Cautionary Note

This presentation may contain forward-looking statements relating to the forecasts, targets, outlook, estimates of financial performance, opportunities, challenges, business developments, business plans and growth strategies of Tencent Holdings Limited (the “Company” or “Tencent”) and its group companies. These forward-looking statements are based on information currently available to Tencent and are stated here on the basis of the outlook at the time that this presentation was produced. The Company undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking statements are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. The forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying the forward-looking statements are a large number of risks and uncertainties. Therefore you should not rely on any of these forward-looking statements. Please see our various other public disclosure documents for a detailed discussion of those risks and uncertainties.

This presentation also contains some unaudited non-IFRS financial measures which should be considered in addition to, but not as a substitute for, measures of the Company’s financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies. The Company’s management believes that the non-IFRS financial measures provide investors with useful supplementary information to assess the performance of the Company’s core operations by excluding certain non-cash items and certain impact of acquisitions. For further explanation of our non-IFRS measures and reconciliations between our IFRS and non-IFRS results, please refer to our earnings announcement.

In addition, information relating to other companies and the market in general presented in these materials has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by Tencent and cannot be guaranteed. All materials contained within this presentation are protected by copyright law and may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior, express written consent of Tencent.

The reporting currency of the company is Renminbi. For the purpose of this presentation, all figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.8717 for 1Q2023.
1. Overview

2. Business Review

3. Financial Review

4. Q&A
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>1Q2023</th>
<th>1Q2022</th>
<th>YoY</th>
<th>4Q2022</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>150.0</td>
<td>135.5</td>
<td>+11%</td>
<td>145.0</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Value-added Services</strong></td>
<td>79.3</td>
<td>72.7</td>
<td>+9%</td>
<td>70.4</td>
<td>+13%</td>
</tr>
<tr>
<td>Social Networks</td>
<td>31.0</td>
<td>29.1</td>
<td>+6%</td>
<td>28.6</td>
<td>+8%</td>
</tr>
<tr>
<td>Domestic Games</td>
<td>35.1</td>
<td>33.0</td>
<td>+6%</td>
<td>27.9</td>
<td>+26%</td>
</tr>
<tr>
<td>International Games</td>
<td>13.2</td>
<td>10.6</td>
<td>+25%</td>
<td>13.9</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Online Advertising</strong></td>
<td>21.0</td>
<td>18.0</td>
<td>+17%</td>
<td>24.7</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>FinTech and Business Services</strong></td>
<td>48.7</td>
<td>42.8</td>
<td>+14%</td>
<td>47.2</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1.0</td>
<td>2.0</td>
<td>-50%</td>
<td>2.7</td>
<td>-63%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>68.2</td>
<td>57.1</td>
<td>+19%</td>
<td>61.9</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Non-IFRS</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit</td>
<td>48.4</td>
<td>36.5</td>
<td>+32%</td>
<td>39.4</td>
<td>+23%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>32.3%</td>
<td>27.0%</td>
<td>+5.3ppt</td>
<td>27.2%</td>
<td>+5.1ppt</td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Equity Holders</strong></td>
<td>32.5</td>
<td>25.5</td>
<td>+27%</td>
<td>29.7</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Domestic Games refers to our games business in the PRC excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.
Key Services Update

Weixin & WeChat
• #1 mobile community
• MAU at 1,319m

QQ
• Mobile devices MAU at 597m

Mobile Payment
• #1 by MAU & DAU

Premium Content
• #1 by paid subscription including video, music, literature

Digital Content

Games

Utilities

Communications & Social Networks

Cloud

Mobile Browser
• #1 by MAU

Mobile Security
• #2 by MAU

China
• #1 by users and revenue

Global
• #1 by revenue

All rankings above refer to China market, unless otherwise stated. Ranking for PaaS is based on IDC Quarterly Public Cloud Services Tracker report. Company data as of Mar 31, 2023
2. Business Review
Revenue by Segment

In billion RMB
Social Networks

- Revenue was up 6% YoY, reflecting growth of in-game item sales and music subscription revenue
- Long-form video subscription revenue decreased 6% YoY due to delayed content releases. We are enhancing our content and extending our collaboration with short-form video services to expand long-form content popularity and capture more monetisation opportunities
- Music subscription revenue increased 30% YoY, driven by growth in paying users and ARPU. We upgraded the listening experience and strengthened cooperation with labels and artists, improving user engagement and paying propensity

Domestic Games

- Revenue resumed growth to 6% YoY, benefitting from growth in HoK, DnF, CrossFire Mobile and 3Q22 released game Arena Breakout

International Games

- Revenue increased 25% YoY, or 18% in constant currency. Growth was driven by robust performance of VALORANT, and 2022 releases of NIKKE and Triple Match 3D
Nurturing Video Accounts creator community with enhanced traffic and monetisation support

- **Upgraded our creator onboarding support** with greater traffic incentives, wider creator coverage and more effective content creation tools
- **Enhanced eCommerce infrastructure**, enabling creators to benefit from sales commissions associated with eCommerce transactions
- **Daily active creators and video uploads more than doubled YoY**, while creators with 10k+ followers more than tripled YoY

Upgraded technology for better user experience

- **Deployed a new cross-platform architecture** to optimise development efficiency, strengthen security and enhance graphical experience

For customers to connect with creator (on WeCom)

An eCommerce-focused Video Account

Video Accounts Shop

Promote a live streaming show
Domestic Games

Resumed solid growth with a healthier user base
- As a result of our continued and dedicated minor protection program, users aged under 18 contributed 0.4% of 1Q23 domestic games total time spent and 0.7% of total gross receipts, significantly reduced from 1Q20 level
- We continue to take our societal responsibility with regard to games content and minor protection very seriously

Strong performance of most popular games
- HoK achieved record high gross receipts in 1Q23 on highly appealing ShanHaiJing-themed outfits coupled with targeted marketing programs
- CrossFire PC reached all-time high gross receipts in 1Q23 on promotions targeting Internet cafés. CrossFire Mobile set historical high gross receipts in 1Q23 on virtual idol group themed content

Expansion in high potential genres
- Fight of the Golden Spatula, an auto-battler released in Aug 2021, increased gross receipts by more than 30% YoY in 1Q23 and reached record high average DAU of over 10 million in April 2023
- Arena Breakout, an extraction shooter released in Jul 2022, grew and achieved new milestones in DAU and gross receipts in 1Q23
- Metal Slug: Awakening ranked #1 among new action games released YTD, as we moved classic arcade game IP to mobile and multiplayer experience

1. Ranking by gross receipts among action games released between Jan 1 – May 16, 2023, according to data.ai
**International Games**

**VALORANT:**
New items and game mode

1Q23 gross receipts increased by over 30% YoY, driven by more active users, popular Japan- and alien-themed weapon items

**PUBG MOBILE:**
Enhanced gameplay

DAU resumed QoQ growth, benefitting from new combat features and enhanced PvP gameplay

New map editing tool facilitates user-generated content, enhancing user engagement and longevity

**Triple Match 3D:**
Breakthrough in match games

Broke into top 10 match games ranking, leveraging creative gameplay and Miniclip’s effective user acquisition

Miniclip achieved record high gross receipts in 1Q23

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1. Top 10 match games by gross receipts in 1Q23, according to data.ai
Online Advertising

Overall
• Revenue was up 17% against a 1Q22 base period which included several percentage-point contribution from Beijing Winter Olympics
• Ad spend grew YoY across most categories, benefitting from consumption recovery. Large eCommerce platforms increasingly recognised us as a key user acquisition channel and boosted ad spend
• Upgraded our machine learning advertising platform to include deep-learning model and standard product unit (SPU) database, delivering higher conversions for advertisers

Weixin
• Weixin outpaced overall ad business, contributing over half of total ad revenue. Video Accounts revenue ramped up as we attracted new advertisers and incremental spending from existing advertisers; eCPM sustained at a premium level

Content Platforms
• Music ad grew primarily due to monetisation of ad-supported music content, while long-form video ad declined with fewer releases of popular content

Mobile Ad Network
• Revenue increased robustly YoY, as we increased ad inventory in high-conversion-rate properties and attracted spending from ROI-focused eCommerce platform advertisers
FinTech and Business Services

In billion RMB

FinTech Services
• Revenue resumed double-digit YoY growth, mainly benefitting from the recovery of payment activities. Within commercial payment, offline activities rebounded more sharply than online
• YoY revenue growth in wealth management and consumer loans remained healthy

Business Services
• YoY revenue growth turned positive in 1Q23, benefitting from stabilisation for our cloud services after a period of extensive restructuring, and initial contribution from technology support fee collected on Video Accounts live streaming eCommerce transactions. Gross margin increased notably YoY due to reduction in loss-making activities, cost optimisation and new revenue streams
• Tencent Smart Transportation solutions are assisting the digitalisation of large-scale transportation projects, such as smart highways in Sichuan and metro systems in Guangzhou, leveraging our strengths in cloud infrastructure, digital map and 3D rendering technologies

1Q22 1Q23 4Q22 1Q23
42.8 48.7 47.2 48.7

+14% YoY +3% QoQ
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## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>1Q2023</th>
<th>1Q2022</th>
<th>YoY</th>
<th>4Q2022</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>150.0</td>
<td>135.5</td>
<td>+11%</td>
<td>145.0</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>COPS</strong></td>
<td>(81.8)</td>
<td>(78.4)</td>
<td>+4%</td>
<td>(83.1)</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>68.2</td>
<td>57.1</td>
<td>+19%</td>
<td>61.9</td>
<td>+10%</td>
</tr>
<tr>
<td>Interest income</td>
<td>2.9</td>
<td>1.7</td>
<td>+71%</td>
<td>2.5</td>
<td>+15%</td>
</tr>
<tr>
<td>Other gains, net</td>
<td>0.9</td>
<td>13.1</td>
<td>-93%</td>
<td>85.8</td>
<td>-99%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(31.6)</td>
<td>(34.7)</td>
<td>-9%</td>
<td>(33.4)</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>40.4</td>
<td>37.2</td>
<td>+9%</td>
<td>116.8</td>
<td>-65%</td>
</tr>
<tr>
<td>Finance costs, net</td>
<td>(2.6)</td>
<td>(1.9)</td>
<td>+37%</td>
<td>(3.7)</td>
<td>-28%</td>
</tr>
<tr>
<td>Share of profit/(loss) of associates &amp; JVs, net</td>
<td>0.1</td>
<td>(6.3)</td>
<td>N/A</td>
<td>(1.6)</td>
<td>N/A</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(11.5)</td>
<td>(5.3)</td>
<td>+118%</td>
<td>(4.6)</td>
<td>+151%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>26.4</td>
<td>23.7</td>
<td>+11%</td>
<td>106.9</td>
<td>-75%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>25.8</td>
<td>23.4</td>
<td>+10%</td>
<td>106.3</td>
<td>-76%</td>
</tr>
<tr>
<td>Diluted EPS in RMB</td>
<td>2.639</td>
<td>2.404</td>
<td>+10%</td>
<td>10.977</td>
<td>-76%</td>
</tr>
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</table>

**Non-IFRS**

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Profit</strong></td>
<td>48.4</td>
<td>36.5</td>
<td>+32%</td>
<td>39.4</td>
<td>+23%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>32.5</td>
<td>25.5</td>
<td>+27%</td>
<td>29.7</td>
<td>+10%</td>
</tr>
<tr>
<td>Diluted EPS in RMB</td>
<td>3.353</td>
<td>2.620</td>
<td>+28%</td>
<td>3.042</td>
<td>+10%</td>
</tr>
</tbody>
</table>
## Non-IFRS Adjustments

<table>
<thead>
<tr>
<th>In billion RMB</th>
<th>IFRS 1Q2023</th>
<th>SBC</th>
<th>Net (gains)/losses from investee companies</th>
<th>Amortisation of intangible assets</th>
<th>Impairment provisions/(reversals)</th>
<th>SSV &amp; CPP</th>
<th>Others</th>
<th>Tax effect</th>
<th>Non-IFRS 1Q2023</th>
<th>YoY change</th>
<th>QoQ change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit</strong></td>
<td>40.4</td>
<td>5.8</td>
<td>(0.6)</td>
<td>1.1</td>
<td>0.2</td>
<td>1.5</td>
<td>-</td>
<td>-</td>
<td>48.4</td>
<td>+32%</td>
<td>+23%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>26.4</td>
<td>7.3</td>
<td>(5.2)</td>
<td>2.2</td>
<td>1.9</td>
<td>1.5</td>
<td>-</td>
<td>(0.7)</td>
<td>33.4</td>
<td>+27%</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>25.8</td>
<td>7.1</td>
<td>(5.2)</td>
<td>2.1</td>
<td>1.9</td>
<td>1.5</td>
<td>-</td>
<td>(0.7)</td>
<td>32.5</td>
<td>+27%</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>27.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32.3%</td>
<td>+5.3ppt</td>
<td>+5.1ppt</td>
</tr>
<tr>
<td><strong>Net margin</strong></td>
<td>17.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22.3%</td>
<td>+2.9ppt</td>
<td>+1.2ppt</td>
</tr>
</tbody>
</table>

**Note:**
1. Including net (gains)/losses on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies.
2. Impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions.
3. Mainly including donations and expenses incurred for the Group’s Sustainable Social Value & Common Prosperity Programme initiatives.
4. Mainly including non-recurring compliance-related costs and expenses incurred for certain litigation settlements of the Company and/or arising from investee companies.
Gross Margins

Overall Gross Margin (%)

Value Added Services (%)

Online Advertising (%)

FinTech and Business Services (%)

1Q20 2Q20 3Q20 4Q20 1Q21 2Q21 3Q21 4Q21 1Q22 2Q22 3Q22 4Q22 1Q23
Operating Expenses

**S&M (in billion RMB)**
- 1Q22: 8.1
- 1Q23: 7.0
- 4Q22: 6.1
- 1Q23: 7.0

- **Non-IFRS**
  - 1Q23 S&M declined by 14% YoY or grew by 14% QoQ

**R&D (in billion RMB)**
- 1Q22: 15.4
- 1Q23: 15.2
- 4Q22: 15.9
- 1Q23: 15.2

- **Non-IFRS**
  - 1Q23 R&D grew by 4% YoY or declined by 7% QoQ

**G&A (excl. R&D) (in billion RMB)**
- 1Q22: 11.2
- 1Q23: 9.4
- 4Q22: 11.4
- 1Q23: 9.4

- **Non-IFRS**
  - 1Q23 G&A (excl. R&D) declined by 7% YoY and 19% QoQ
Non-IFRS Margin Ratios

Non-IFRS Operating Margin (%)

Non-IFRS Net Margin (%)

1Q20 2Q20 3Q20 4Q20 1Q21 2Q21 3Q21 4Q21 1Q22 2Q22 3Q22 4Q22 1Q23
# CAPEX, FCF and Cash Position

<table>
<thead>
<tr>
<th></th>
<th>1Q2023</th>
<th>1Q2022</th>
<th>YoY</th>
<th>4Q2022</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating CAPEX</td>
<td>1.0</td>
<td>5.2</td>
<td>-81%</td>
<td>1.9</td>
<td>-47%</td>
</tr>
<tr>
<td>Non-operating CAPEX</td>
<td>3.4</td>
<td>1.8</td>
<td>+91%</td>
<td>3.8</td>
<td>-9%</td>
</tr>
<tr>
<td>Total CAPEX</td>
<td>4.4</td>
<td>7.0</td>
<td>-37%</td>
<td>5.7</td>
<td>-22%</td>
</tr>
</tbody>
</table>

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</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>62.3</td>
<td>33.8</td>
<td>+84%</td>
<td>35.6</td>
<td>+75%</td>
</tr>
<tr>
<td>Less: CAPEX Paid</td>
<td>(4.6)</td>
<td>(8.2)</td>
<td>-44%</td>
<td>(5.6)</td>
<td>-17%</td>
</tr>
<tr>
<td>Payments for media content</td>
<td>(4.4)</td>
<td>(8.9)</td>
<td>-50%</td>
<td>(5.3)</td>
<td>-17%</td>
</tr>
<tr>
<td>Payments for lease liabilities</td>
<td>(1.5)</td>
<td>(1.5)</td>
<td>-1%</td>
<td>(1.6)</td>
<td>-5%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>51.8</td>
<td>15.2</td>
<td>+240%</td>
<td>23.1</td>
<td>+124%</td>
</tr>
</tbody>
</table>

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cash</td>
<td>370.5</td>
<td>304.1</td>
<td>+22%</td>
<td>319.6</td>
<td>+16%</td>
</tr>
<tr>
<td>Less: Total Debt</td>
<td>(339.0)</td>
<td>(315.1)</td>
<td>+8%</td>
<td>(334.4)</td>
<td>+1%</td>
</tr>
<tr>
<td>Net Cash/(Debt)</td>
<td>31.5</td>
<td>(11.0)</td>
<td>N/A</td>
<td>(14.8)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- Repurchased ~12.5 million shares with an aggregated cost of ~RMB4.0 billion during 1Q23
- As at 31 Mar 2023, the fair value of our shareholdings¹ in listed investee companies (excluding subsidiaries) was ~RMB473 billion (USD69 billion) and the carrying value of our unlisted investee companies was ~RMB332 billion (USD48 billion)

¹. Including those held via special purpose vehicles, on an attributable basis.
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