

**For Immediate Release**

**TENCENT ANNOUNCES 2026 FIRST QUARTER RESULTS**  
**Significant Progress in Hy Capabilities and Productivity AI Agents**  
**Utilising AI to Grow Existing Core Businesses**

**Hong Kong, 13 May 2026** – Tencent Holdings Limited (HKEX: 00700 (HKD Counter) and 80700 (RMB Counter), “Tencent” or “the Company”), a world-leading Internet and technology company in China, today announced the unaudited consolidated results for the quarter ended 31 March 2026 (“1Q2026”).

Mr. Ma Huateng, Chairman and CEO of Tencent, said, “We started 2026 by making significant initial progress on our new AI products, as well as continuing to utilise AI to grow our existing core businesses. The Hy3 preview model, built by our revamped team of AI researchers on re-architected AI infrastructure, is a leader in its parameter size class, delivering practical utility and cost efficiency, and has been top ranked in OpenRouter token measurements since April 28. Our productivity AI agent solutions have attained early traction, and we believe that our WorkBuddy is currently the most widely used productivity AI agent service in China. Our core businesses continued to grow their engagement, revenue and profit, providing the cash flow to fund our AI investments, as well as use cases for future AI deployment.”

**1Q2026 Financial Highlights**

**Revenues: +9% YoY, gross profit: +11% YoY, non-IFRS operating profit: +9% YoY**

- **Total revenues** were RMB196.5 billion, up 9% over the first quarter of 2025 (“YoY”).
- **Gross profit** was RMB111.3 billion, up 11% YoY.
- **On a non-IFRS basis**, which is intended to reflect core earnings by excluding certain one-time and/or non-cash items:
  - **Operating profit** was RMB75.6 billion, up 9% YoY. Operating margin was largely stable at 38.5%.
  - **Operating profit excluding new AI products<sup>1</sup>** was RMB 84.4 billion, increased by 17% YoY. Operating margin excluding new AI products increased to 43.0% from 39.9% last year.
  - **Net profit** was RMB 69.8 billion, up 11% YoY.
  - **Net profit attributable to equity holders of the Company** was RMB67.9 billion, up 11% YoY.
  - **Basic earnings per share** were RMB7.517. **Diluted earnings per share** were RMB7.364.
- **On an IFRS basis:**
  - Operating profit was RMB67.4 billion, up 17% YoY. Operating margin increased to 34.3% from 32.0% last year.
  - Net profit was RMB59.4 billion, up 19% YoY.
  - Net profit attributable to equity holders of the Company was RMB58.1 billion, up 21% YoY.
  - Basic earnings per share were RMB6.431. Diluted earnings per share were RMB6.302.
- **Capital expenditure** was RMB31.9 billion, up 16% YoY.
- **Total cash** was RMB533.7 billion, up 12%. **Free cash flow** was RMB56.7 billion, up 20% YoY. **Net cash position** totalled RMB146.9 billion, up 63%.
- The **fair value of our shareholdings<sup>2</sup> in listed investee companies** (excluding subsidiaries) totalled RMB547.1 billion as at 31 March 2026, compared with RMB672.7 billion as at 31 December 2025. The carrying **book value of our shareholdings in unlisted investee companies** (excluding subsidiaries) was RMB365.1 billion as at 31 March 2026, compared with RMB363.1 billion as at 31 December 2025.
- During 1Q2026, the Company **repurchased** approximately 12.7 million shares on the Hong Kong Stock Exchange for an aggregate consideration of approximately HKD7.6 billion.

<sup>1</sup> Excludes revenues, costs and expenses for new AI products (Hy, Yuanbao, CodeBuddy, WorkBuddy, and QClaw)

<sup>2</sup> Including those held via special purpose vehicles, on an attributable basis



- **Mini Shops** sustained a rapid year-on-year growth rate in GMV as we offered incentives for brand merchants and introduced coupon sharing features for frequent buyers.
- **Commercial payment** volume grew at a faster year-on-year rate than 4Q2025, benefitting from ongoing increase in number of transactions and higher value per transaction in categories such as retail and dining services.
- **Tencent Cloud's** productivity AI agent solutions achieved rapid growth and healthy retention rates. Among which, WorkBuddy was the most popular productivity AI agent service in China, measured by DAU.
- In April, we launched the **Hy3 preview** large language model, building upon a revamped AI infrastructure. We believe the Hy3 preview model is currently best in class among similar-size models in terms of reasoning, agentic and coding capabilities, and has become the most used model on OpenRouter since April 28, measured by token usage.

For other detailed disclosure, please refer to our website <https://www.tencent.com/en-us/investors.html>, or follow us via Weixin Official Account (Weixin ID: TencentGlobal):



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## **About Tencent**

Tencent uses technology to enrich the lives of Internet users.

Our communication and social services, Weixin and QQ, connect users with each other and with digital content and services, both online and offline, making their lives more convenient. Our targeted marketing services helps advertisers reach out to hundreds of millions of consumers in China. Our FinTech and business services support partners' business growth and assist their digital upgrade.

Tencent invests heavily in talent and technological innovation, actively promoting the development of the Internet industry. Tencent was founded in Shenzhen, China, in 1998. Tencent has been listed on the Main Board of the Stock Exchange of Hong Kong since 2004.

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## **Non-IFRS Financial Measures**

To supplement the consolidated results of the Group ("the Company and its subsidiaries") prepared in accordance with IFRS, certain additional non-IFRS financial measures (in terms of operating profit, operating margin, profit for the period, profit attributable to equity holders of the Company, basic EPS and diluted EPS) have been presented in this press release. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of the Group'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 Group's core operations by excluding certain non-cash items and certain impact of investment-related transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

## **Forward-Looking Statements**

This press release contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this press release. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this press release should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

RMB in millions, unless specified

	Unaudited		
	1Q2026	1Q2025	4Q2025
<b>Revenues</b>	<b>196,458</b>	180,022	194,371
VAS	96,110	92,133	89,920
Marketing Services	38,171	31,853	41,116
FinTech and Business Services	59,885	54,907	60,818
Others	2,292	1,129	2,517
<b>Cost of revenues</b>	<b>(85,193)</b>	(79,529)	(86,082)
<b>Gross profit</b>	<b>111,265</b>	100,493	108,289
<b>Gross margin</b>	<b>57%</b>	56%	56%
Selling and marketing expenses	(11,343)	(7,866)	(12,983)
General and administrative expenses	(33,800)	(33,664)	(36,283)
Other gains/(losses), net	1,253	(1,397)	1,315
<b>Operating profit</b>	<b>67,375</b>	57,566	60,338
<b>Operating margin</b>	<b>34%</b>	32%	31%
Net gains/(losses) from investments and others	1,928	1,407	3,303
Interest income	4,025	3,748	4,784
Finance costs	(2,979)	(3,860)	(3,573)
Share of profit/(losses) of associates and joint ventures, net	3,620	4,581	6,832
<b>Profit before income tax</b>	<b>73,969</b>	63,442	71,684
Income tax expense	(14,577)	(13,717)	(12,595)
<b>Profit for the period</b>	<b>59,392</b>	49,725	59,089
<b>Attributable to:</b>			
Equity holders of the Company	58,093	47,821	58,260
Non-controlling interests	1,299	1,904	829
<b>Non-IFRS operating profit</b>	<b>75,627</b>	69,320	69,518
<b>Non-IFRS profit attributable to equity holders of the Company</b>	<b>67,905</b>	61,329	64,694
<b>Earnings per share for profit attributable to equity holders of the Company (in RMB per share)</b>			
- basic	6.431	5.252	6.433
- diluted	6.302	5.129	6.276

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

RMB in millions, unless specified

	Unaudited	
	1Q2026	1Q2025
<b>Profit for the period</b>	<b>59,392</b>	49,725
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(222)	652
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	135	-
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	(60)	106
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	(19)	1
Currency translation differences	(13,883)	2,294
Net movement in reserves for hedges	(5)	(213)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	(330)	522
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	(66,118)	26,361
Currency translation differences	(2,887)	370
Net movement in reserves for hedges	(3)	6
	<b>(83,392)</b>	30,099
<b>Total comprehensive income for the period</b>	<b>(24,000)</b>	79,824
<b>Attributable to:</b>		
Equity holders of the Company	(22,676)	75,858
Non-controlling interests	(1,324)	3,966

**OTHER FINANCIAL INFORMATION**

RMB in millions, unless specified

	Unaudited		
	1Q2026	1Q2025	4Q2025
EBITDA (a)	84,167	73,817	77,126
Adjusted EBITDA (a)	89,617	81,559	83,048
Adjusted EBITDA margin (b)	46%	45%	43%
Interest and related expenses	3,134	3,386	3,323
Net cash (c)	146,860	90,229	107,145
Capital expenditures (d)	31,936	27,476	19,632

**Note:**

- (a) EBITDA is calculated as operating profit minus other gains/(losses), net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, and amortisation of intangible assets and land use rights. Adjusted EBITDA is calculated as EBITDA plus equity-settled share-based compensation expenses
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues
- (c) Net cash represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, including highly liquid investment products held for treasury purposes, minus borrowings and notes payable
- (d) Capital expenditures primarily consist of investments in IT infrastructure (including computer equipment, components, and software), data centres, land use rights, office premises and intellectual properties (excluding media content)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

RMB in millions, unless specified

	Unaudited As at 31 March, 2026	Audited As at 31 December, 2025
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	165,666	149,905
Land use rights	22,122	22,339
Right-of-use assets	17,353	17,367
Construction in progress	5,719	9,670
Investment properties	1,131	950
Intangible assets	199,008	205,999
Investments in associates	330,532	342,409
Investments in joint ventures	6,374	6,303
Financial assets at fair value through profit or loss	208,887	207,157
Financial assets at fair value through other comprehensive income	298,052	356,640
Prepayments, deposits and other assets	45,424	24,540
Other financial assets	1,084	1,327
Deferred income tax assets	29,698	28,618
Term deposits	73,404	70,302
	<u>1,404,454</u>	<u>1,443,526</u>
<b>Current assets</b>		
Inventories	582	530
Accounts receivable	58,116	49,930
Prepayments, deposits and other assets	117,147	111,270
Other financial assets	3,779	4,201
Financial assets at fair value through profit or loss	27,627	35,929
Financial assets at fair value through other comprehensive income	8,781	8,781
Term deposits	205,537	236,801
Restricted cash	7,597	6,977
Cash and cash equivalents	217,770	141,041
	<u>646,936</u>	<u>595,460</u>
<b>Total assets</b>	<u><u>2,051,390</u></u>	<u><u>2,038,986</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

RMB in millions, unless specified

	Unaudited As at 31 March, 2026	Audited As at 31 December, 2025
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	-	-
Share premium	68,575	63,796
Treasury shares	(1,060)	(3,450)
Shares held for share award schemes	(8,605)	(7,124)
Other reserves	7,640	90,494
Retained earnings	1,061,102	1,010,436
	<u>1,127,652</u>	<u>1,154,152</u>
<b>Non-controlling interests</b>	<u>83,975</u>	<u>86,913</u>
<b>Total equity</b>	<u>1,211,627</u>	<u>1,241,065</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	207,881	208,369
Notes payable	124,350	126,204
Long-term payables	10,752	10,544
Other financial liabilities	3,679	2,879
Deferred income tax liabilities	23,591	21,684
Lease liabilities	13,074	13,280
Deferred revenue	2,564	2,210
	<u>385,891</u>	<u>385,170</u>
<b>Current liabilities</b>		
Accounts payable	141,748	121,127
Other payables and accruals	81,153	96,496
Borrowings	51,114	42,618
Notes payable	3,460	10,542
Current income tax liabilities	19,961	18,558
Other tax liabilities	6,130	3,723
Other financial liabilities	3,355	3,992
Lease liabilities	5,632	5,386
Deferred revenue	141,319	110,309
	<u>453,872</u>	<u>412,751</u>
<b>Total liabilities</b>	<u>839,763</u>	<u>797,921</u>
<b>Total equity and liabilities</b>	<u>2,051,390</u>	<u>2,038,986</u>

## RECONCILIATIONS OF THE GROUP'S NON-IFRS FINANCIAL MEASURES TO THE NEAREST MEASURES PREPARED IN ACCORDANCE WITH IFRS

RMB in millions, unless specified	As reported	Adjustments						Non-IFRS
		Share-based compensation (a)	Net (gains)/losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	SSV & CPP (e)	Income tax effects (f)	
Unaudited three months ended 31 March 2026								
<b>Operating profit</b>	<b>67,375</b>	<b>6,534</b>	<b>–</b>	<b>1,578</b>	<b>–</b>	<b>140</b>	<b>–</b>	<b>75,627</b>
<b>Share of profit/(loss) of associates and joint ventures, net</b>	<b>3,620</b>	<b>810</b>	<b>817</b>	<b>1,612</b>	<b>264</b>	<b>–</b>	<b>–</b>	<b>7,123</b>
<b>Profit for the period</b>	<b>59,392</b>	<b>7,344</b>	<b>(3,255)</b>	<b>3,190</b>	<b>2,467</b>	<b>765</b>	<b>(130)</b>	<b>69,773</b>
<b>Profit attributable to equity holders</b>	<b>58,093</b>	<b>7,193</b>	<b>(3,342)</b>	<b>2,862</b>	<b>2,397</b>	<b>765</b>	<b>(63)</b>	<b>67,905</b>
<b>Operating margin</b>	<b>34%</b>							<b>38%</b>
Unaudited three months ended 31 March 2025								
Operating profit	57,566	10,100	–	1,515	–	139	–	69,320
Share of profit/(loss) of associates and joint ventures, net	4,581	968	111	1,713	267	–	–	7,640
Profit for the period	49,725	11,068	(31)	3,228	(689)	160	(769)	62,692
Profit attributable to equity holders	47,821	10,833	1,081	2,854	(719)	160	(701)	61,329
Operating margin	32%							39%
Unaudited three months ended 31 December 2025								
Operating profit	60,338	7,210	–	1,594	–	376	–	69,518
Share of profit/(loss) of associates and joint ventures, net	6,832	773	(26)	1,522	46	–	–	9,147
Profit for the period	59,089	7,983	(7,479)	3,116	3,617	1,338	(953)	66,711
Profit attributable to equity holders	58,260	7,902	(7,515)	2,793	2,812	1,338	(896)	64,694
Operating margin	31%							36%

## Note:

- (a) Including put options granted to employees of investee companies on their shares and shares to be issued under investee companies' share-based incentive plans which can be acquired by the Group, and other incentives
- (b) 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
- (c) Amortisation of intangible assets resulting from acquisitions
- (d) Mainly including impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions
- (e) Mainly including donations and expenses incurred for the Group's Sustainable Social Value and Common Prosperity Programme ("SSV & CPP") initiatives
- (f) Income tax effects of non-IFRS adjustments