

Tencent 腾讯

CORPORATE OVERVIEW

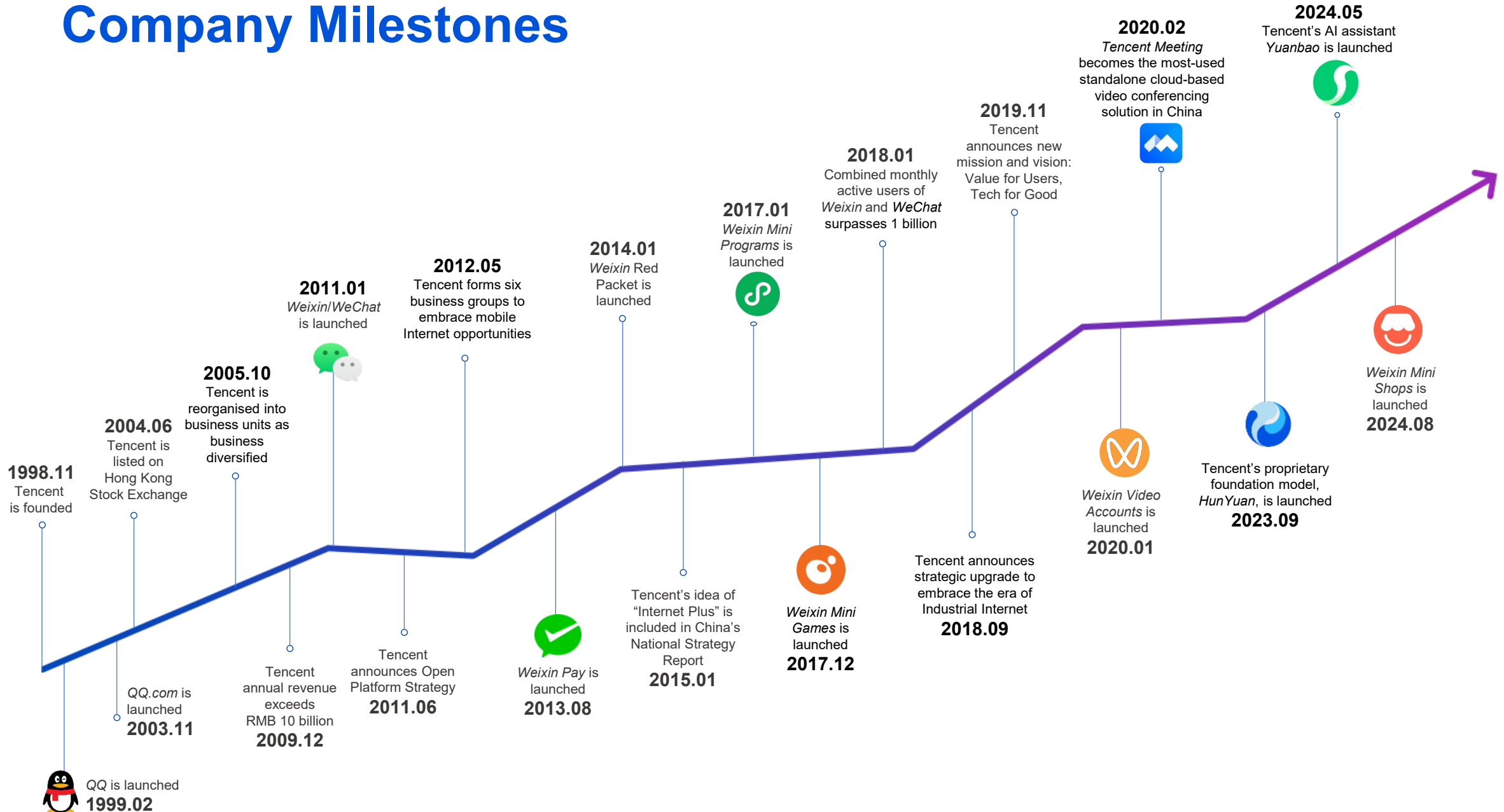
Second Quarter of 2025

1. *Business Overview*

2. *Financials*

3. *Tech for Good*

Company Milestones



Digital Ecosystem Fulfilling Needs of Customers and Enterprises

1 billion+

daily average commercial payment transactions on Weixin Pay ⁽¹⁾

Several Trillions RMB

GMV facilitated by Weixin Mini Programs ⁽²⁾

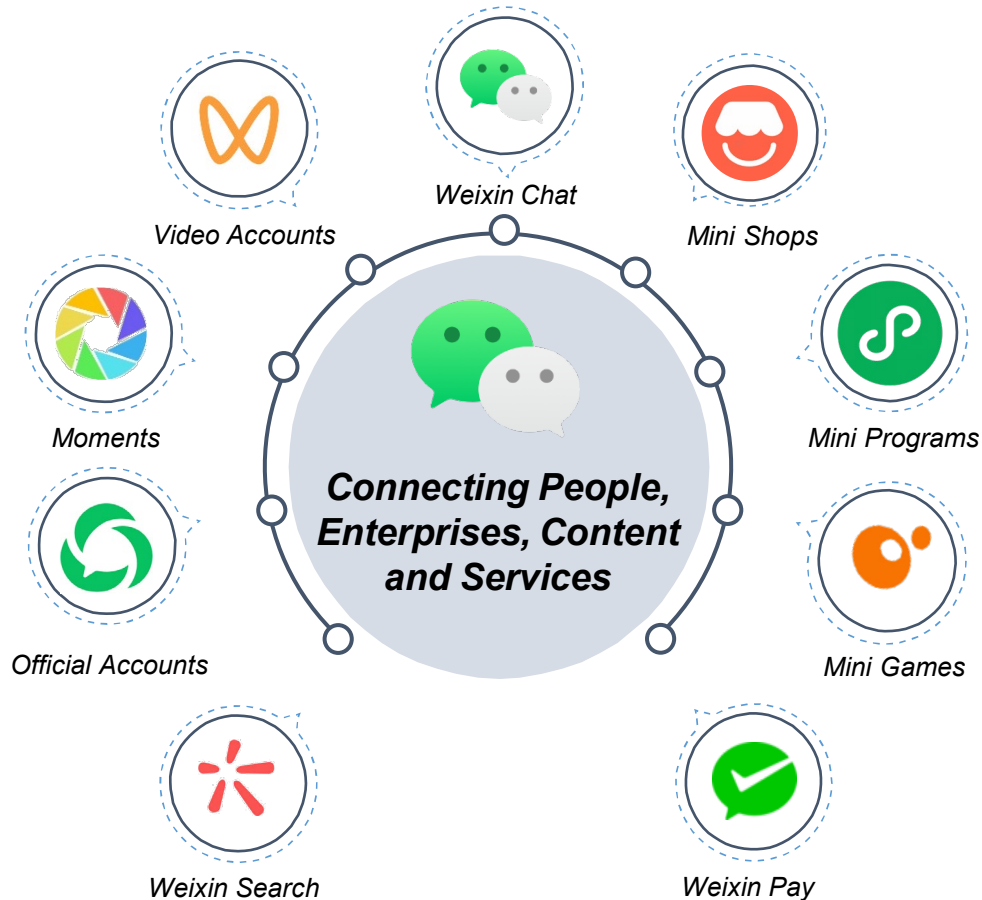
264 million

total fee-based VAS subscriptions ⁽³⁾



1. Since 4Q19; 2. In 2022; 3. In 2Q25

Weixin Connects Users, Content and Services



Chat and Moments

- *Weixin Chat* is the most indispensable and highest daily user frequency service
- *Moments* provide asynchronous photo, video and audio sharing

Official Accounts

- Allow individuals, media and businesses to share original content and engage with audience

Weixin Pay

- Easy and secured online/offline transactions
- Exceeded 1 billion average commercial transactions per day ⁽¹⁾

Mini Programs

- Enable conversions of user interactions into transactions, facilitated over RMB2 trillion GMV ⁽²⁾
- *Mini Games* is the largest casual game platform in China, engaging over 500 million MAU ⁽³⁾

Weixin Search

- Comprehensive search feature enabling users to seamlessly access content and services within the *Weixin* Ecosystem, and across the web

Video Accounts

- A leading short-form video and live streaming platform in China
- Promoting original content through enhanced recommendation algorithms and traffic support

Mini Shops

- A platform for indexed and standardised merchandise, where merchants can operate store fronts, while leveraging *Weixin* social interactions, content services, and payment capabilities

Largest communications and social network platform with over 1.4 billion MAU ⁽⁴⁾

Digital Content Services

- ▶ Leading digital content platforms (including web novels, comics and games) nurture high quality IPs
- ▶ Expertise in creating high production value content and extending IP influence across various media forms and high-DAU properties
- ▶ Strategic partner of choice for major content producers and owners globally

Premium Content

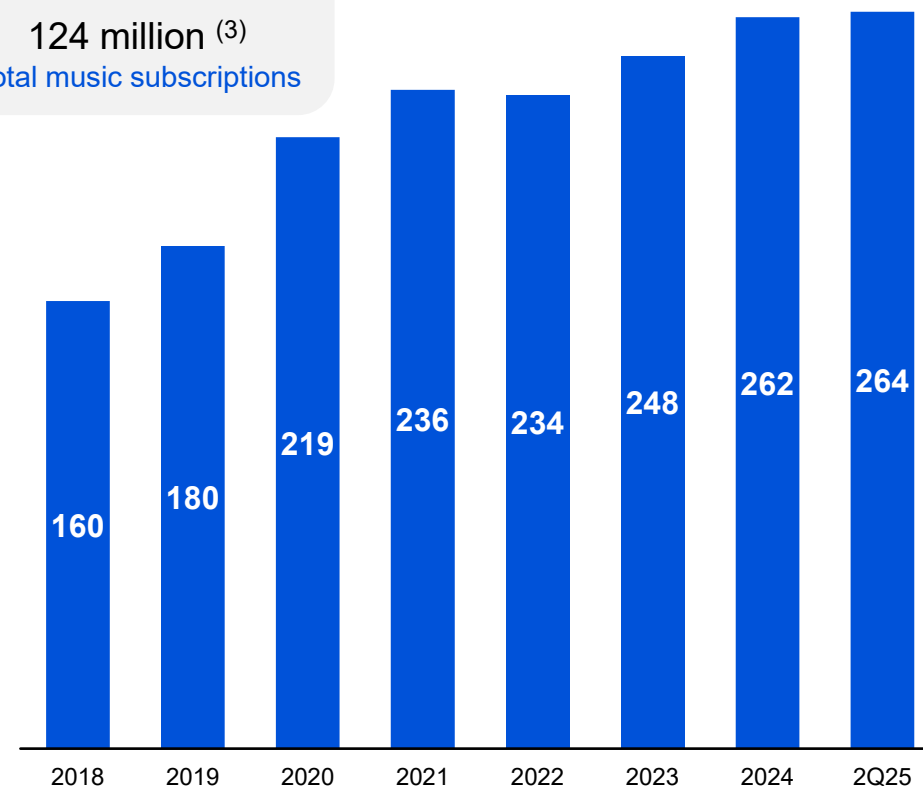


Fee-based VAS Subscriptions ⁽¹⁾

114 million ⁽²⁾
Total video subscriptions

124 million ⁽³⁾
Total music subscriptions

(in millions)



1. Starting 1Q24, we changed fee-based VAS subscriptions from “total subscriptions as of the last day of the period” to “the average daily number of total subscriptions during the period”, historical annual figures have not been restated; 2. The average daily number of paying users for 2Q25; 3. The average number of paying users as of the last day of each month during 2Q25

Games

- ▶ Expanded our evergreen games portfolio ⁽¹⁾ from 12 games in 2023 to 14 in 2024, while nurturing new games with evergreen potential
- ▶ Strong development, publishing and operation capabilities of in-house studios
- ▶ Partner of choices for emerging studios and IP owners

Select Evergreen Games of Various Vintages



Honour of Kings



Peacekeeper Elite



CrossFire Mobile



Naruto Mobile

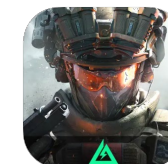


VALORANT



Brawl Stars

New Game with Evergreen Potential



Delta Force

Owned Studios



Invested External Studios



FROM SOFTWARE



KRAFTON



External Partners



SQUARE ENIX

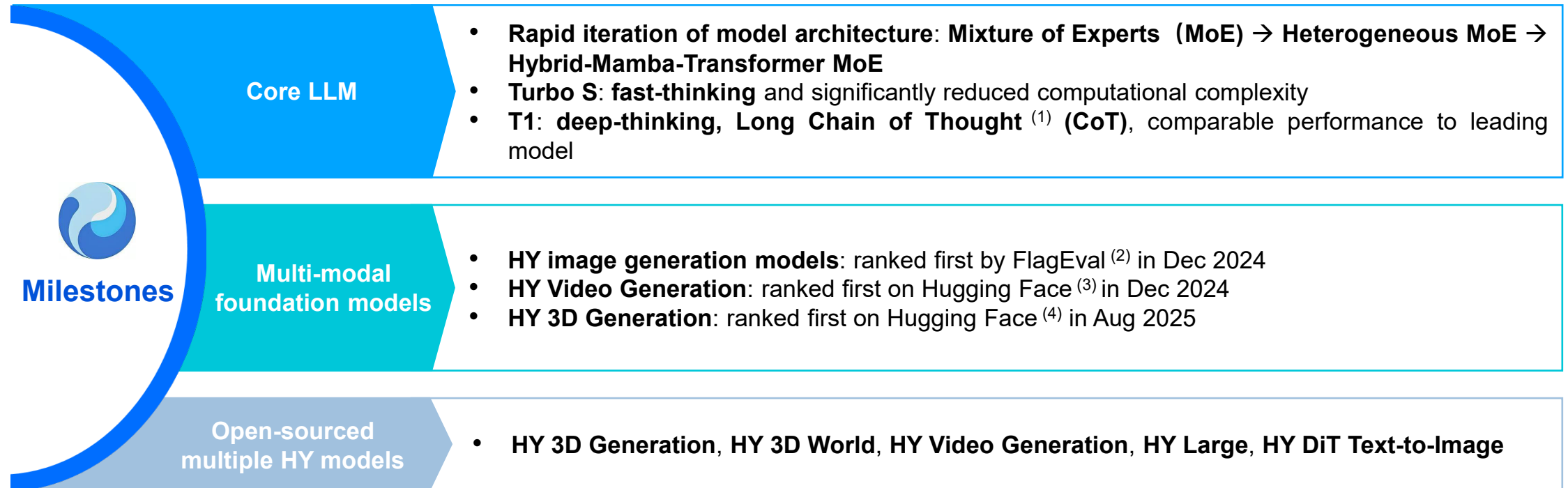


1. Evergreen games portfolio includes domestic and international games. Evergreen games refer to games surpassing average quarterly DAU of 5 million for mobile or 2 million for PC, and generating over RMB4 billion annual gross receipts

Building HY Foundation Model: Significant Investment and Progress

Thesis

- Established AI lab in 2016. Since 2023, investing heavily in our proprietary HY Foundation Model
- Investment in HY allows us to: 1) develop end-to-end foundation model capabilities in terms of infrastructure, algorithm, training, alignment, and data management; 2) fulfill customised internal and external needs



1. CoT: Chain of Thought is an approach in artificial intelligence that simulates human-like reasoning processes by delineating complex tasks into a sequence of logical steps towards a final resolution.

2. #1 in image generation capabilities on FlagEval

3. #1 in Penguin Video Benchmark on Hugging Face

4. Published on <https://huggingface.co/spaces/3DTopia/3DGen-Leaderboard>

Adopting Multi-Model Strategy

- 1 Seek to provide **best user experience** leveraging all available models
- 2 Different AI models optimised for different capabilities, performance metrics and user cases – **combination of various models can handle complex tasks** better than a single model
- 3 Our experience in software businesses (such as online games) demonstrates **synergies in being a developer and an operator**
- 4 **Investing in our own foundation models** allows us to fully leverage our proprietary data, meet highly customised internal and customer needs
- 5 Open-source ecosystem is gaining momentum, providing many more model options; **making use of external models** allows us to benefit from innovations across the industry

Enriching AI Offerings to Provide Best User Experience

Breakout AI Native Application Yuanbao

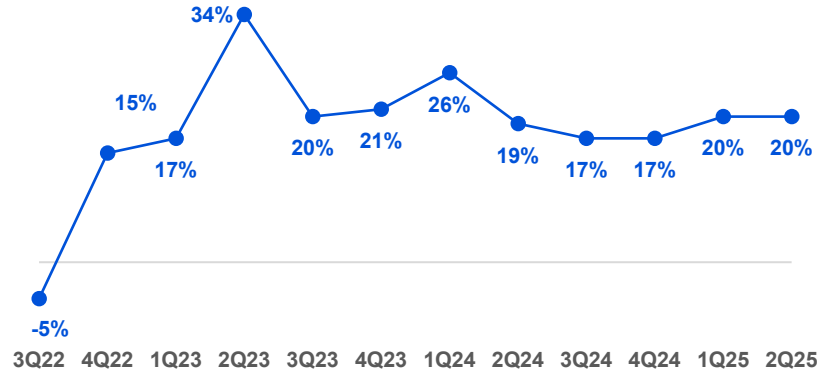
- Users can select among **multiple models** (CoT reasoning models, fast thinking models), and whether to integrate **web search** results
- Provides access to **proprietary high-quality content** from Tencent ecosystem
- Processes prompts in **image, voice** and **document formats**
- Ensures **stable and uncapped access** to leading models
- Ranked **#3 among AI apps** ⁽¹⁾ by DAU

Enriching AI Features in *Weixin*

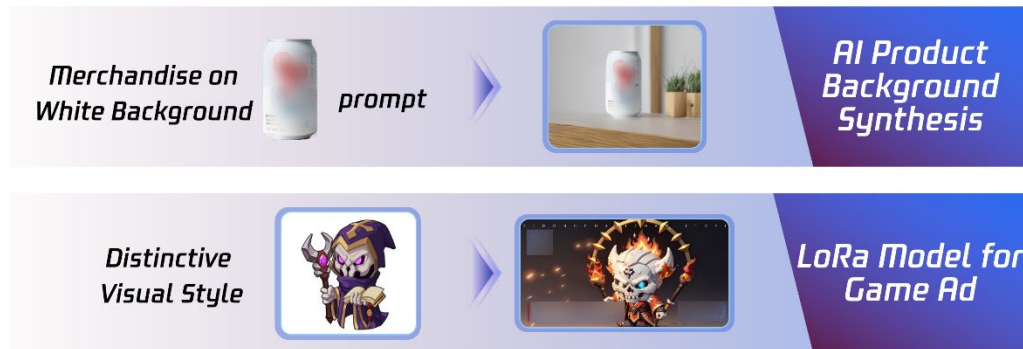
- Integrated ***Yuanbao*** as a Weixin contact to provide AI interaction such as automated text summaries for ***Video Accounts*** content
- Powered ***Weixin Search*** with industry leading fast thinking model and CoT reasoning models
- Provided AI-powered citation in ***Official Accounts*** articles and ***Video Accounts*** comments
- Reduced ***Mini Programs*** development time via AI coding assistant that supports natural language prompts and image inputs
- Provided intelligent responses to customer enquiries for ***Mini Shops*** merchants

AI Boosts Ad Targeting and Ad Content Creation

Marketing Services Revenue (YoY)



Tencent AdMuse Solutions



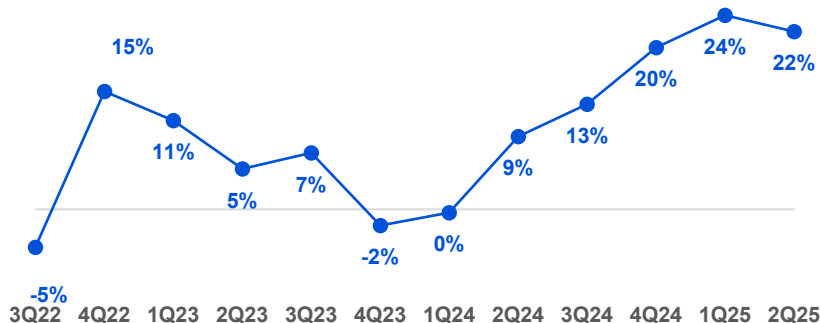
- **Enhanced our ad system with neural network AI capabilities** since 2015
- **Rebuilt our ad tech platform with large model capabilities** since 2020, enabling:
 - Analysis of long sequence user behaviour across multiple properties
 - Improved ad ranking mechanism
- **Added LLM capabilities** from 2023, enabling:
 - Automation and acceleration of ad creative production
 - Faster and more accurate approval of ad content
- **Scaled up foundation model** in 1H25
 - Analysing user interactions with text, image and video
 - Analysing ad CTR and transactions across multiple properties
 - To determine user interests and optimise ad performance in real time
- Marketing Services **quarterly revenue grew by double digit % YoY since 4Q22**

AI Enhances Entertainment Content Production and Experience

Games

- **Accelerate content production speed and scale** for PvP and PvE games
- **Enable virtual teammates** in PvP games and **more realistic NPCs** ⁽¹⁾ in PvE games to provide more human-like interactions
- **Enhance marketing** for player acquisition and engagement

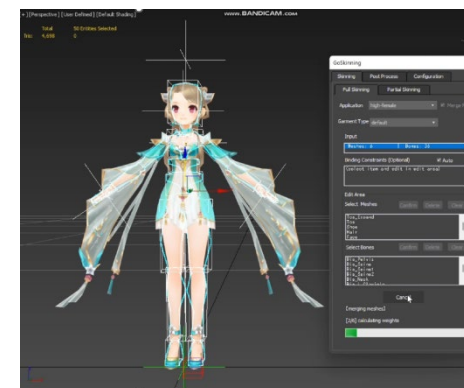
Games Segment Revenue (YoY)



Virtual Teammate in Peacekeeper Elite



Industry's First Universal 3D Character Skinning Model



Video and Music

- Improve productivity in animation, live action video, and music content creation
- Provide intelligent recommendation and efficient user discovery of short videos, music, and long-form videos
- Provide personalised music experience with AI assistant, elevate audio quality with AI-powered audio effect, upgrade voice extraction features with AI Chorus function

1. Non-player character

Accelerating AI Integration into Cloud Offerings

IaaS

- **Hyper Computing Cluster (HCC)** enables enterprises to run high-performance AI training and inference with low latency and elastic scalability
- **Hyper Application Inventor (HAI)** provides “one click” deployment of mainstream foundation models for developers through visual interfaces

PaaS

- **TI Platform** for fine-tuning and running inference on AI models
- **Tencent Cloud Agent Development Platform** solution helps enterprises build customer support and coding assistants tuned with their own proprietary data
- **Tencent CloudBase** enables developers to generate mini programs and mobile applications through natural language prompts and uploading design mockups

SaaS

- **Tencent Meeting** AI-powered real-time transcription, recording and automated summary functions – MAU more than doubled YoY to 29 million in Mar 2025
- **Tencent Docs** boosted documentation productivity in content generation and processing

- AI cloud revenue approximately doubled YoY in FY24
- We have prioritised GPUs available for external workloads toward high value use cases and clients

1. *Business Overview*

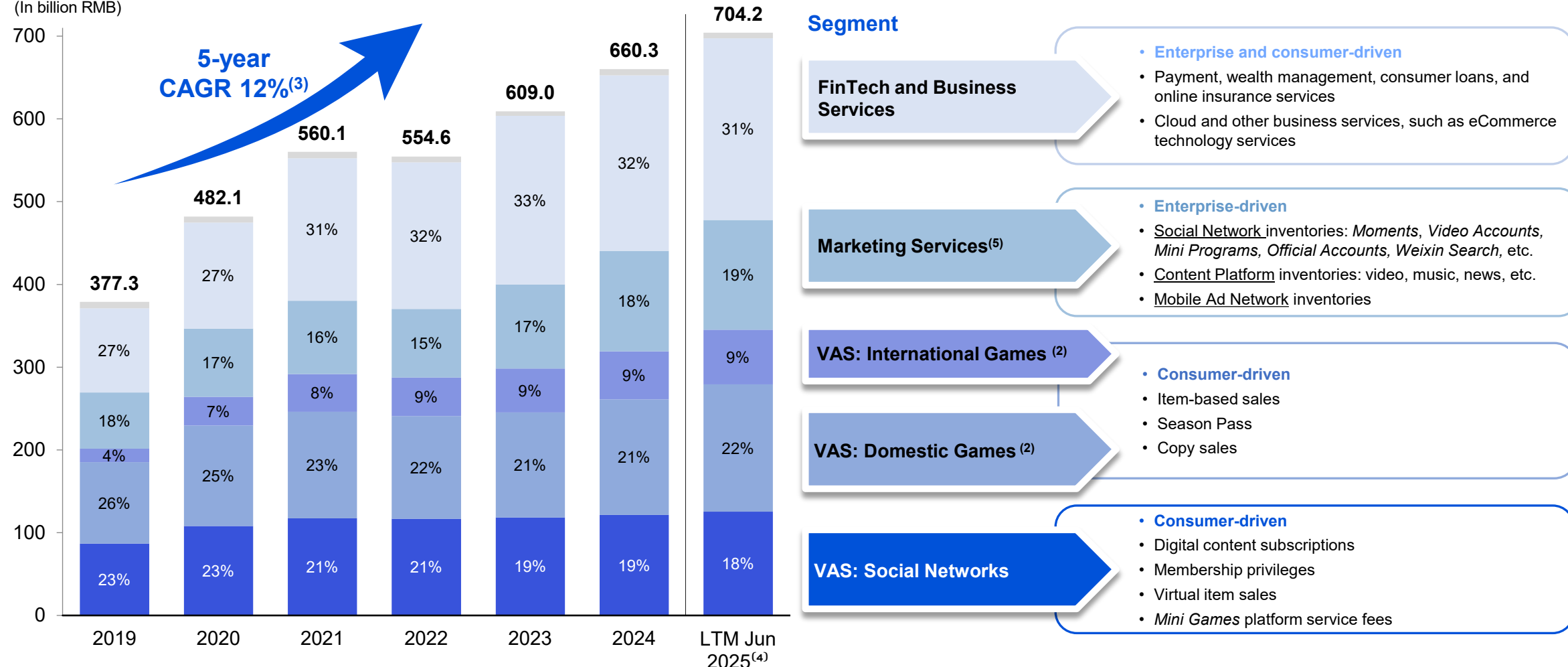
2. *Financials*

3. *Tech for Good*

Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment ⁽¹⁾⁽²⁾

(In billion RMB)



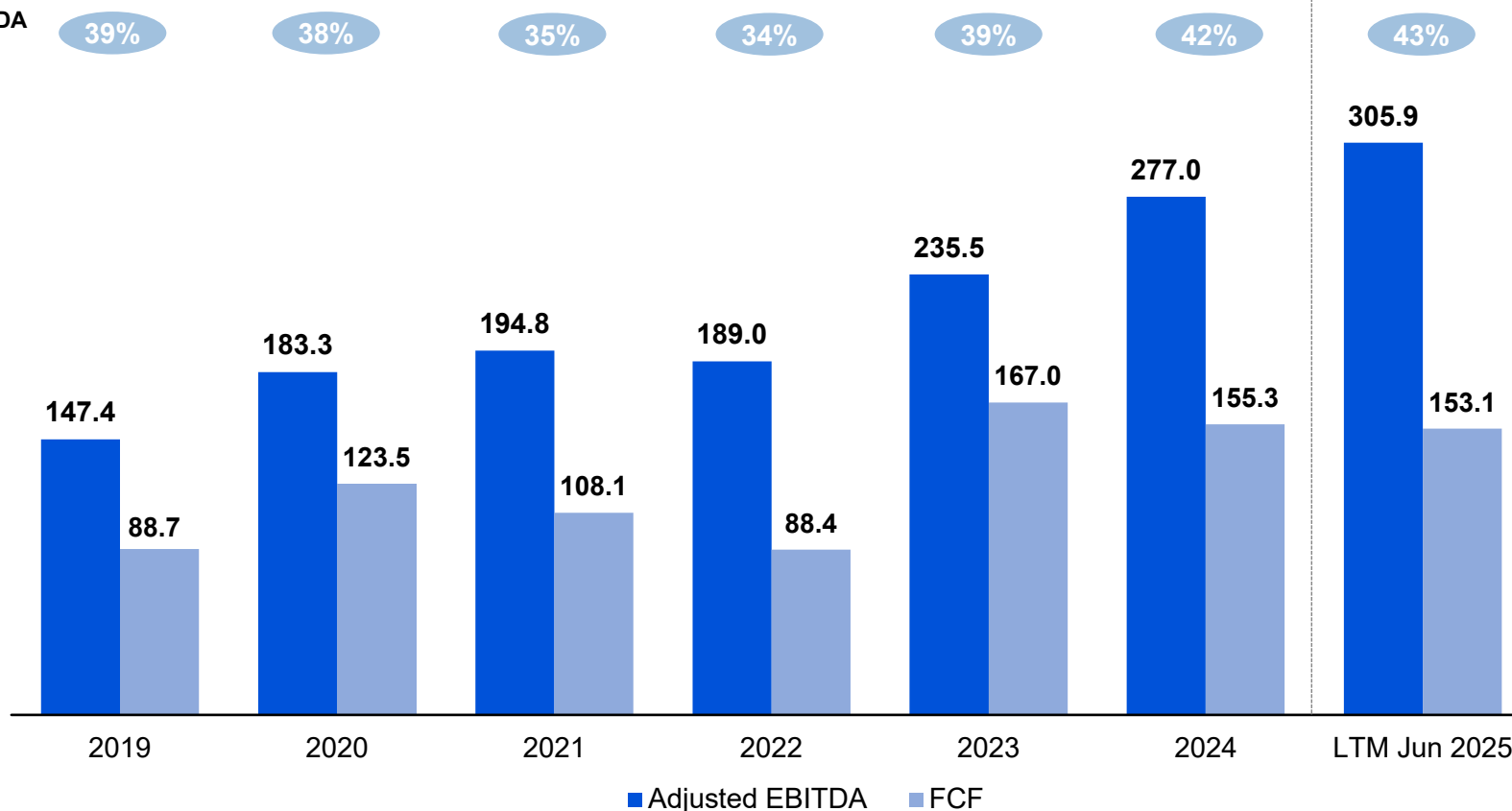
- "Others" segment revenues is marked in grey. "Others" segment revenues included the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.
- Starting 3Q21, we disclose revenue 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.
- 2019-2024 CAGR
- Last twelve months ended June 30, 2025
- Starting 3Q24, we rename this revenue segment from 'Online Advertising' to 'Marketing Services' to better represent the breadth of our marketing solutions and accompanying technology services across our online marketing properties

Profitable and Cash-Generative Business Model

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

(In billion RMB)

Adj. EBITDA
Margin



Key Metrics

13%

Adj. EBITDA CAGR ⁽³⁾

42%

Adj. EBITDA Margin ⁽⁴⁾

56%

FCF Conversion ⁽⁵⁾

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

2. 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

3. 2019–2024 CAGR

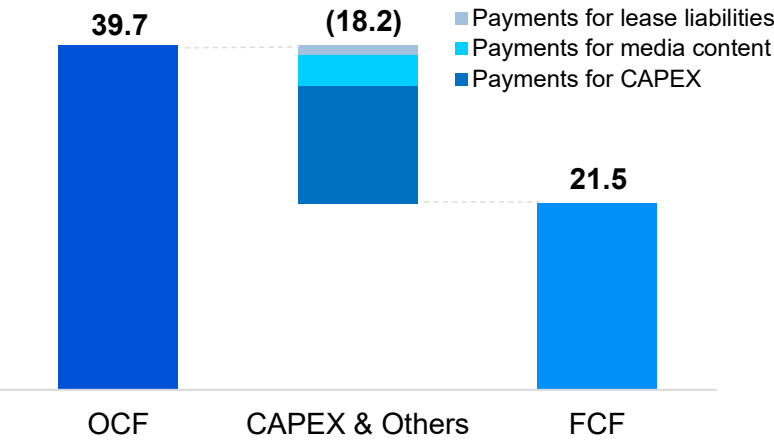
4. Adjusted EBITDA as % of Revenues ; In 2024

5. FCF Conversion = FCF / Adjusted EBITDA; In 2024

Sustainable Shareholder Return Supported by Financial Strength

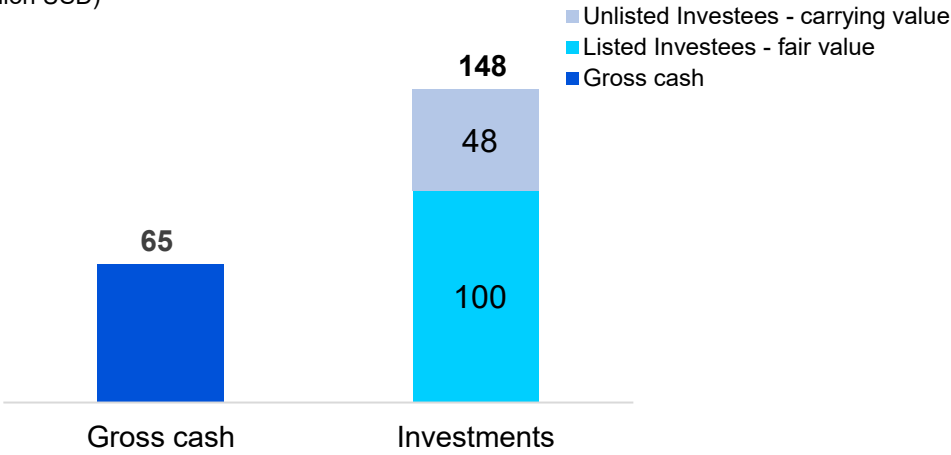
Robust free cash flow (LTM Jun 30, 2025) ⁽¹⁾

(In billion USD)



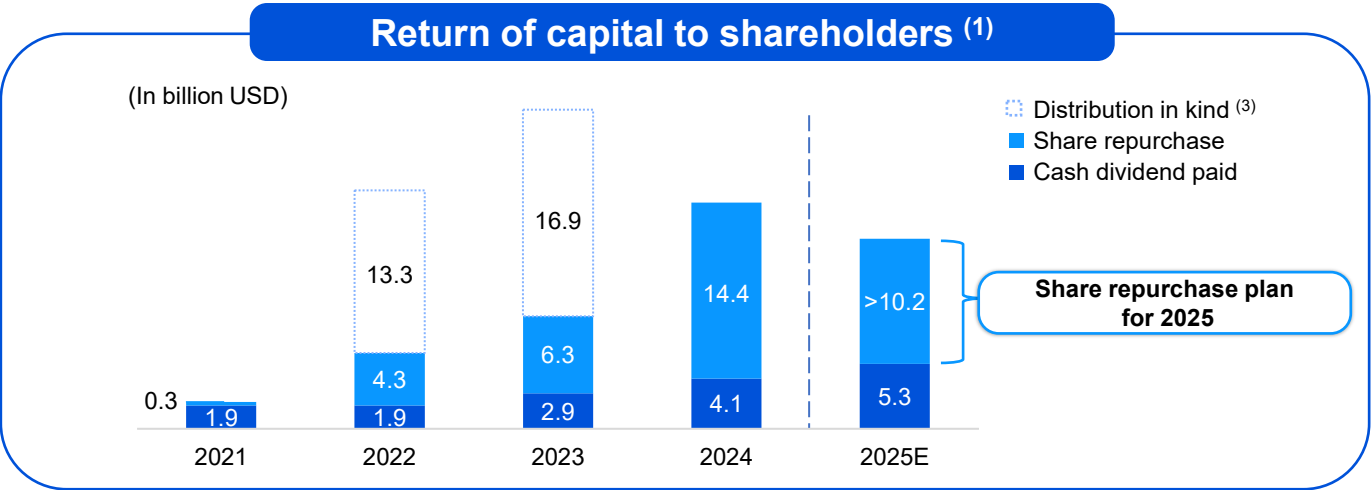
Sizeable cash and investment portfolio ^(1,2)

(In billion USD)



Return of capital to shareholders ⁽¹⁾

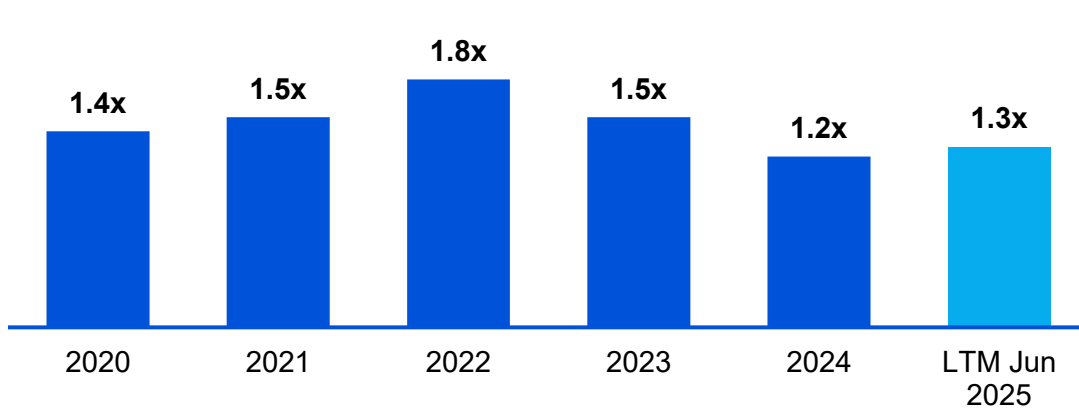
(In billion USD)



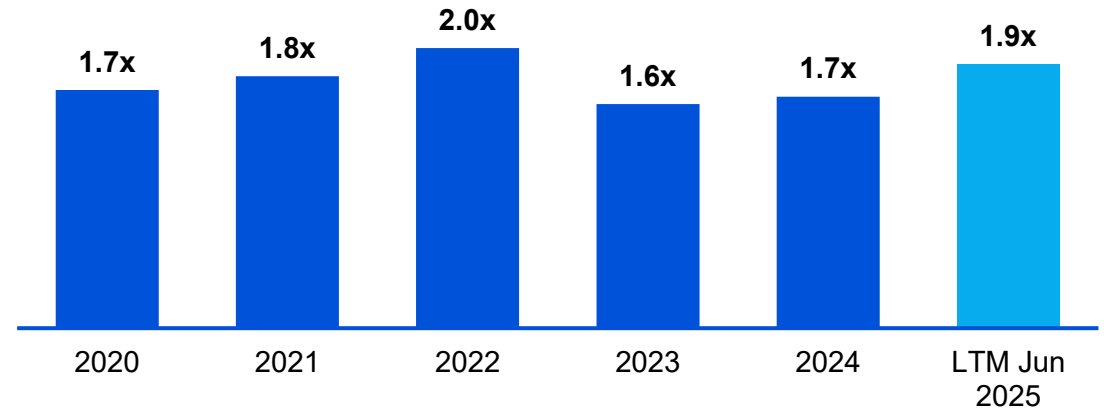
1. As at Jun 30, 2025, USD1 to RMB7.1586, USD1 to HKD7.8087
2. Investment portfolio consists of: a) our shareholdings (including those held via special purpose vehicles, fair value on an attribute basis) in listed investee companies (excluding subsidiaries) (defined as "Listed Investees"); and b) our shareholdings in unlisted investees companies (excluding subsidiaries) (defined as "Unlisted Investees")
3. Based on closing share price on dispatch date(s) for JD.com (Mar 25, 2022) and Meituan (Mar 24, 2023)

Prudent Capital Management and Robust Credit Metrics

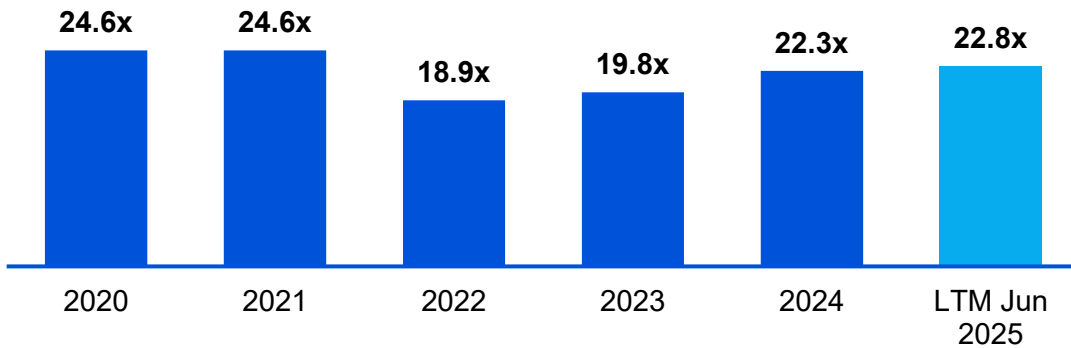
Total debt / Adjusted EBITDA ⁽¹⁾



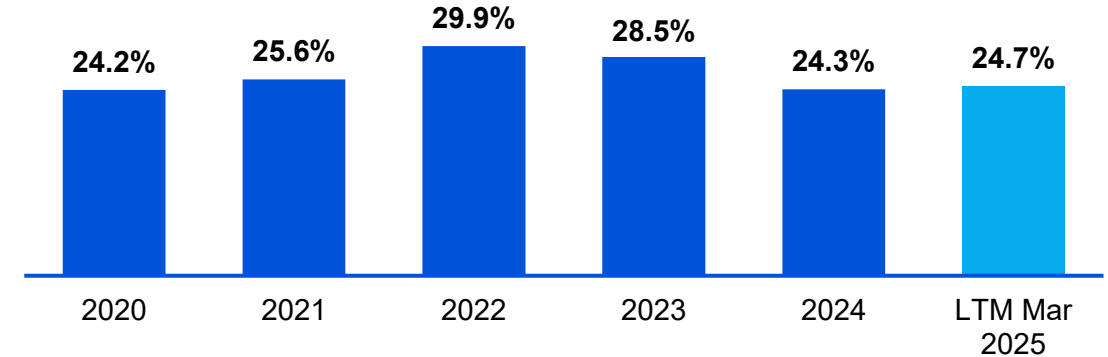
Total debt / (Adjusted EBITDA – CAPEX paid) ⁽²⁾



Adjusted EBITDA / Interest expense



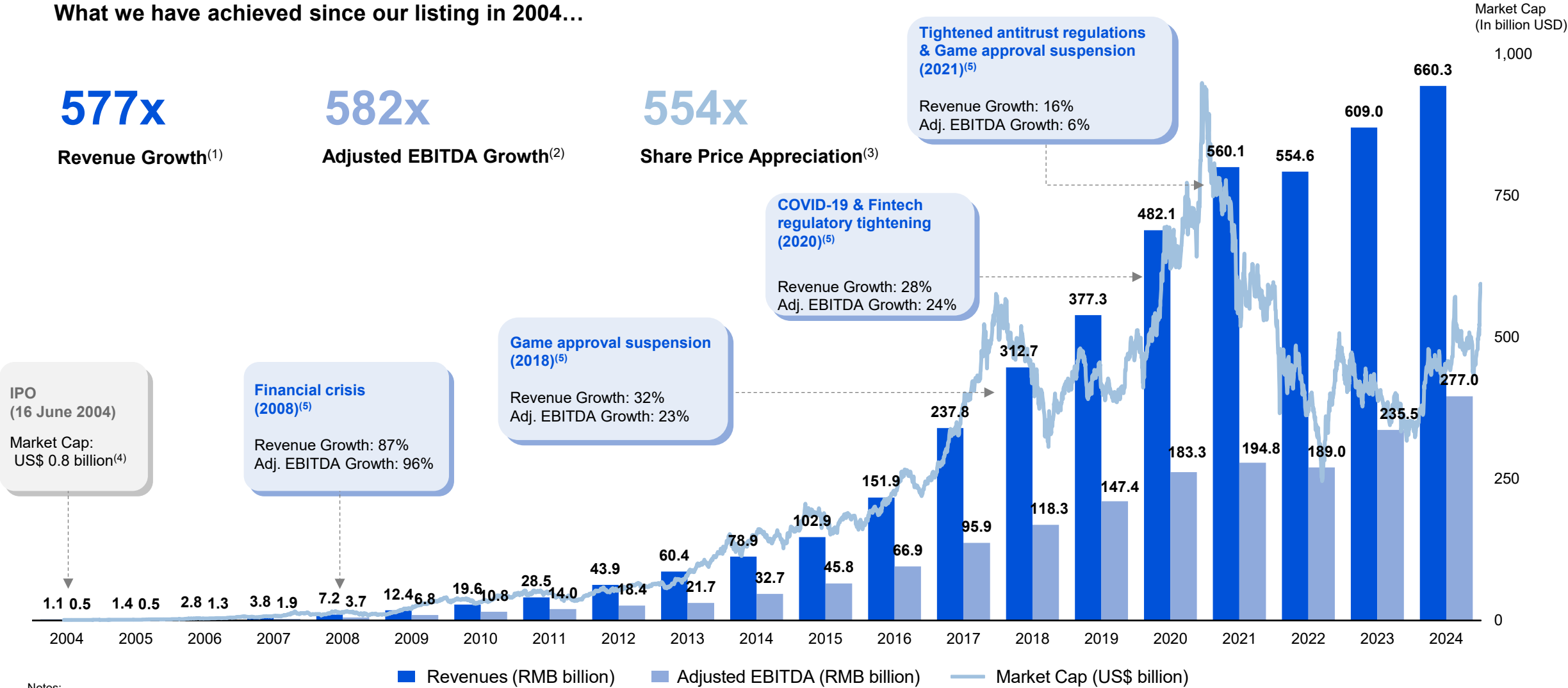
Total debt / Total capitalisation ⁽³⁾



1. Total debt consists of borrowings and notes payable; Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses
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)
3. Total capitalisation consists of total debt plus total equity (book value)

Resilient Growth through Economic Cycles (2004-2024)

What we have achieved since our listing in 2004...



Notes:

- 1. Growth of 2024 revenues over 2004 revenues.
- 2. Growth of 2024 Adjusted EBITDA over 2004 Adjusted EBITDA. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses.
- 3. Growth of market capitalisation on Dec 31, 2024 over market capitalisation at IPO on Jun 16, 2004.
- 4. Based on market capitalisation at IPO on Jun 16, 2004.
- 5. YoY growth from 2007 to 2008 for financial crisis; YoY growth from 2017 to 2018 for game approval suspension; YoY growth from 2019 to 2020 for the COVID-19 pandemic; YoY growth from 2020 to 2021 for tightened antitrust regulations and game approval suspension

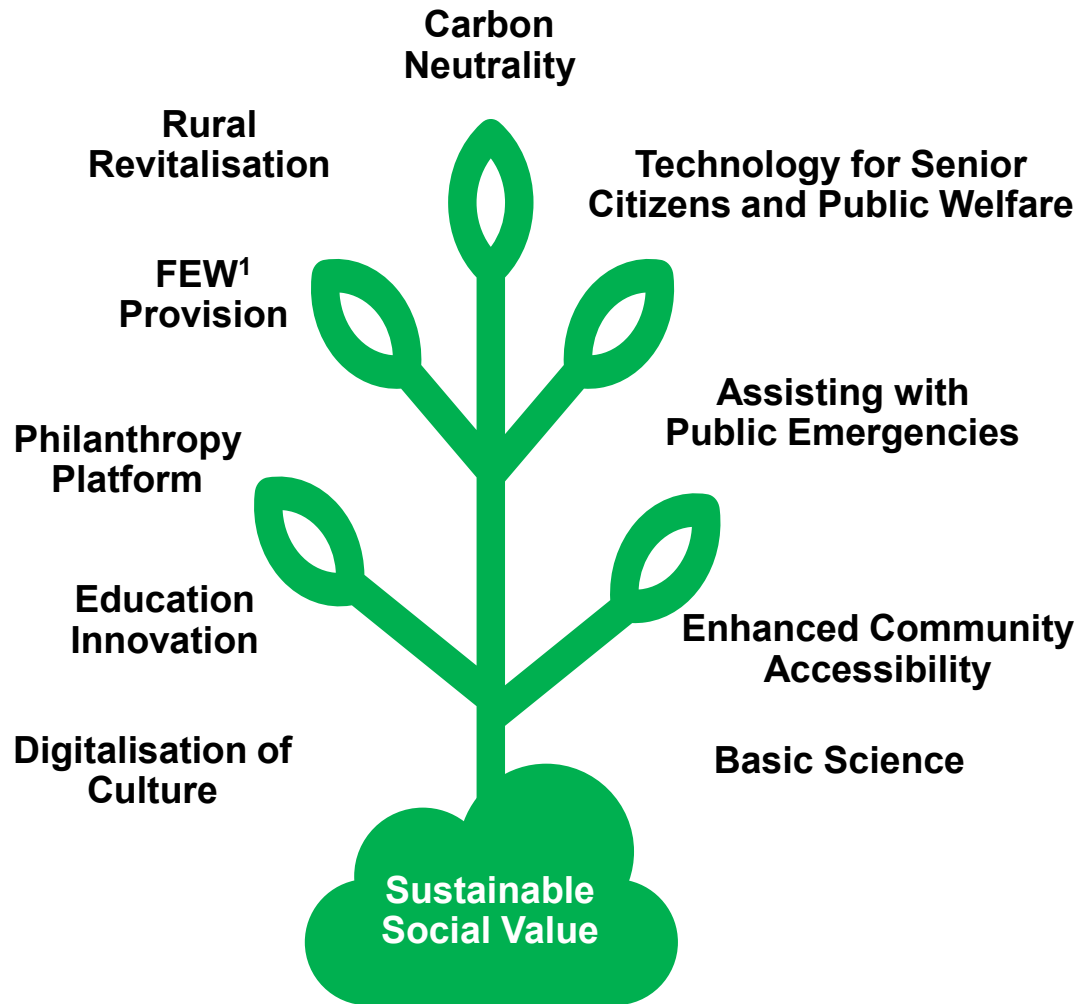
Sources: Company disclosure, Bloomberg

1. *Business Overview*

2. *Financials*

3. *Tech for Good*

Harnessing our Technology and Platform to Create 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:

- **Facilitate philanthropic digitalisation** by providing capital, technology and resources
- **Fund basic scientific research** with a commitment of RMB10 billion over 10 years via New Cornerstone Investigator Programme
- 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
- Leverage digital tools and user reach to help **preserve cultural heritage** e.g., assisting the successful inclusion of Beijing Central Axis into UNESCO World Heritage List

Our ESG Commitment and Approach

Integrate social responsibility into products and services

Environment

- Committed to achieving **Carbon Neutrality** in our own operations and supply chain, and shifting to 100% renewable energy **by 2030**
- Net-zero target in 2050 and absolute greenhouse gas emission reduction targets are validated by SBTi
- Published our **Biodiversity Statement**, outlining our commitment to developing businesses in an eco-friendly way

Social

- Celebrated the **10th anniversary** of our annual public philanthropic event, Giving for Good, which connected with over **280 million users**, over **2,200 charitable organisations**, and over **20,000 enterprises** in 2024
- Signed up to the **Women's Empowerment Principles**
- Signed **AI Safety Commitment** to demonstrate commitment to AI risk management and governance

Governance

- **Enhanced board independence and diversity** with 63% INED and 25% female representation
- **Uphold corporate integrity** through implementation of Sunshine Code of Conduct and anti-fraud policy
- **Integrated AI capabilities into risk control mechanism** and enhanced anti-fraud training for employees and key suppliers

Sustainability Commitment ▶ Joined the **United Nations Global Compact** as signatory in Aug 2023

Industry Recognition

- ▶ **1st in Best ESG** ⁽¹⁾ for 5 consecutive years and **1st in Best Company Board** ⁽¹⁾
- ▶ Included in the **2023 S&P Global Sustainability Yearbook** and recognised as **the industry mover**

MSCI ESG Rating: BBB | **Sustainalytics ESG risk score: 20.7 – Medium Risk** ⁽²⁾ | **S&P Global ESG Score: 55** ⁽³⁾

1. By Institutional Investor in 2025, in Asia (ex-Japan) Internet sector, combined votes from sell-side and buy-side; 2. Out of 100, the lower the better, as of Jul 30, 2025; 3. Out of 100, the higher the better, as of Jul 22, 2025

Tencent Holdings Limited

Corporate Overview

Thank you!



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