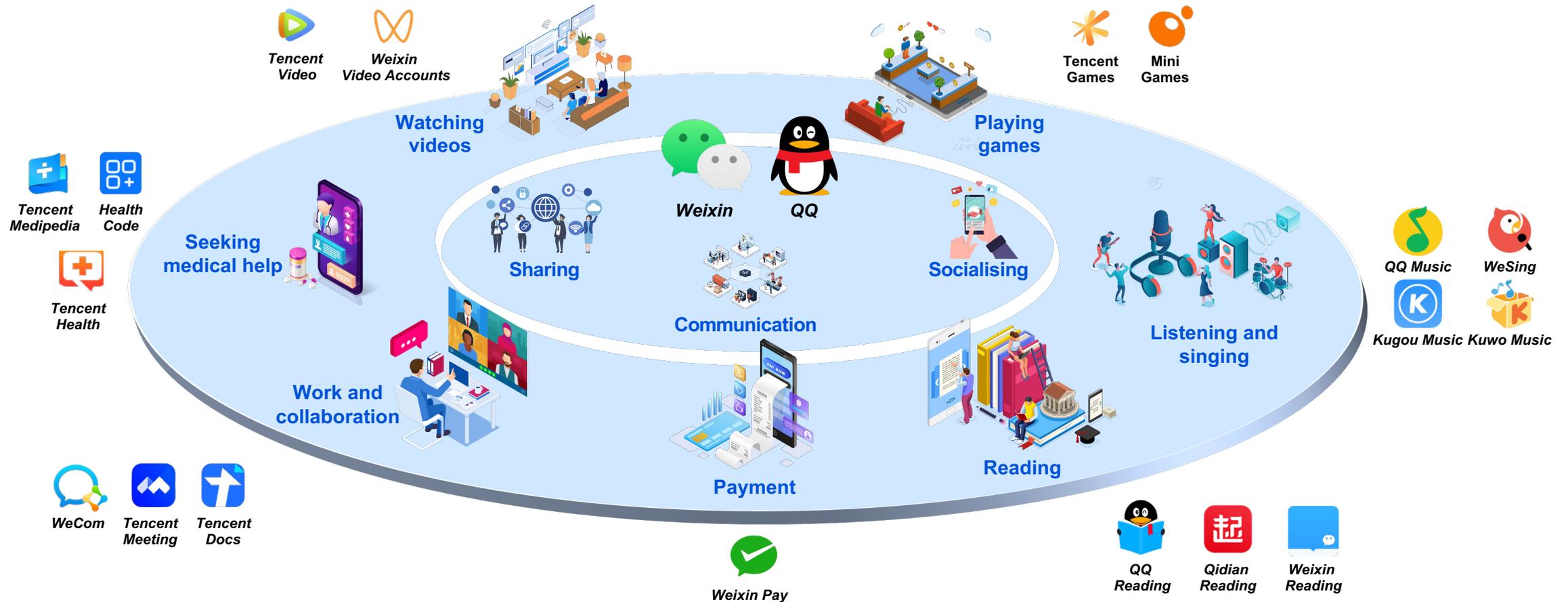
daily average commercial payment transactions on *Weixin Pay* ⁽¹⁾

600 million

daily active user accounts on *Weixin Mini Programs* ⁽²⁾

229 million

total fee-based VAS subscriptions ⁽³⁾



1. Since 4Q2019
 2. Annual transaction value in 2020
 3. Fee-based VAS subscriptions as of Sep 30, 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 users with products, content and services
- Help independent businesses thrive with their own channels and customer relationships

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
- Composed of both knowledge-based and entertainment content, offered to users via social and algorithmic recommendations
- Total time spent exceeded 80% of Moments
- Ramping up monetisation via in-feed ads, live streaming tipping and eCommerce

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

QQ Caters to Evolving Interactive Needs of Young Generations

Mini Programs



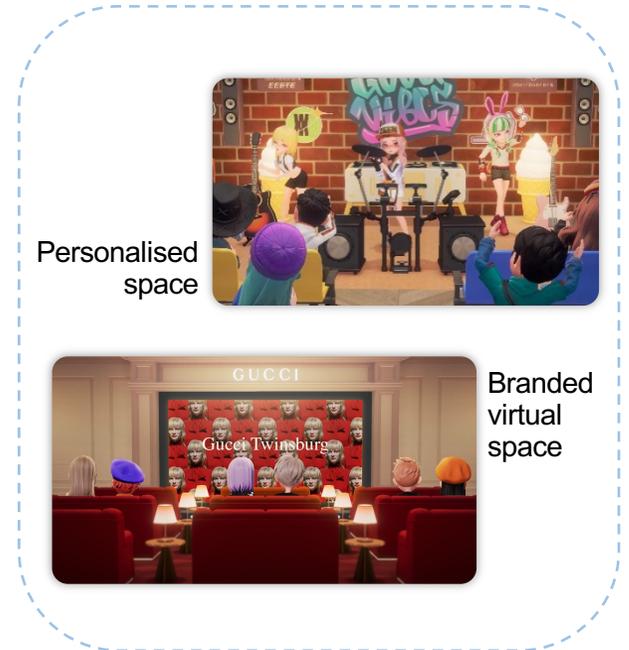
Connect users with content & services, e.g., animated series provided by third-parties

Mini World



Short-form video creation, sharing and consumption

Super QQ Show



Socialise in various scenarios using customisable virtual avatars

574 million QQ MAU ⁽¹⁾ on mobile devices

1. As of Sep 30, 2022

Support Real Economy with Strong Technological Capabilities

- ▶ Extending our strategy of 'Connection' to connecting industries, consumers & business partners; focusing on customer value creation and quality of growth
- ▶ Leverage our high-DAU products and software, and proprietary technologies to help non-Internet industries, e.g., financial services, industrials, retail and automotive, embrace digital transformation
- ▶ Concentrate our resources on SaaS/PaaS solutions such as enterprise communication software, video cloud and cybersecurity solutions

Software and Services



WeCom



Tencent Meeting



Tencent Docs



Weixin



Weixin Pay



Tencent Security

Technologies



Video Cloud Solutions



Security Capabilities



Tencent AI Lab



Big Data Analytics



Tencent Cloud Enterprise (TCE)

Infrastructure



Tencent Cloud

- ▶ Solid infrastructure in 26 regions and 70 availability zones ⁽¹⁾
- ▶ No. 1 in China by Communication PaaS revenues ⁽²⁾
- ▶ TDSQL database named the leader for distributed database in China ⁽³⁾

1. As of Sep 30, 2022

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

3. "2021 China Distributed Database Market Report", Frost & Sullivan and LeadLeo Research Institution

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*
- Ensure equal opportunities, comprehensive training support and employee benefits; **recognised as Best Employer in China** for 15 consecutive years⁽¹⁾

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**, with 22% female representation in board; collaborated with UNDP to inspire women in technology industry

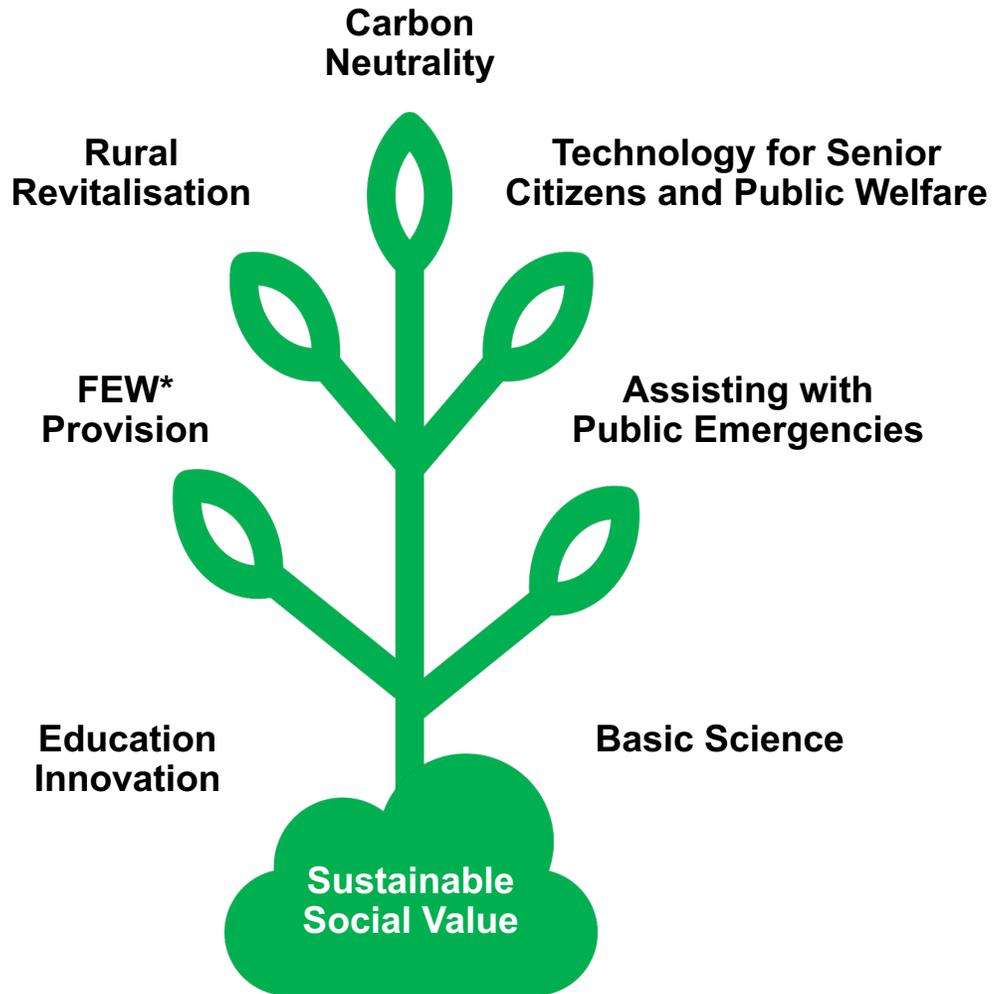
MSCI ESG Rating: BBB | **Sustainalytics ESG risk score: 21.8** ⁽²⁾

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

1. China's Best Employer Award by Zhaopin and Peking University's Social Survey Research Centre, as of 2021

2. 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:

- Upgrading our **charitable fundraising platform** with open-source digital tools, connecting donors with 20,000+ charities and 20,000+ enterprises
- **Fund basic scientific research** with a commitment of RMB10 billion over 10 years via New Cornerstone Researcher Project
- Building a **public AED emergency response platform** leveraging IoT solutions and *Weixin Mini Programs*
- **Support rural revitalisation** by nurturing administrative and business talents in rural areas
- Utilise advanced game technologies, AI, AR and VR for **cultural preservation and popularisation**

* Food, Energy and Water

Industry-leading minor protection program to foster healthy gameplay

- Full compliance with minor protection 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
- Time spent from users aged under 18 has decreased by 92% YoY, and constituted 0.7% of total time spent in Jul 2022

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

Voluntarily tightened game time and spending limits

Sep 2021

Full compliance with minor protection regulations enforced since 1st Sep

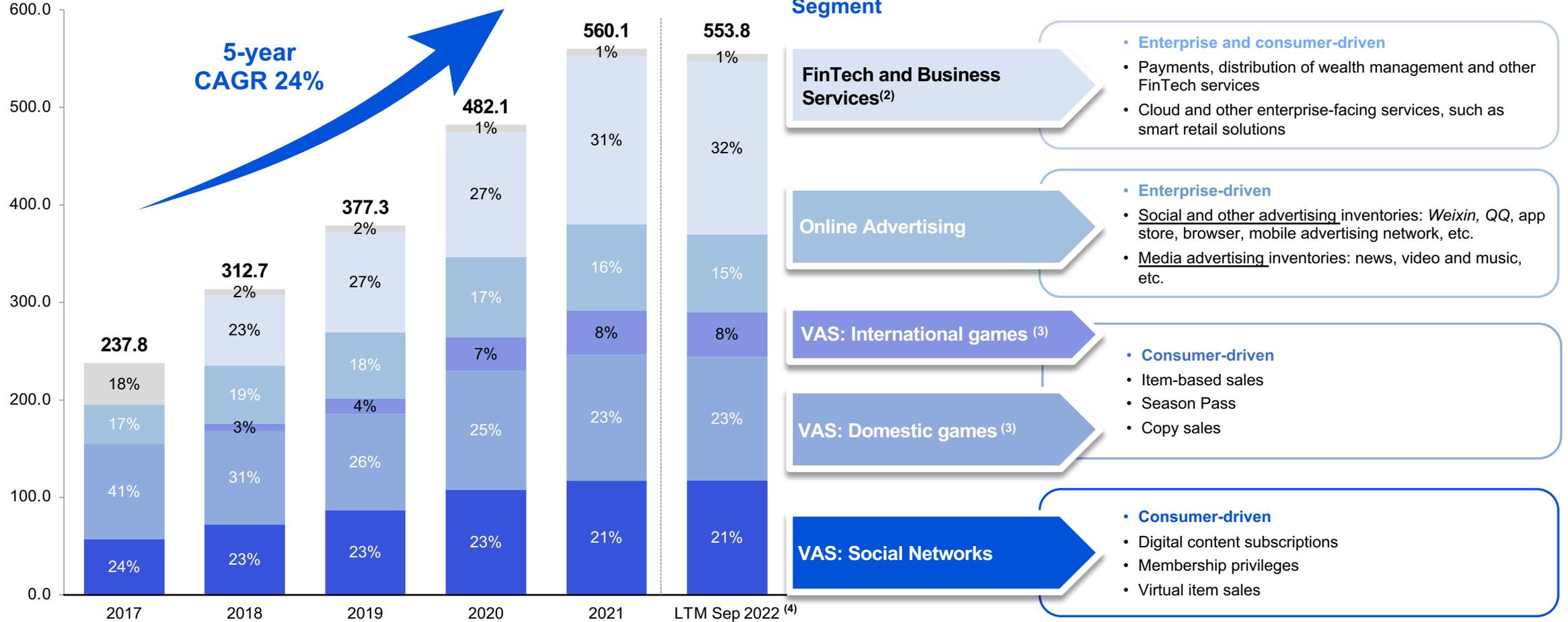
1. Business Model

2. Financials

Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment (1)(2)

(RMB in billions)



1. "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.

2. 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.

3. 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.

4. Last twelve months ended Sep 30, 2022

Digital Content Services

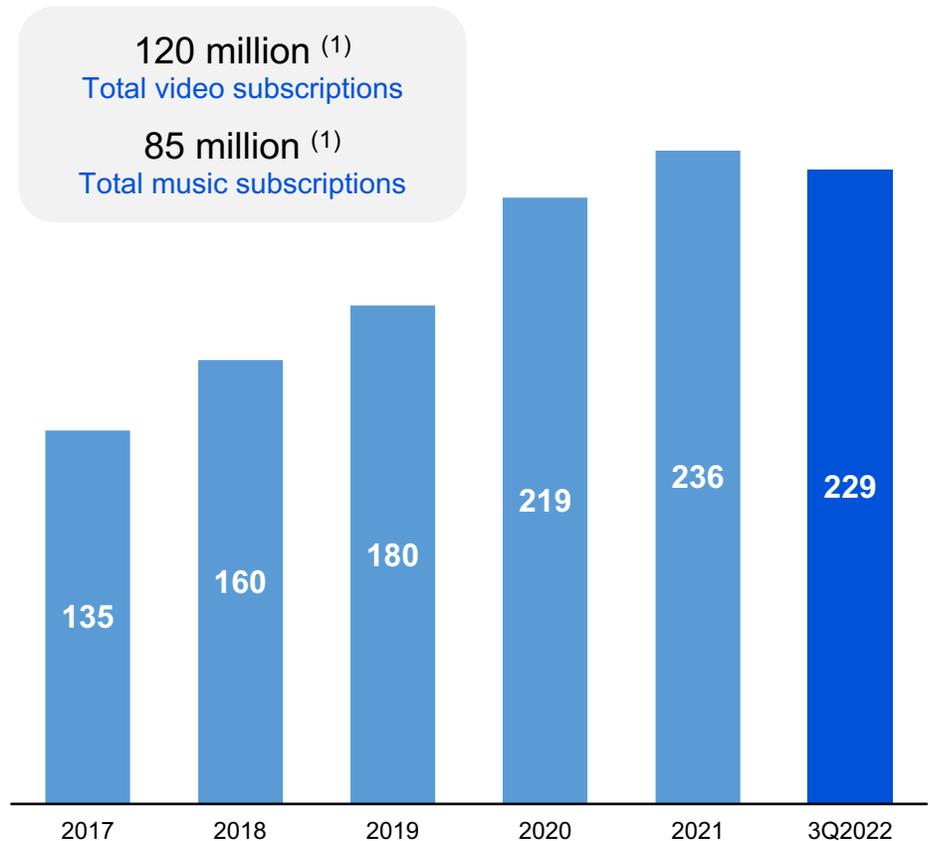
- ▶ Leading digital content platforms offer high quality content in various forms, including literature, anime, long and short-form video, games and others
- ▶ Expertise in curating popular IP and extending IP influence across various media forms and high-DAU properties
- ▶ Strategic partner of choice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

High Quality Content



Growing Fee-based VAS Subscriptions

(in millions)



1. As of Sep 30, 2022

Games

Leading global platform for game development, publishing and operation

Sizable Developer

Owned Studios



Invested External Studios

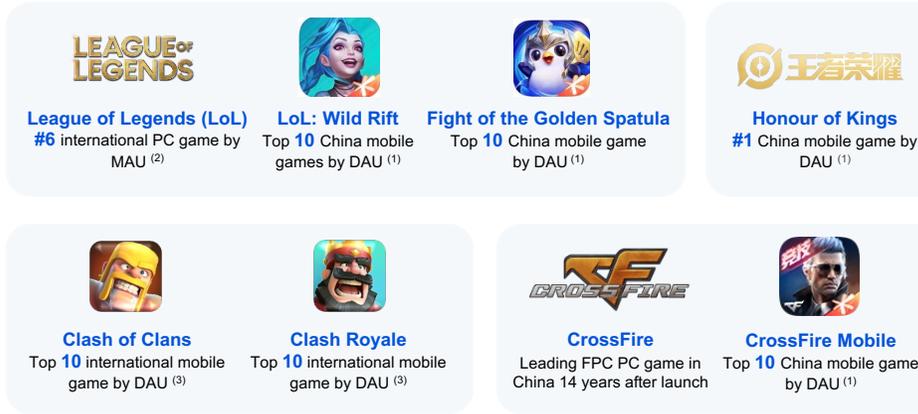


Partnership with External Studios



Global IP Portfolio

Lasting franchise



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

LoL: Wild Rift
Top 10 China mobile games by DAU ⁽¹⁾

Fight of the Golden Spatula
Top 10 China mobile game by DAU ⁽¹⁾

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

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

Clash Royale
Top 10 international mobile game by DAU ⁽³⁾

CrossFire
Leading FPC PC game in China 14 years after launch

CrossFire Mobile
Top 10 China mobile game by DAU ⁽¹⁾

Cultivating new IPs



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

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

VALORANT
#5 international PC game by MAU ⁽²⁾

V Rising
2 million copies sold in its 1st month on Steam Early Access

Strong Operating & Publishing Capabilities

Game-as-a-Service (GaaS)

Expertise in technology, production, operation

- Game infrastructure scale
- Anti-cheat system
- eSports integrations



LoL World Championship



VALORANT Champions:

Level Infinite

- Successful global publishing across genres



Tower of Fantasy MMORPG



GODDESS OF VICTORY: NIKKE Sci-fi RPG Shooter

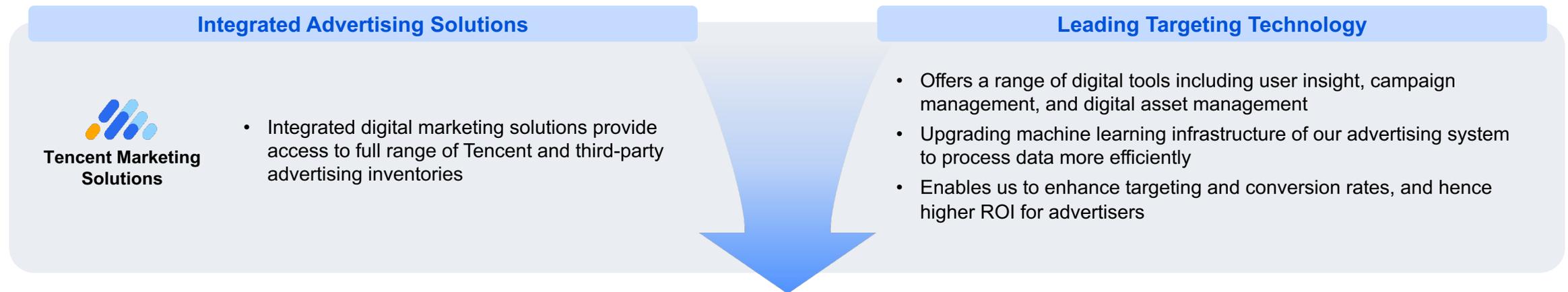
1. QuestMobile, as of Sep 2022
2. Newzoo, as of Sep 2022
3. data.ai, as of Sep 2022

Online Advertising

Our Advertising Properties



Our Technology



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

FinTech and Business Services

FinTech Solutions



Weixin Pay



LiCaiTong



WeiLiDai



WeSure

- Comprised of payment, wealth management, lending, insurance and other services
- Majority of FinTech revenue contributed by payment services
- Handling over 1 billion average daily commercial payment transactions since 4Q2019
- Supporting e-CNY as a new funding option within *Weixin Pay* as part of the PBOC's e-CNY pilot phase

Business Services



WeCom



Tencent Meeting



Video Cloud Solutions



Tencent Cloud Enterprise (TCE)

- Assist non-Internet enterprises in embracing digital transformation
- Focus on internally developed products, particularly PaaS and SaaS, to drive quality of growth
- PaaS: #1 in China by Communication PaaS revenue ⁽¹⁾ and increasing adoption of security solutions
- SaaS:
 - *WeCom* (enterprise communication & productivity software) connects 10+ million companies and organisations ⁽²⁾
 - *Tencent Meeting* crossed 100+ million MAU ⁽³⁾
- *Tencent Cloud Enterprise* enables customers to integrate and deploy our public cloud products within their private clouds.

1. "Market Share: All Software, Markets, Worldwide, 2021", Gartner

2. As of March 2022

3. As of Dec 2021

1. Business Model

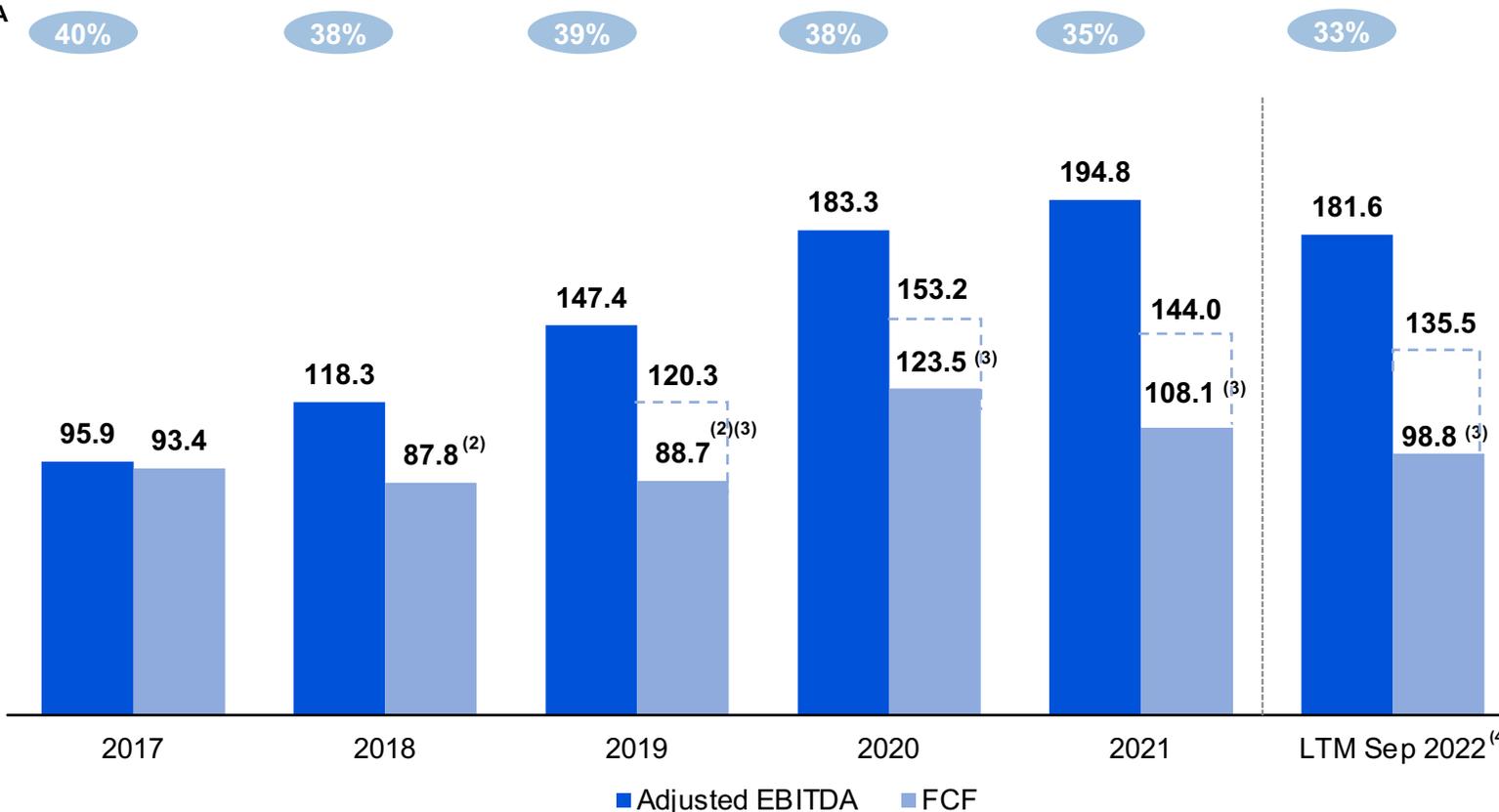
2. Financial Highlights

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, RMB144.0 billion in 2021 and RMB135.5 billion in LTM Sep 2022 are the free cash flow numbers before the adjustments

4. Last twelve months ended Sep 30, 2022

5. 2017–2021 CAGR

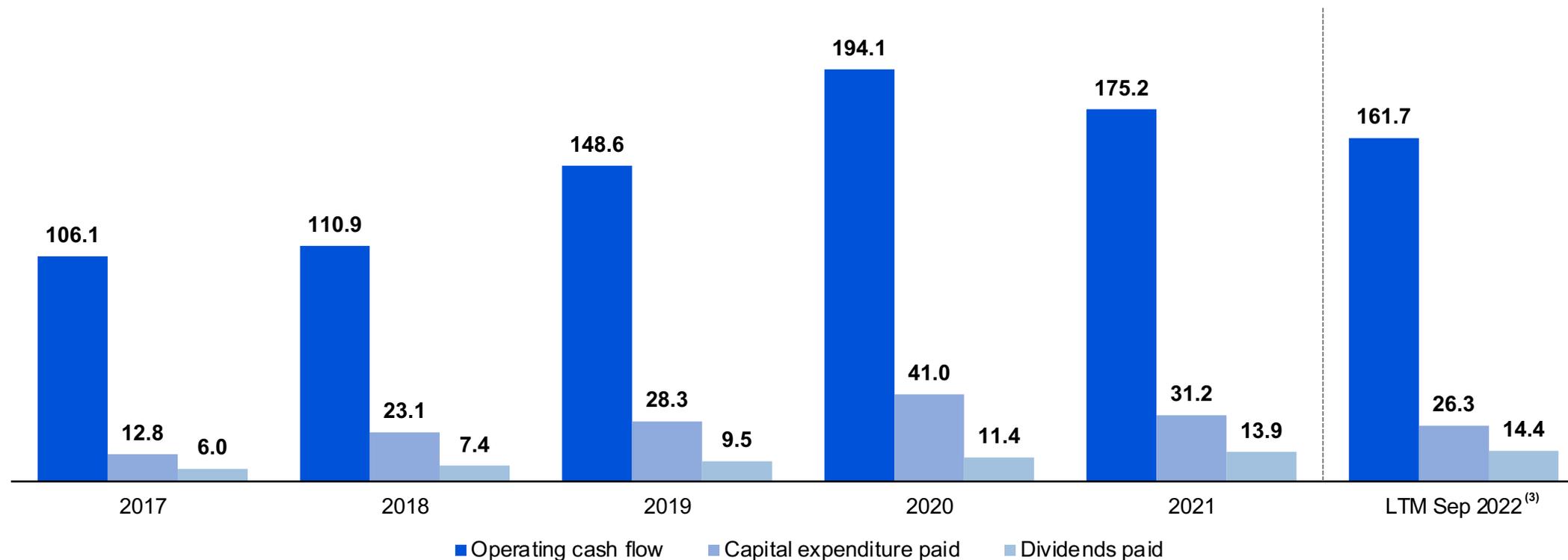
6. 2021 Adjusted EBITDA as % of Revenues

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%	16%
Dividends paid (as % of OCF):	6%	7%	6%	6%	8%	9%

1. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.

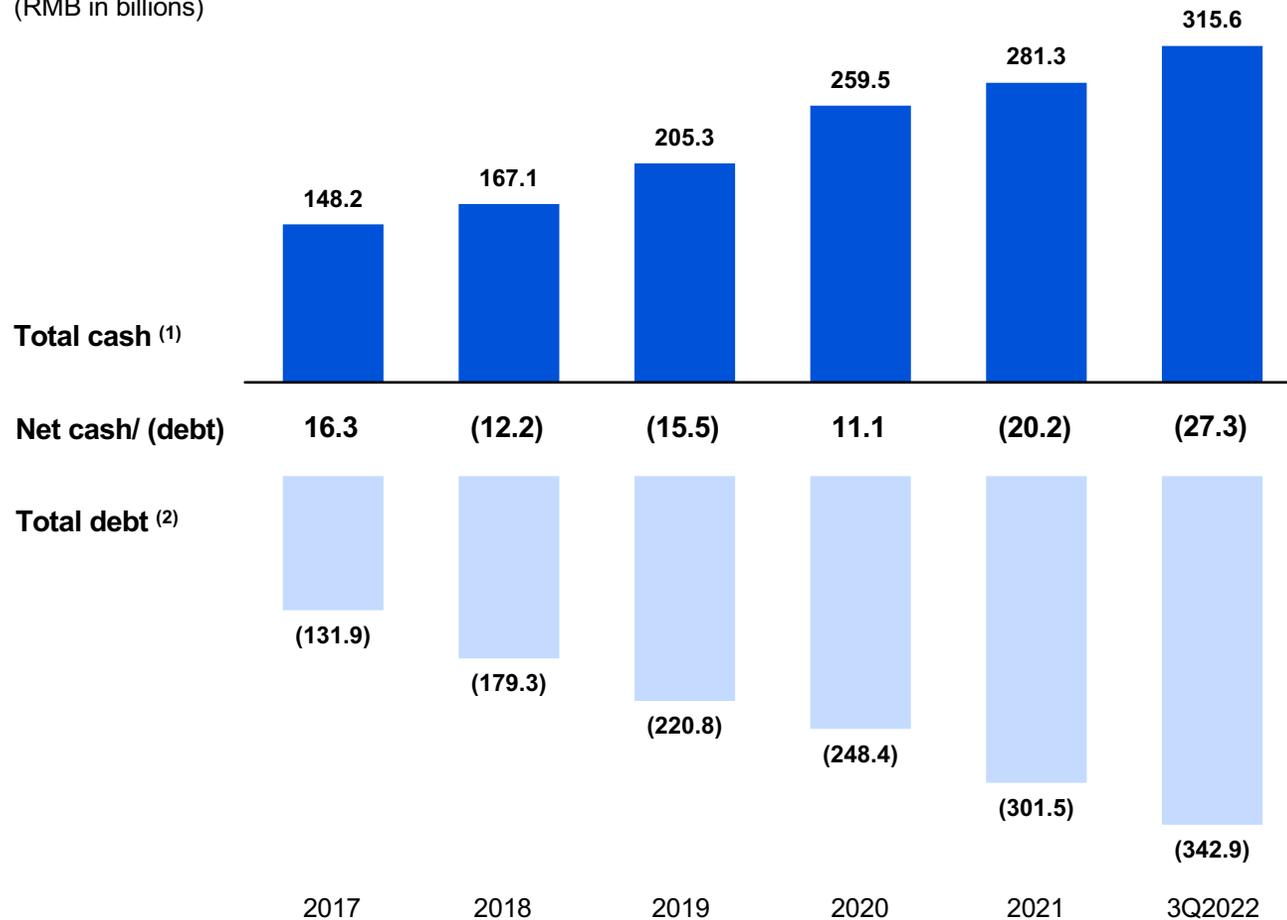
2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents). Dividends paid include dividends paid to both the Company's shareholders and non-controlling interests.

3. Last twelve months ended Sep 30, 2022

Solid Financial Position

Net Cash / (Debt) Position

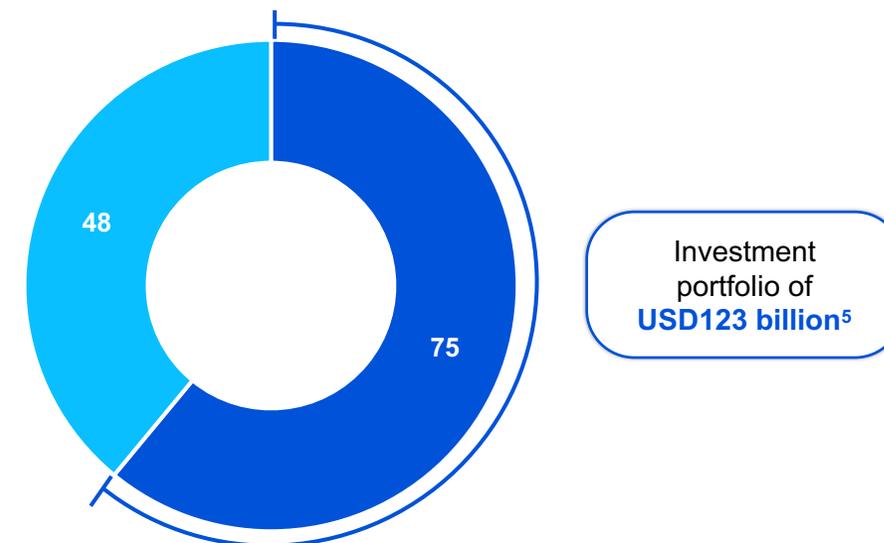
(RMB in billions)



Investment portfolio^{3, 4}

(USD in billions)

- Listed Investees³ – fair value
- Unlisted Investees³ – carrying value



1. Based on cash and cash equivalents, and term deposits and others

2. Total debt consists of borrowings and notes payable

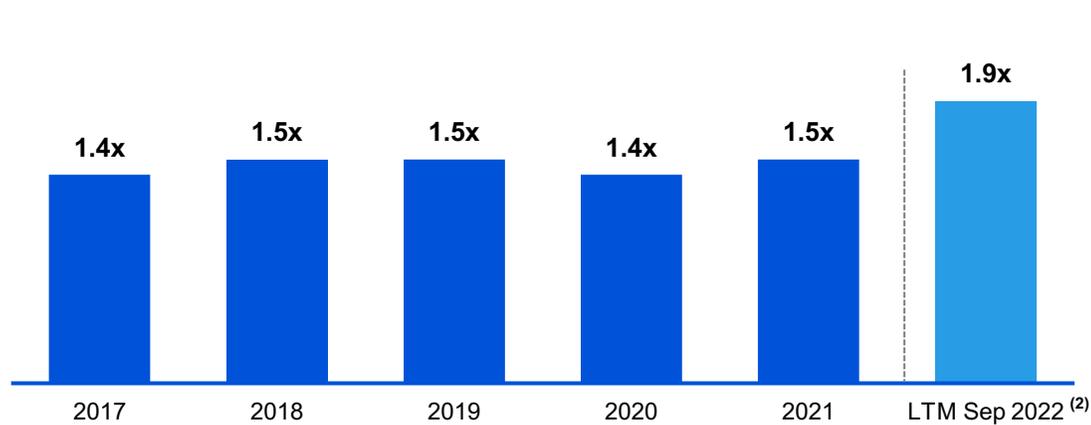
3. Investment portfolio consists of: a) our shareholdings (including those held via special purpose vehicles on an attributable basis) in listed investee companies (excluding subsidiaries) (defined as "Listed Investees"); and b) unlisted investee companies (defined as "Unlisted Investees")

4. 3Q2022 figures quoted in US dollars are based on the exchange rate of US\$1 to RMB7.0998

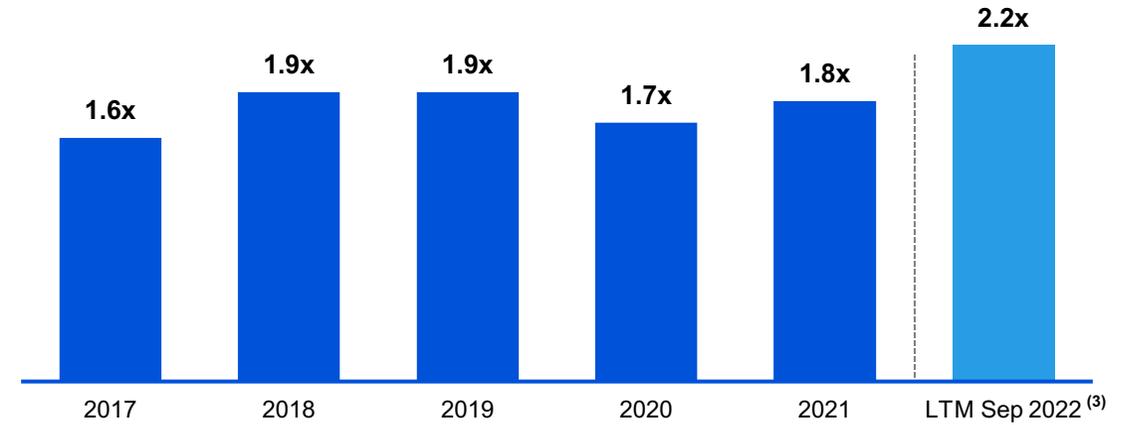
5. Representing the sum of: a) fair value of Listed Investees as of 30 Sep 2022; and b) carrying value of Unlisted Investees as of 30 Sep 2022

Prudent Capital Management and Robust Credit Metrics

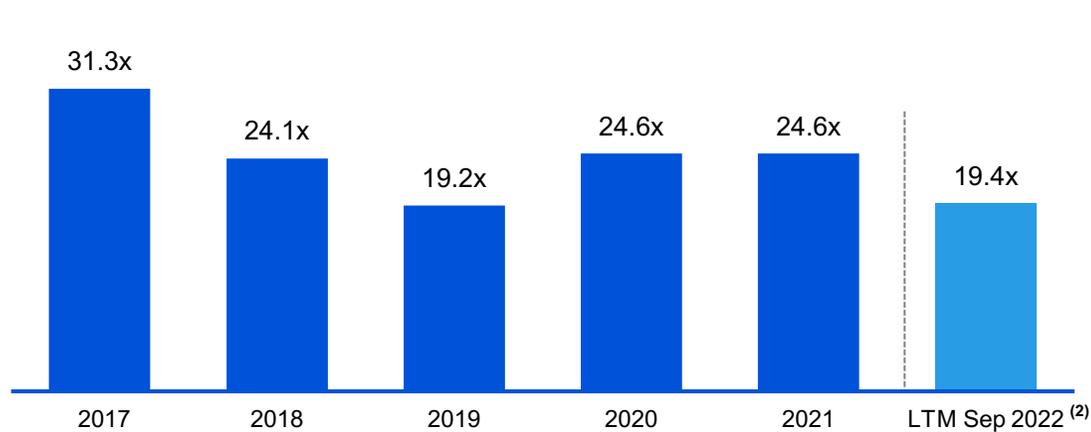
Total debt / Adjusted EBITDA ⁽¹⁾



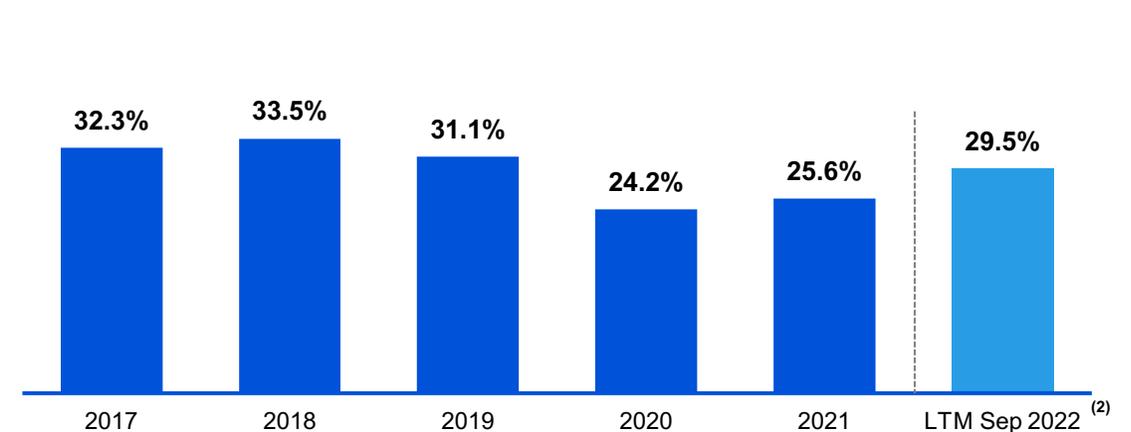
Total debt / (Adjusted EBITDA – CAPEX paid) ⁽³⁾



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 Sep 30, 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>