

Tencent 腾讯

***2026 First Quarter
Results Presentation***

May 13, 2026

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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 RMB6.9194 for 1Q2026.

1. *Overview*

2. *Business Review*

3. *Financial Review*

4. *Q&A*

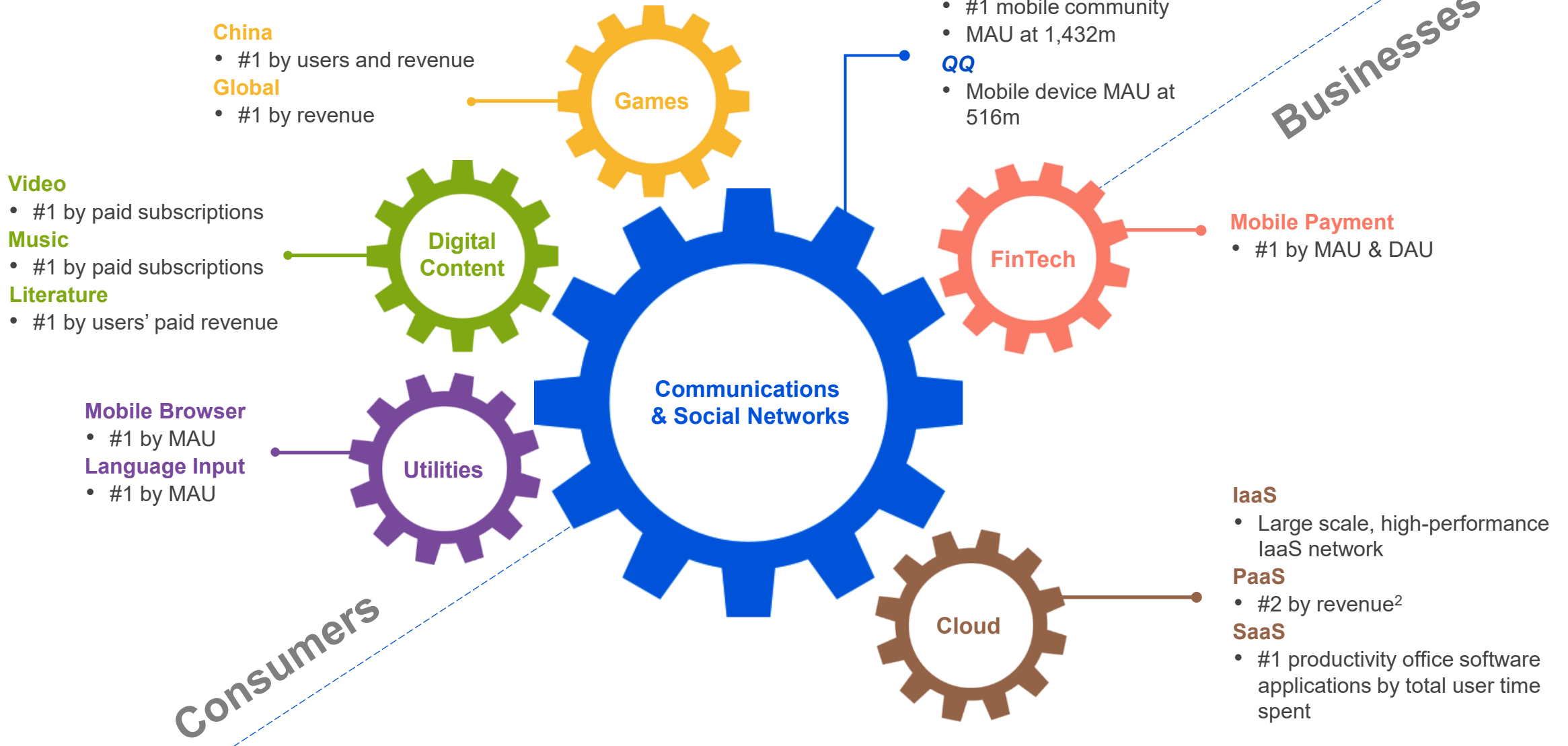
Financial Highlights

In billion RMB	1Q2026	1Q2025	YoY	4Q2025	QoQ
Total Revenue	196.5	180.0	+9%	194.4	+1%
Value-added Services	96.1	92.1	+4%	89.9	+7%
Social Networks	31.9	32.6	-2%	30.6	+4%
Domestic Games ¹	45.4	42.9	+6%	38.2	+19%
International Games	18.8	16.6	+13%	21.1	-11%
Marketing Services	38.2	31.9	+20%	41.1	-7%
FinTech and Business Services	59.9	54.9	+9%	60.8	-2%
Others	2.3	1.1	+103%	2.6	-9%
Gross Profit	111.3	100.5	+11%	108.3	+3%
Non-IFRS					
Operating Profit excl. New AI Products²	84.4	71.9	+17%	76.5	+10%
Operating Profit	75.6	69.3	+9%	69.5	+9%
Operating Margin	38.5%	38.5%	stable	35.8%	+2.7ppt
Net Profit Attributable to Equity Holders	67.9	61.3	+11%	64.7	+5%

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

2. Excludes revenues, costs and expenses for new AI products (*Hy*, *Yuanbao*, *CodeBuddy*, *WorkBuddy*, and *QClaw*)

Key Services Update



1. All rankings above refer to China market, unless otherwise stated. Company data and QuestMobile, 1Q26
 2. IDC Quarterly Public Cloud Services Tracker, 4Q25

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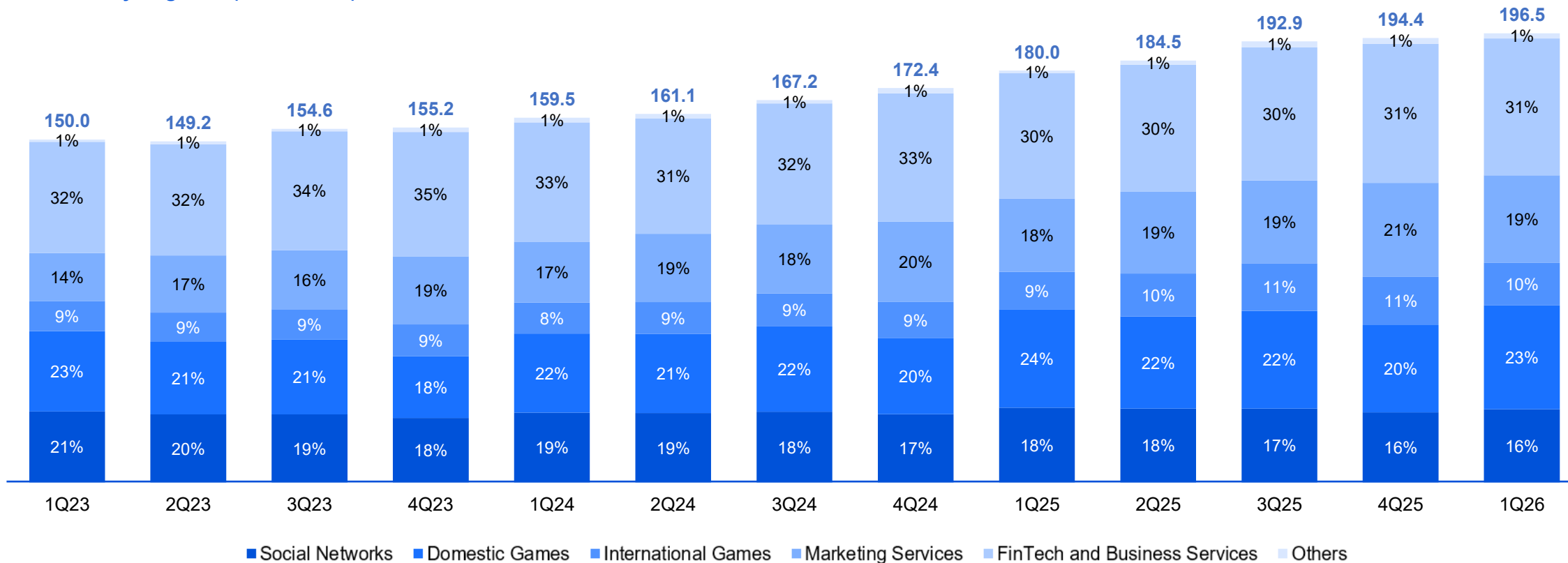
4. *Q&A*

Revenue

Revenue Growth (YoY %)



Revenue by Segment (billion RMB)

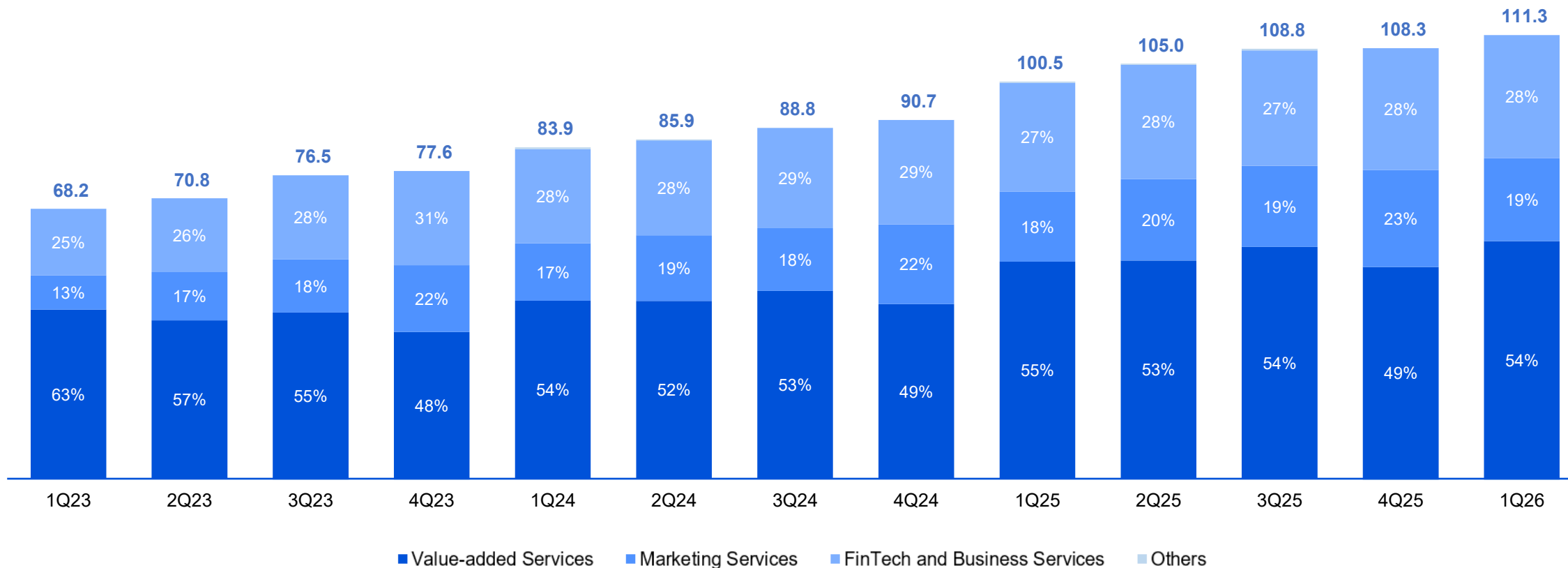


Gross Profit

Gross Profit Growth (YoY %)

+19% +22% +23% +25% +23% +21% +16% +17% +20% +22% +22% +19% +11%

Gross Profit by Segment (billion RMB)



Hy LLM: significant progress but just the first step

Comprehensively revamped system for building models

- Completely rebuilt foundation model team with LLM-native researchers and engineers over last 6 months; new team is young, energetic, and cohesive
- Comprehensively re-engineered system and process for pre-training and reinforcement learning:
 - **Infrastructure:** re-architected infra to support robustness, scalability and efficiency across pre-training, data and reinforcement learning
 - **Data:** dramatically expanded data set, recruited experts in data collection, cleansing and synthesis, focusing on quality
 - **Training:** upgraded pre-training process, simplified overly-complex SFT and scaled reinforcement learning
 - **Evaluation:** refocused eval from widely-gamed benchmarks to real world use cases, and to out-of-distribution tests

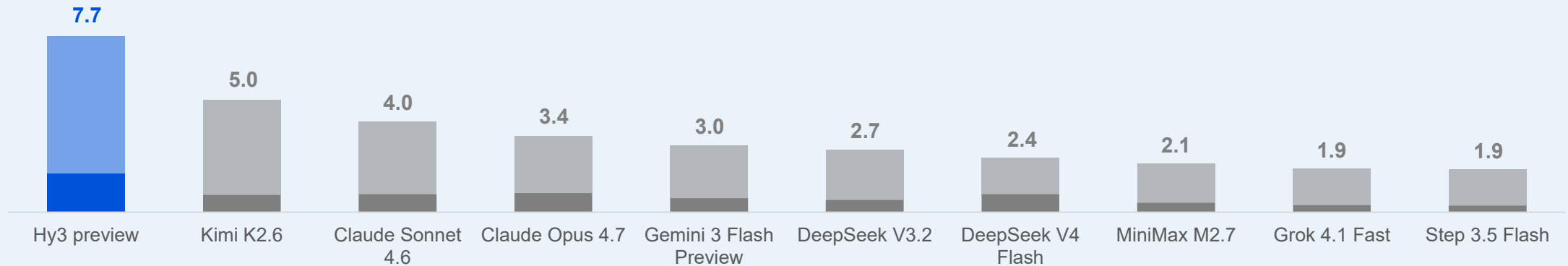
Hy3 preview: a leading model in its size, with practical utility and cost efficiency

- Purpose: build a cost-efficient and solid model for diverse applications, and de-risk scaling toward larger models
- Core design principles: comprehensive intelligence across reasoning, long-context understanding, instruction following, dialogue, coding and tool use; optimise for real world use cases, and for delivering cost efficiency through co-designing inference with model
- Already a leading reasoning model in China: 1) top ranked in math, science, logic, instruct following, long context, and general coding categories; 2) strong performance on unseen PhD qualifying exams (Tsinghua and Princeton PhD exams)
- Effective in real-world software engineering and other productivity agentic tasks (human ratings from *CodeBuddy* and *WorkBuddy* scenarios; task resolution rate for in-house software engineering)
- Internally, already deployed across 131 widely-used internal products (*Yuanbao*, *QQ*, *WorkBuddy*, *ima*, *Tencent News*, etc.), providing valuable feedback and iterative improvement via co-design process

Hy LLM: significant progress but just the first step

Hy3 preview topped token usage ranking on OpenRouter

Top 10 AI Models by Token Usage
(in trillion)



Source: OpenRouter, cumulative token usage (sum of prompt and completion tokens) from 23 April to 12 May 2026; token usage since 9 May in dark blue

Next steps: scale up to larger models

- LLM team now focusing on producing larger parameter model, leveraging infra and learnings from Hy3
- Aggregating bigger and better datasets, and scaling more powerful RL, to strengthen contextual understanding, enhance agentic capabilities in areas including coding, and increase the model's general intelligence
- Together with other Tencent product teams, optimising dataset selection and focusing RL for high value use cases, via co-design processes

CodeBuddy, Claws and WorkBuddy

- Agentic AI represents a breakout use case after AI chatbot and is more valuable as it lifts productivity
- Agentic AI creating code for programmers is important initial use case, now broadening to support wide range of workloads and occupations
- Breakthrough made possible by more powerful models, harness that unlocks potential of models through linking right models to right tools, and interfaces that enable users to efficiently manage agents



CodeBuddy

AI creating code



Claws

Open sourced AI engaging in general computer use, including interacting with world wide web and real-world infrastructure



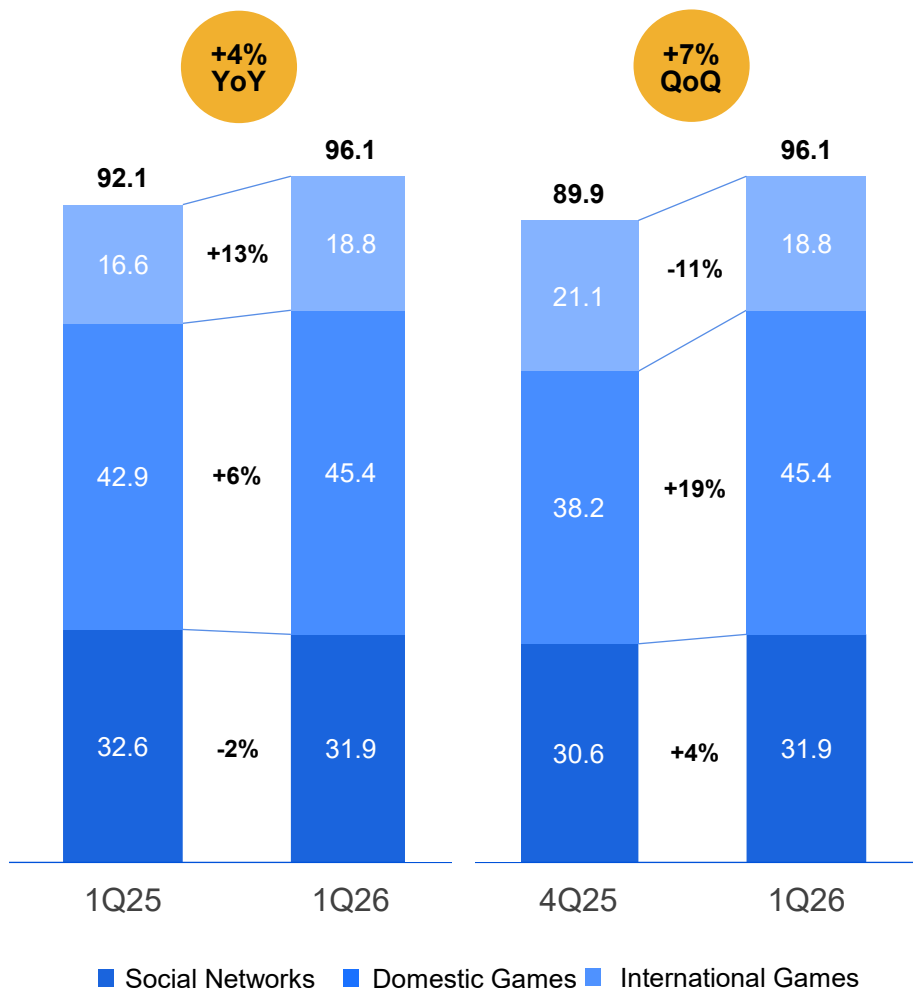
WorkBuddy

AI operating productivity software; more secure and controllable than claws

- Benefits of using AI agents on Tencent platform: Users can control via *WeCom*, *Weixin*, *QQ*, *Yuanbao*, *QQ Browser*, and third-party apps; users can choose tokens from range of model providers including Hy, based on their price / performance / use case needs; in future, AI agents can access *Mini Programs* ecosystem, use *Mini Programs* code as AI Skills (pre-built, context aware tools)
- Tencent has early lead in agentic AI deployment, as measured by DAU for *WorkBuddy* versus competitive products in China
- While early in adoption cycle, *CodeBuddy* and *WorkBuddy* are achieving strong organic growth and high retention rates
 - 60%+ retention rate among active users
 - 80%+ retention rate among paying users
- Early adopters' high time spent and high frequency interaction with AI agents acts as a virtuous feedback loop to Tencent, whereby increased AI agent usage enables us to identify and provide complementary software and services, which in turn increase AI agents' usage among a broader enterprise and prosumer user base. As users utilise more AI agents for more complex tasks, paying user conversion increases, resulting in rapid growth in token usage on *Tencent Cloud* in recent weeks

Value-added Services

In billion RMB



Social Networks

- Revenue was down 2% YoY, reflecting decreased revenue from app-based games item sales arising from late Spring Festival
- Long-form video subscription revenue decreased 2% YoY due to fewer scheduled releases of exclusive top-tier drama series. We cemented leadership in animated series, with eight of our self-commissioned titles ranked among top 10 industry-wide¹ in 1Q26. Music subscription revenue increased 7% YoY, driven by growth in ARPU and subscribers

Domestic Games

- Gross receipts grew at teens % rate YoY due primarily to *Delta Force*, *Peacekeeper Elite*, *HoK* and *VALORANT MOBILE*
- However, revenue growth of 6% YoY lagged gross receipt growth, as later timing of 2026 Spring Festival shifted more revenue recognition to future periods

International Games

- Revenue increased 13% YoY, mainly driven by *Clash Royale*, *Wuthering Waves*, and *VALORANT PC*

1. Source: Enlightent, by video views across all long-form video platforms in China for 1Q26

Communications & Social Networks

Increasingly vibrant *Mini Shops* transaction ecosystem

- **Branded products** – Introduced brand incentives including preferential take rates, product subsidies, and prioritised recommendations. Brand merchants' GMV more than tripled YoY in 1Q26, particularly in key categories such as FMCG and beauty
- **Coupon Sharing** – Introduced “Coupon Sharing” feature, allowing frequent buyers to share discount coupons with friends via chats, and driving higher sales conversion
- **Creator matchmaking tool** – Upgraded matchmaking mechanism to facilitate more efficient direct creator-to-merchant outreach for promoting relevant *Mini Shops*' products in *Video Accounts* and *Official Accounts*

Strengthened AI capabilities

- **Control AI agents** – Enabled *Weixin* and QQ to act as communication interfaces to orchestrate AI agents from mobile for complicated task execution on PC and cloud
- **Video Accounts** – Scaled up parameters and enhanced algorithm for content recommendation model, enabling deeper understanding of users' interests to recommend more personalised and relevant content. Total time spent on *Video Accounts* grew over 20% YoY in 1Q26
- **Mini Programs** – Upgraded developer toolkit architecture, so users can better leverage AI plug-ins (e.g., *CodeBuddy*) to create and debug mini programs more efficiently. Over time, mini program code can evolve into tools for AI agents to use within *Weixin*
- **Weixin Search** – Total query volume increased over 25% YoY, benefitting from LLM-powered ranking and broader AI search coverage

Domestic Games

Evergreen games set new records

- **HoK** – gross receipts achieved lifetime high in 1Q26 fueled by 1) top-tier outfits inspired by Chinese ink-paintings and by culture of ancient Silk Road; 2) targeted marketing programs to address various player segments
- **Peacekeeper Elite** – peak DAU achieved lifetime high of 90 million and gross receipts increased by over 30% YoY in 1Q26 due to 1) expansion of gameplay including new class-based extraction mode and ever-evolving UGC platform; 2) successful IP collaborations with Ferrari and Douluo Continent
- **Delta Force** – average DAU and gross receipts achieved lifetime highs in 1Q26, benefitting from 1) Vyron's Cosmic Guardian skin; 2) Morphosis season featuring revamped Space City map; 3) cross-over promotions with celebrities and brands for Spring Festival

New games achieved breakout success

- **VALORANT MOBILE** – consistently ranked among top 10 mobile games industry-wide since launch¹; released distinctive high-quality weapon items
- **Roco Kingdom: World** – creature-collecting open world RPG built on our classic web game IP, featuring hundreds of unique creatures and rich social interactions. In its first month, the game sustained over 13 million average DAU across PC and mobile, and ranked among top 10 mobile games by gross receipts²

We are leveraging AI to accelerate 3D asset production and animation, enrich player experiences with smarter NPCs, and deliver better graphics via advanced rendering techniques



HoK



Peacekeeper Elite



Roco Kingdom: World

1. Source: by monthly gross receipts according to Sensor Tower; launched in Aug 2025

2. Source: according to Sensor Tower, for March 26 - April 26, 2026

International Games

PUBG MOBILE



Gross receipts grew YoY in 1Q26, benefitting from Eastern mythology-themed outfits, brand collaborations and anniversary events

League of Legends



Revamped team and faster velocity of change drive innovations such as For Demacia season, ARAM: Mayhem mode, and Exalted Viego skin, resulting in resurgence in DAU and gross receipts in 1Q26

Wuthering Waves



Gross receipts maintained strong YoY growth in 1Q26, driven by compelling characters and resonant narratives of *For You Who Walk In Snow* version

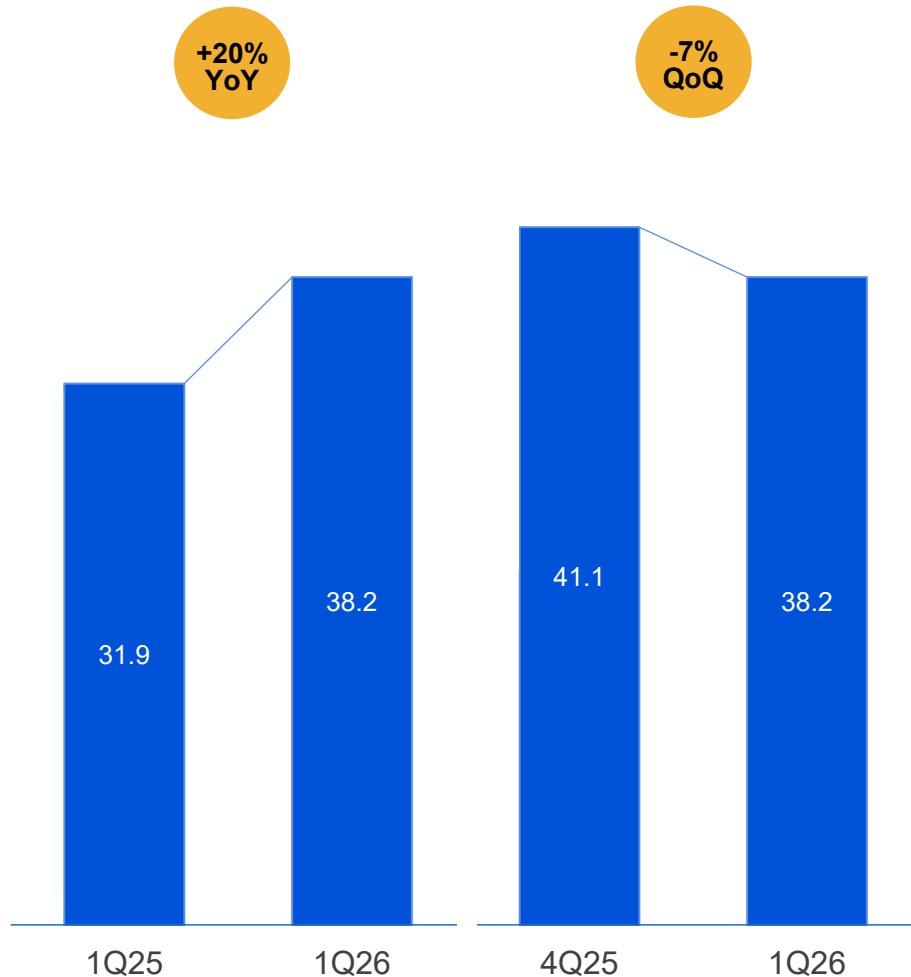
Brawl Stars



DAU and gross receipts grew rapidly YoY in March, benefitting from new character power-up system Buffies, upgraded Brawl Pass, and improved Trophy system

Marketing Services

In billion RMB



Overall

- Revenue grew 20% YoY, with notable growth from Internet services, eCommerce and games categories. Revenue growth improved from 17% YoY in 4Q25 as we deepened collaboration with eCommerce platforms and as demand picked up in response to increased inventory in *Video Accounts*
- Our automated campaign management solution, *AIM+*, powered ~30% of total marketing services spending from advertisers in 1Q26, and gained traction among mini game, mini drama and mini shop advertisers
- Upgraded architecture of our runtime ad recommendation models, which provide deeper understanding of user context and intent, while balancing model complexity with system efficiency

Weixin

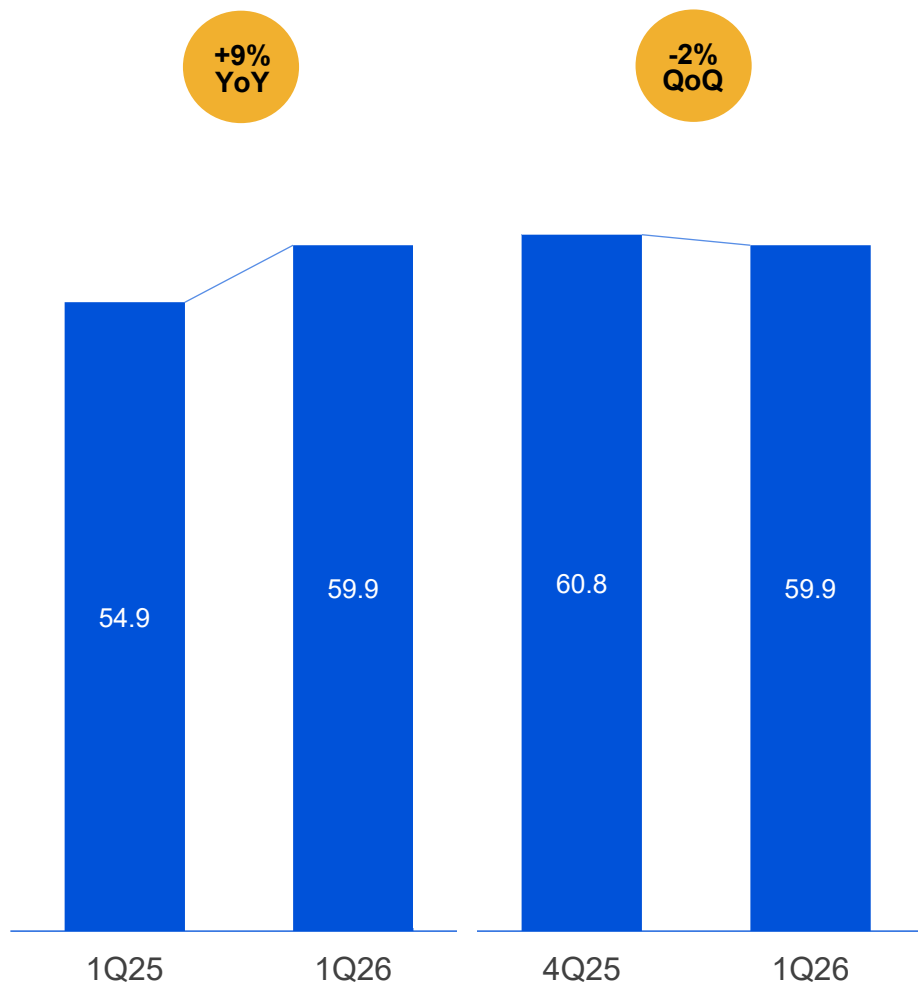
- ***Video Accounts***' ad impressions grew rapidly YoY due to increased total time spent, video views and ad load. We released more inventory of rewarded ads which delivered high click-throughs for advertisers
- ***Mini Programs***' vibrant content consumption attracted marketing spending from mini game and mini drama studios. New instant-play ad format enables native gameplay inside the ad without redirections, enhancing user conversion for mini game developers

Mobile Ad Network

- Made more rewarded ad formats available to third party app developers, resulting in higher growth in eCPM and thus revenue

FinTech and Business Services

In billion RMB



FinTech Services

- YoY revenue growth primarily driven by commercial payment volume and wealth management services
- For commercial payment volume, YoY growth was faster than 4Q25, benefiting from ongoing increase in number of transactions and higher value per transaction in categories such as retail and dining services
- Wealth management average assets per user and number of users increased YoY. We upgraded *LiCaiTong* membership benefits to attract more high-net-worth individuals, and leveraged AI to enhance user experience in financial product discovery and investment process

Business Services

- Revenue grew 20% YoY, benefitting from increased demand and better pricing environment for cloud services, and fees collected on *Mini Shops* eCommerce transactions
- AI-related demand contributed to increased revenue YoY for Tencent Cloud across GPU, CPU and storage. Upgraded Tencent Cloud full-stack AI agent solutions so that customers can integrate our security infrastructure, skillhubs and *Weixin/QQ/WeCom* control interfaces into their choice of models and agents
- Tencent Cloud's international business grew revenue over 40% YoY as we expanded global footprint to 65 Availability Zones, and captured rising demand for our PaaS solutions

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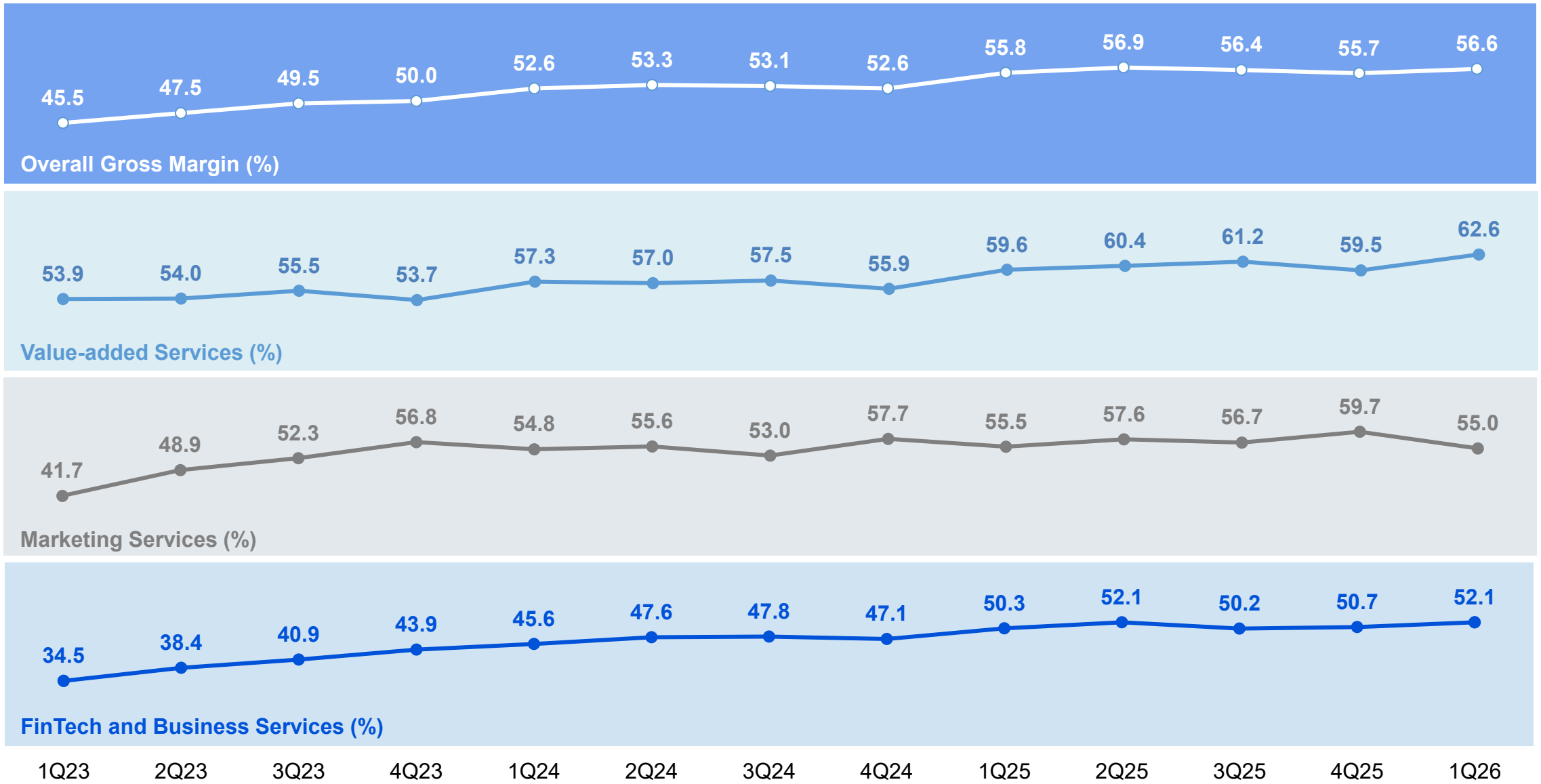
4. *Q&A*

Income Statement

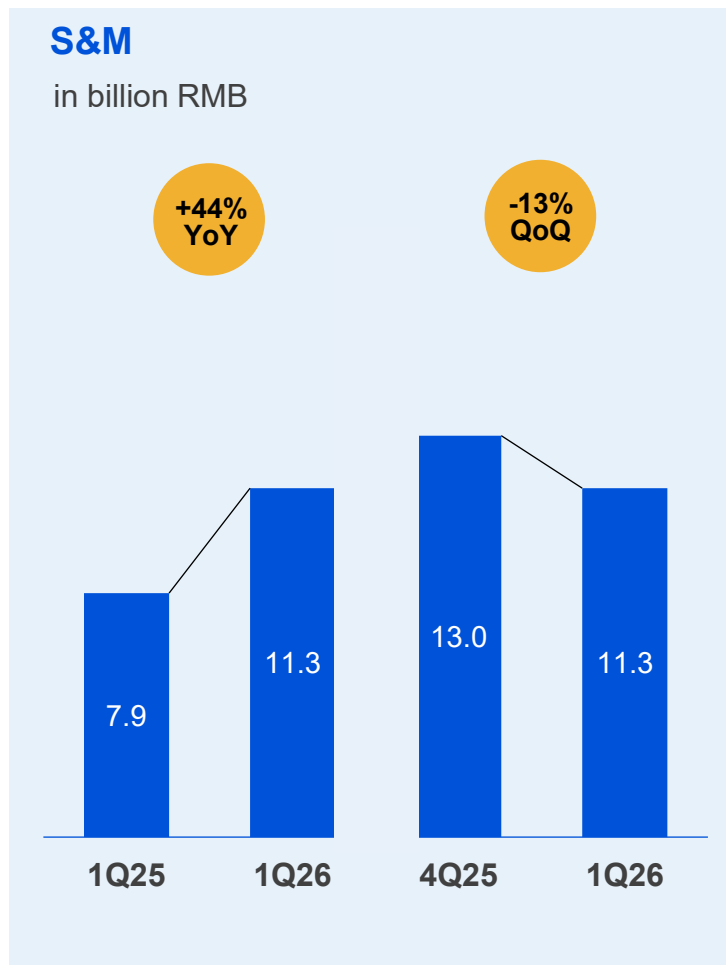
In billion RMB	1Q2026	1Q2025	YoY	4Q2025	QoQ
Revenue	196.5	180.0	+9%	194.4	+1%
Gross profit	111.3	100.5	+11%	108.3	+3%
Operating expenses	(45.2)	(41.5)	+9%	(49.3)	-8%
Other gains (losses), net	1.3	(1.4)	NA	1.3	-5%
Operating profit	67.4	57.6	+17%	60.3	+12%
Net gains from investments and others	1.9	1.4	+37%	3.3	-42%
Interest income	4.0	3.7	+7%	4.8	-16%
Finance costs	(3.0)	(3.9)	-23%	(3.6)	-17%
Share of profit of associates & JVs, net	3.6	4.6	-21%	6.8	-47%
Income tax expense	(14.5)	(13.7)	+6%	(12.5)	+16%
Net profit	59.4	49.7	+19%	59.1	+0.5%
Net profit attributable to equity holders	58.1	47.8	+21%	58.3	-0.3%
Diluted EPS in RMB	6.302	5.129	+23%	6.276	+0.4%
Non-IFRS					
Operating Profit excl. New AI Products¹	84.4	71.9	+17%	76.5	+10%
Operating profit	75.6	69.3	+9%	69.5	+9%
Net profit attributable to equity holders	67.9	61.3	+11%	64.7	+5%
Diluted EPS in RMB	7.364	6.583	+12%	6.966	+6%

1. Excludes revenues, costs and expenses for new AI products (Hy, Yuanbao, CodeBuddy, WorkBuddy, and QClaw)

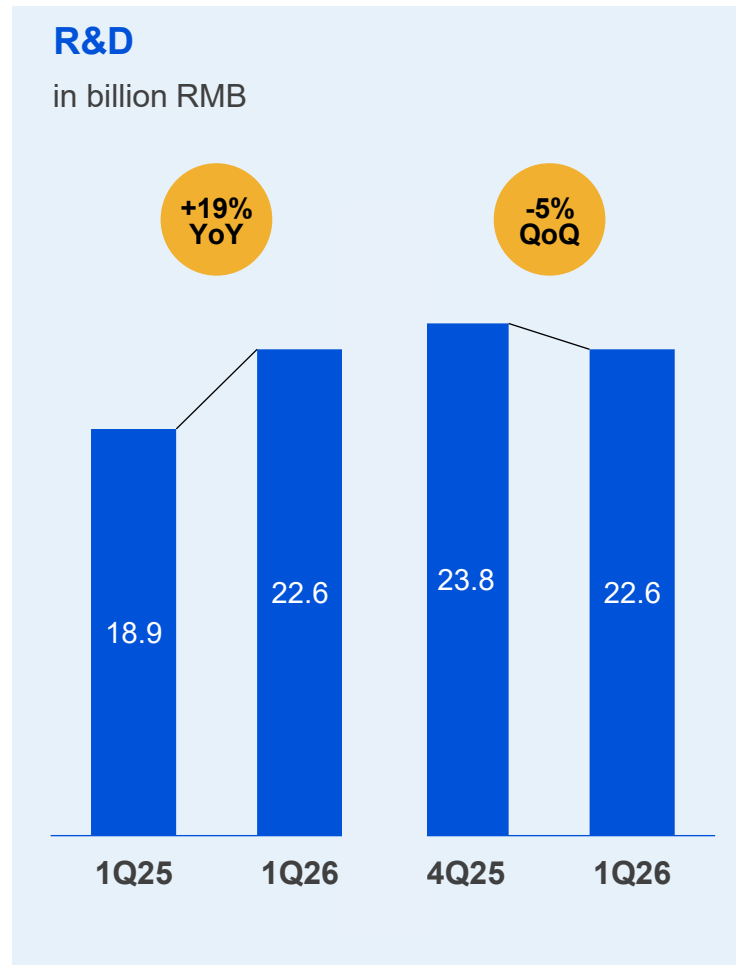
Gross Margins



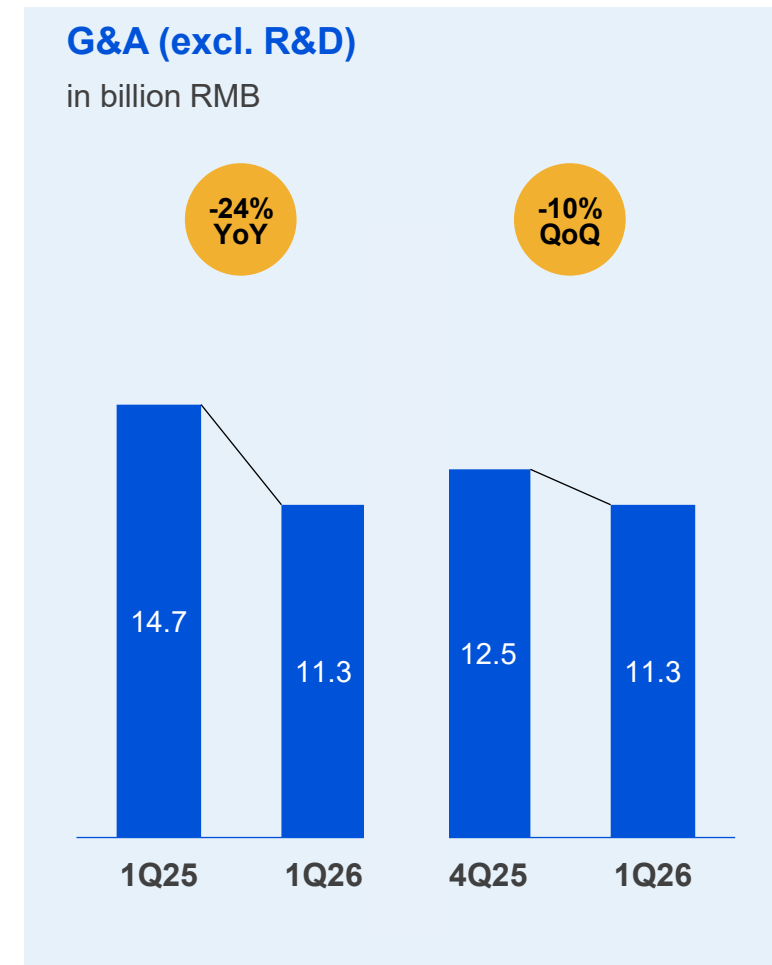
Operating Expenses



Non-IFRS
1Q26 S&M grew by 47% YoY and decreased by 13% QoQ

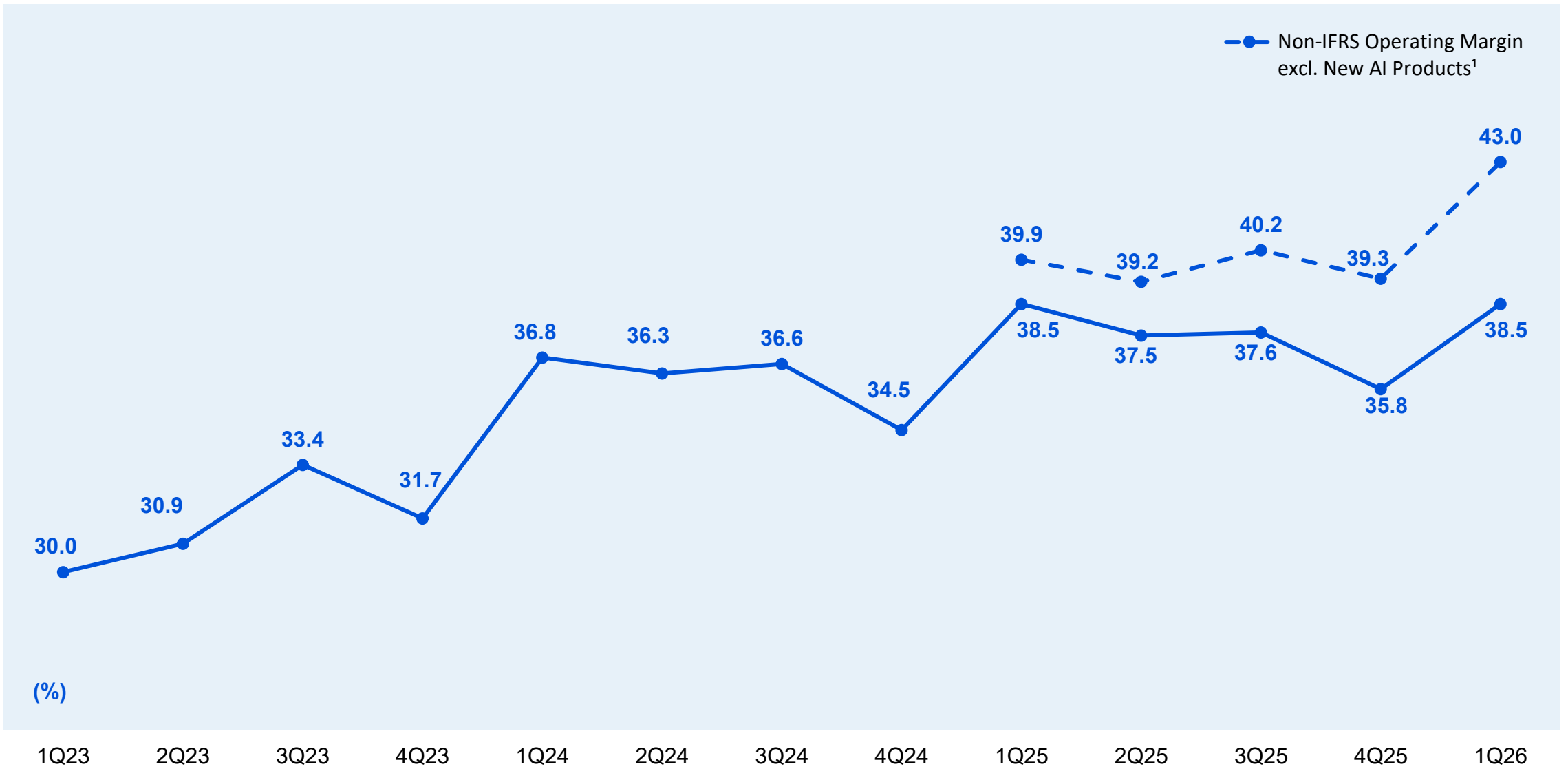


Non-IFRS
1Q26 R&D grew by 20% YoY and decreased by 4% QoQ



Non-IFRS
1Q26 G&A (excl. R&D) grew by 5% YoY and decreased 11% QoQ

Non-IFRS Operating Margin



1. Excludes revenues, costs and expenses for new AI products (Hy, Yuanbao, CodeBuddy, WorkBuddy, and QClaw)

CAPEX, FCF and Cash Position

In billion RMB	1Q2026	1Q2025	YoY	4Q2025	QoQ
Operating CAPEX	31.2	26.4	+18%	16.9	+84%
Non-operating CAPEX	0.7	1.1	-30%	2.7	-72%
Total CAPEX	31.9	27.5	+16%	19.6	+63%
Free Cash Flow	56.7	47.1	+20%	34.0	+67%
Total Cash	533.7	476.0	+12%	494.8	+8%
Less: Total Debt	(386.8)	(385.8)	+0.3%	(387.7)	-0.2%
Net Cash	146.9	90.2	+63%	107.1	+37%

- Repurchased ~13 million shares for a consideration of ~RMB6.7 billion during 1Q26
- As at 31 Mar 2026, the fair value of our shareholdings¹ in listed investee companies (excluding subsidiaries) was ~RMB547 billion (USD79 billion) and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) was ~RMB365 billion (USD53 billion)

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

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Thank you!



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