Leading Services with Massive and Highly Engaged User Base

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

**Weixin & WeChat**
- #1 mobile community
- MAU at 1,251m

**QQ**
- QQ mobile devices MAU at 591m

**Communication & Social**

**Digital Content**

**FinTech**

**Mobile Payment**
- #1 by MAU & DAU

**Cloud**

**Utilities**

**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**
- #1 by MAU

* All rankings above refer to China market, unless otherwise stated. Company data as of June 30, 2021.
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)

229 million
total fee-based VAS subscriptions (3)

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1. Since 4Q2019
2. Annual transaction value in 2020
3. Fee-based VAS subscriptions as of Jun 30, 2021
Weixin Reshapes Digital Lifestyle in China

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

- **Mini Programs**
  - Provide Weixin users with products, content and services
  - Assist businesses in building digital presence
  - 2020 annual transaction value more than doubled YoY

- **Official Accounts**
  - Allow individuals, media and businesses to share original content and engage with readers
  - Strengthen brand awareness and content management

- **Video Accounts**
  - Facilitate public sharing of video and live streaming content
  - Help content creators and brands acquire and manage customers efficiently

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**Largest communication and social service in China for over 1.25 billion MAU**

1. As of Jun 30, 2021
QQ Caters to Evolving Needs of Young Users

**Chat & Group**
Synchronous communication
- Game interest group
- Honour of Kings team-up invite

Game players discuss game-related topics and form teams in game communities

**Mini Programs**
Content & services consumption
- Online education services provided by third-party institutions

**QQ Wallet**
Mobile payment
- Access daily services, transportation, shopping and entertainment services

**Kandian**
News feed
- Services
- Articles, images and videos provided by news media and quality content creators

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591 million QQ MAU (1) on mobile devices

1. As of Jun 30, 2021
Embrace Industrial Internet with Comprehensive Technological Capabilities

- Extending our strategy of ‘Connection’ to connecting industries, consumers and business partners
- Customise smart industry solutions based on Tencent Cloud; leverage our high-DAU products and software, and proprietary technologies to assist enterprises in digital transformation

Smart Solutions
- Retail
- Healthcare
- Education
- Finance
- Transportation

Software and Services
- WeCom
- Tencent Meeting / VooV Meeting
- Tencent Docs
- Weixin
- Weixin Pay
- Tencent Security

Technologies
- Security Capabilities
- Autonomous Driving
- YouTu AI Lab
- Tencent AI Lab
- Big Data Analytics
- Location-based Services

Infrastructure
- Tencent Cloud
- Comprehensive range of products and services (>300) on top of computing and storage
- Solid infrastructure in 27 regions and 67 availability zones (1)
- Over 1 million paying customers since 4Q2019

1. As of Jun 30, 2021
Embrace future opportunities with proactive investments

### New market opportunities clearly emerging
- Businesses accelerate movement online; various industries speed up digitalisation
- Game user base expanded; long-term growth driven by new genres and technologies
- Users seek more diverse and nutritious short video content

### Investees’ value appreciates, while incurring wider losses
- Valuation increased: fair value of our listed investees was over USD200 billion
- Several investees at heavy loss stage due to investment in new opportunities

### Tencent is proactively investing for future
- **Business Services**: assist in digitalisation
- **Games**: focus on high-production value games with global appeal
- **Short-Form Video Content**: cultivate differentiated ecosystems
- **Sustainable Social Value**: bring technology benefits to society
Promote Sustainable Innovations for Social Value

- Realise our aspiration: bring benefits and value to society sustainably by leveraging our technology and products
- Broad undertaking to elevate importance of sustainable social value in making product decisions
- Established SSV Org to deploy social value initiatives in a professional and entrepreneurial way
- Incubate projects in various areas, linking with our existing businesses when appropriate
- Promote development of self-sustainable operations in addition to providing donations
- Pursue long-term social value rather than economic profits
- Capital funded by our investment gains
## Our ESG Commitment and Approach

Integrate social responsibility into products and services
Promote technological innovation to create long-term value for all stakeholders

### Environment
- **Carbon neutrality**: explore renewable energy solutions; leverage self-developed T-block technology to optimise power usage efficiency in data centres
- **AI for Food, Energy and Water (FEW)**: leverage AI, big data analytics and cloud computing to facilitate desert reclamation

### Social
- **Privacy and security**: adhere to ‘Privacy by Design’ and protect user data with advanced security technologies
- **Responsibility towards teenage users**: upgrade our Balanced Online Entertainment System; released teenager mode in multiple products to advocate digital well-being
- **Fighting COVID-19**: Health Code facilitates domestic travel and reduces transmission risks for over 1 billion users; Weixin Pay, Mini Programs and other digital tools assisted economic recovery

### Governance
- **Integrity as core value**: prevent corruption with stringent risk management and internal controls
- **Fostering ecosystem**: support the growth of third-party partners, promote fair competition and industry collaboration
- **Diversity**: enhance board diversity in gender, background and expertise

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

1. Out of 100, the lower the better
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
    - Reduced daily time limit to 1 hour on non-statutory holidays and 2 hours on statutory holidays for minors
    - Prevented in-game spending by players aged under 12
- Crack down misuse of adult accounts and transactions of adult accounts on third-party platforms
- Advocating industry-coordinated efforts on 1) regulating minors’ total time spent across games; 2) further researching age-based game classification system; 3) discussing restriction of players aged under 12 from playing games
- Players aged under 16 accounted for 2.6% of our China game grossing receipts in 2Q21. Among which, players aged under 12 accounted for 0.3%

- **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
1. Business Model

2. Financials
Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment \(^{(1)(2)}\)

(\text{RMB in billions})

\[
\begin{array}{ccccccc}
\text{Year} & 2016 & 2017 & 2018 & 2019 & 2020 & \text{LTM Jun 2021} \\
\hline
\text{FinTech and Business Services}^{(2)} & 151.9 & 237.8 & 312.7 & 377.3 & 482.1 & 532.7 \\
\text{Online Advertising} & & & & & & \\
\text{VAS: Games} & & & & & & \\
\text{VAS: Social Networks} & & & & & & \\
\hline
\end{array}
\]

5-year CAGR 33%

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 – 2020 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. Last twelve months ended Jun 30, 2021

12
High Quality Content

- 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

Growing Fee-based VAS Subscriptions

(in millions)

- 125 million (1)
  Total video subscriptions
- 66 million (1)
  Total music subscriptions

1. As of Jun 30, 2021
# Games

Leading global platform for game development, publishing and operation

<table>
<thead>
<tr>
<th>Sizable Developer</th>
<th>Preferred Publisher</th>
<th>Deep Portfolio of Massively Popular Titles across Genres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned Studios</td>
<td></td>
<td>Battle Arena</td>
</tr>
<tr>
<td>TIMI</td>
<td>CrossFire</td>
<td>Honour of Kings</td>
</tr>
<tr>
<td>SUP+</td>
<td></td>
<td>#1 China mobile game by DAU (2)</td>
</tr>
<tr>
<td>RIOT Games</td>
<td></td>
<td>League of Legends</td>
</tr>
<tr>
<td>AURORA</td>
<td></td>
<td>#2 global grossing PC game</td>
</tr>
<tr>
<td>Lightspeed &amp; Quantum</td>
<td></td>
<td>Brawl Stars</td>
</tr>
<tr>
<td>Morefun</td>
<td></td>
<td>Top 10 mobile games globally by DAU (1)</td>
</tr>
<tr>
<td>Invested External Studios</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROBLOX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UBISOFT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shengqi Games</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nintendo</td>
<td></td>
<td>Action</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peacekeeper Elite</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#2 China mobile game by DAU (2)</td>
</tr>
<tr>
<td>NEXON</td>
<td></td>
<td>PUBG Mobile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#1 international mobile game by MAU (3)</td>
</tr>
<tr>
<td>Lightspeed &amp; Quantum</td>
<td></td>
<td>Call of Duty Mobile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Highest DAU game launched in China in 2020 (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Valorant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Most successful new PC game internationally in 2020 (1)</td>
</tr>
<tr>
<td>Partnership with External Studios</td>
<td></td>
<td>Role-Playing</td>
</tr>
<tr>
<td>T2</td>
<td></td>
<td>Moonlight Blade Mobile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best performing new mobile MMORPG in China in 2020 (1)</td>
</tr>
<tr>
<td>EA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Turn-based Strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clash of Clans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Top 10 mobile games globally by DAU (1)</td>
</tr>
</tbody>
</table>

1. According to Newzoo, as of Dec 2020
2. According to QuestMobile, as of Jun 2021
According to QuestMobile, in December 2020, including apps with MAU of no less than 10,000.

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

Payment Solutions

- 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

Other FinTech Services

- LiCaiTong: Offers wealth management services including compliant and inclusive financial products from partners
- WeSure: Offers insurance services
- WeiLiDai: Offers a channel for making small-sized, short maturity consumer loans to our users
  Receives distribution fees from WeBank with no credit risk or balance sheet exposure (1)

Cloud Services

- Tencent Cloud
- WeCom
- Tencent Meeting/VooV Meeting

IaaS, PaaS, SaaS and technology solutions from enterprise customers
- Strong adoption in private cloud, security, AI and big data services
- IaaS: Star Lake server and T-block technology enhanced service performance
- PaaS: increasing adoption of real-time communication PaaS
- SaaS: Tencent Meeting/VooV Meeting, WeCom, Tencent Docs for digitalisation

Other Business Services

- Smart Retail
- Smart Healthcare
- Smart Transportation
- Smart Education

- Customised smart industry solutions help partners move their businesses to digital, applied across verticals including retail, healthcare, transportation, education, finance, tourism, etc.

1. WeBank is an affiliate of Tencent and is a licensed bank
2. Financial Highlights
Highly Profitable and Cash-Generative Business Model

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA (RMB in billions)</th>
<th>Free Cash Flow (FCF) (RMB in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>66.9</td>
<td>55.0</td>
</tr>
<tr>
<td>2017</td>
<td>95.9</td>
<td>93.4</td>
</tr>
<tr>
<td>2018</td>
<td>118.3</td>
<td>87.8 (2)</td>
</tr>
<tr>
<td>2019</td>
<td>147.4</td>
<td>120.3 (2)(3)</td>
</tr>
<tr>
<td>2020</td>
<td>183.3</td>
<td>153.2 (3)</td>
</tr>
<tr>
<td>LTM Jun 2021</td>
<td>197.7</td>
<td>139.5 (3)</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 and RMB139.5 billion in LTM 2021 are the free cash flow numbers before the adjustments.
4. Last twelve months as of June 30, 2021.
5. 2016–2020 CAGR
6. 2020 Adjusted EBITDA as % of Revenues
7. FCF Growth in 2020 from 2019
8. FCF Conversion = FCF / Adjusted EBITDA; In 2020
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.

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3. Last twelve months as of Jun 30, 2021
### Solid Balance Sheet Position

#### Net Cash / (Debt) Position

(RMB in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cash (1)</th>
<th>Net Cash/ (debt)</th>
<th>Total Debt (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>127.6</td>
<td>18.1</td>
<td>(109.5)</td>
</tr>
<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>2Q2021</td>
<td>255.2</td>
<td>(21.0)</td>
<td>(276.2)</td>
</tr>
</tbody>
</table>

#### Net Cash / (Debt) Position

<table>
<thead>
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<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<td>16.3</td>
<td>(12.2)</td>
<td>(15.5)</td>
<td>11.1</td>
<td>(21.0)</td>
</tr>
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</table>

#### Fair Value of Shareholdings in Listed Investee Companies (3)

(RMB in billions)

<table>
<thead>
<tr>
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<th>2018</th>
<th>2019</th>
<th>2020</th>
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<td>(109.5)</td>
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<td>(131.9)</td>
<td>(179.3)</td>
<td>(220.8)</td>
<td>(248.4)</td>
</tr>
</tbody>
</table>

1. Based on cash and cash equivalents, and term deposits and others
2. Total debt consists of borrowings and notes payable
3. Publicly listed companies only (excluding subsidiaries)
4. 2020 and 2Q2021 figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.5249, and US$1 to RMB6.4601, respectively
Prudent Capital Management and Robust Credit Metrics

Total debt / Adjusted EBITDA (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Jun 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1.6</td>
<td>1.4</td>
<td>1.5x</td>
<td>1.5x</td>
<td>1.4x</td>
<td>1.4x</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Jun 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1.9x</td>
<td>1.6x</td>
<td>1.9x</td>
<td>1.9x</td>
<td>1.7x</td>
<td>1.7x</td>
</tr>
</tbody>
</table>

Adjusted EBITDA / Interest expense

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Jun 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>30.9x</td>
<td>31.3x</td>
<td>24.1x</td>
<td>19.2x</td>
<td>24.6x</td>
<td>27.2x</td>
</tr>
</tbody>
</table>

Total debt / Total capitalisation (4)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Jun 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>37.0%</td>
<td>32.3%</td>
<td>33.5%</td>
<td>31.1%</td>
<td>24.2%</td>
<td>23.0%</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. 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. Last twelve months as of Jun 30, 2021
4. Total capitalisation consists of total debt plus total equity (book value)