CORPORATE OVERVIEW

November 16, 2022
Leading Services with Highly Engaged User Base

Games
• #1 by users and revenue in China across PC and mobile
• #1 globally by revenue

Weixin & WeChat
• #1 mobile community
• MAU at 1,309m

QQ
• QQ mobile devices MAU at 574m

Communication & Social

Digital Content

Long-Form Video
• #1 by subscriptions

News
• #1 news services by MAU

Music
• #1 music services provider

Literature
• #1 online content library and publisher

Mobile Browser
• #1 by MAU

Mobile Security
• #2 by MAU

FinTech

Cloud

Public Cloud
• #2 service provider by revenue

Utilities

Mobile Payment
• #1 by MAU

All rankings above refer to China market, unless otherwise stated. Ranking for public cloud is based on IaaS, PaaS and SaaS revenue (source: IDC). Company data as of Sep 30, 2022.
Digital Ecosystem Fulfilling Everyday Needs of Consumers

1. Since 4Q2019
2. Annual transaction value in 2020
3. Fee-based VAS subscriptions as of Sep 30, 2022

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)

Watching videos
Playing games
Listening and singing
Reading
Socialising
Communication
Sharing
Work and collaboration
Seeking medical help

Payment
WeCom
Tencent Meeting
Tencent Docs
WeCom
WeCom

Tencent Video
Weixin Video Accounts

Tencent Health
Health Code

Weixin
QQ

QQ Music
WeSing
Kugou Music
Kuwo Music

Digital Ecosystem Fulfilling Everyday Needs of Consumers

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

1. As of Sep 30, 2022

**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
- Personalised space
- Branded virtual space

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
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

*Sustainable Social Value

* 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

**Timeline:**

- **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)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (RMB in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FinTech and Business Services (2)</td>
<td></td>
</tr>
<tr>
<td>Online Advertising</td>
<td></td>
</tr>
<tr>
<td>VAS: Social Networks</td>
<td></td>
</tr>
<tr>
<td>VAS: International games (3)</td>
<td></td>
</tr>
<tr>
<td>VAS: Domestic games (4)</td>
<td></td>
</tr>
</tbody>
</table>

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

5-year CAGR 24%

2017  237.8  23%
2018  312.7  27%
2019  377.3  27%
2020  482.1  27%
2021  560.1  31%
LTM Sep 2022  553.8  32%

- Enterprise and consumer-driven
  - Payments, distribution of wealth management and other FinTech services
  - Cloud and other enterprise-facing services, such as smart retail solutions

- Enterprise-driven
  - Social and other advertising inventories: Weinxin, QQ, app store, browser, mobile advertising network, etc.
  - Media advertising inventories: news, video and music, etc.

- Consumer-driven
  - Item-based sales
  - Season Pass
  - Copy sales

- Consumer-driven
  - Digital content subscriptions
  - Membership privileges
  - Virtual item sales
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

- Tencent Video
- Tencent Games
- Tencent Animation and Comics
- Tencent Sports
- Tencent eSports
- Tencent Music
- Tencent WeChat Accounts
- Tencent Weibo
- Tencent QQ
- Tencent WeChat
- Tencent QQ Music
- Tencent QQ Reading
- Tencent Qidian
- Tencent Video
- Tencent Penguin Pictures
- Tencent New Classic Media
- Tencent Weixin Reading
- Tencent QQ Music
- Tencent Kuwo Music
- Tencent Tencent Animation and Comics
- Tencent Huya Live Streaming

### Growing Fee-based VAS Subscriptions

(in millions)

- **120 million** (1)
  - Total video subscriptions
- **85 million** (1)
  - Total music subscriptions

<table>
<thead>
<tr>
<th>Year</th>
<th>Video Subscriptions</th>
<th>Music Subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>219</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>236</td>
<td></td>
</tr>
<tr>
<td>3Q2022</td>
<td>229</td>
<td></td>
</tr>
</tbody>
</table>

1. As of Sep 30, 2022
## Games

### Leading global platform for game development, publishing and operation

#### Sizable Developer

<table>
<thead>
<tr>
<th>Owned Studios</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Invested External Studios</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPIC</td>
</tr>
<tr>
<td>KRAFTON</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partnership with External Studios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nintendo</td>
</tr>
<tr>
<td>T2</td>
</tr>
</tbody>
</table>

#### Global IP Portfolio

- **Lasting franchise**
  - **League of Legends (LoL)**
    - #6 international PC game by MAU
  - **LoL: Wild Rift**
  - **Fight of the Golden Spatula**
  - **Honour of Kings**
    - #1 China mobile game by DAU

- **Cultivating new IPs**
  - **Clash of Clans**
    - Top 10 international mobile game by DAU
  - **Clash Royale**
    - Top 10 international mobile game by DAU
  - **CrossFire**
    - Leading FPP PC game in China 14 years after launch
  - **CrossFire Mobile**
    - Top 10 China mobile game by DAU

- **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

#### Partnership with External Studios

- **Peacekeeper Elite**
  - #3 China mobile game by DAU
- **PUBG Mobile**
  - Top 10 international mobile game by DAU
- **VALORANT**
  - #5 international PC game by MAU
- **V Rising**
  - 2 million copies sold in its 2nd month on Steam Early Access

---

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

Our Advertising Properties

Social
- Weixin Moments
- Weixin Official Accounts
- Weixin Mini Programs
- Weixin Video Accounts
- QQ

Media
- Tencent Video
- Tencent News
- QQ Music
- Tencent Sports

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 Targeting 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)
FinTech and Business Services

### FinTech Solutions

- **Weixin Pay**
- **LiCaiTong**
- **WeiLiDai**
- **WeSure**

- Composed 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.

---

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA (RMB in billions)</th>
<th>FCF (RMB in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>95.9</td>
<td>93.4</td>
</tr>
<tr>
<td>2018</td>
<td>118.3</td>
<td>87.8</td>
</tr>
<tr>
<td>2019</td>
<td>147.4</td>
<td>120.3</td>
</tr>
<tr>
<td>2020</td>
<td>183.3</td>
<td>123.5</td>
</tr>
<tr>
<td>2021</td>
<td>194.8</td>
<td>108.1</td>
</tr>
<tr>
<td>LTM Sep 2022</td>
<td>181.6</td>
<td>135.5</td>
</tr>
</tbody>
</table>

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 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.

### Key Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>Adj. EBITDA CAGR (5)</td>
</tr>
<tr>
<td>35%</td>
<td>Adj. EBITDA Margin (6)</td>
</tr>
<tr>
<td>55%</td>
<td>FCF Conversion (7)</td>
</tr>
</tbody>
</table>

**Highly Profitable and Cash-Generative Business Model**

- **Adjusted EBITDA Margin**: 40%, 38%, 39%, 38%, 35%, 33%
- **FCF Conversion**: 19%, 35%, 55%
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 Sep 30, 2022

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cash</th>
<th>Net Cash/(Debt)</th>
<th>Total Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>148.2</td>
<td>16.3</td>
<td>(131.9)</td>
</tr>
<tr>
<td>2018</td>
<td>167.1</td>
<td>(12.2)</td>
<td>(179.3)</td>
</tr>
<tr>
<td>2019</td>
<td>205.3</td>
<td>(15.5)</td>
<td>(220.8)</td>
</tr>
<tr>
<td>2020</td>
<td>259.5</td>
<td>11.1</td>
<td>(248.4)</td>
</tr>
<tr>
<td>2021</td>
<td>281.3</td>
<td>(20.2)</td>
<td>(301.5)</td>
</tr>
<tr>
<td>3Q2022</td>
<td>315.6</td>
<td>(27.3)</td>
<td>(342.9)</td>
</tr>
</tbody>
</table>

**Investment portfolio**

(USD in billions)

- **Listed Investees** — fair value
- **Unlisted Investees** — carrying value

- **Investment portfolio of USD123 billion**

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 investees 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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>LTM Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>1.4x</td>
<td>1.5x</td>
<td>1.5x</td>
<td>1.4x</td>
<td>1.5x</td>
<td>1.9x</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>LTM Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>1.6x</td>
<td>1.9x</td>
<td>1.9x</td>
<td>1.7x</td>
<td>1.8x</td>
<td>2.2x</td>
</tr>
</tbody>
</table>

**Adjusted EBITDA / Interest expense**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>LTM Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>31.3x</td>
<td>24.1x</td>
<td>19.2x</td>
<td>24.6x</td>
<td>24.6x</td>
<td>19.4x</td>
</tr>
</tbody>
</table>

**Total debt / Total capitalisation (4)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>LTM Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>32.3%</td>
<td>33.5%</td>
<td>31.1%</td>
<td>24.2%</td>
<td>25.6%</td>
<td>29.5%</td>
</tr>
</tbody>
</table>

---

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