For Immediate Release

TENCENT ANNOUNCES 2026 SECOND QUARTER RESULTS

Substantial Progress towards Building a New, AI-empowered Tencent at Intelligence, Application and Infrastructure Levels

Hong Kong, 12 August 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 30 June 2026 ("2Q2026").

Mr. Ma Huateng, Chairman and CEO of Tencent, said, "As we entered into the third quarter of the year, we are making substantial progress towards building a new, AI-empowered Tencent in terms of intelligence, applications, and infrastructure. At the intelligence level, Hy3's production version provides users a widely used model with strong cost-performance metrics, and serves as a stepping-stone toward the Hy family of models attaining state-of-the-art capabilities in the future. At the application level, our WorkBuddy AI office productivity service and CodeBuddy AI coding tool are achieving breakout user growth and are the clear leaders in their fields in China today[1]. At the infrastructure level, we substantially stepped up our procurement of compute, which will enable us to convert usage of our applications and models into revenue going forward. At the same time, we continue to enhance our existing services, with sustained marketing services revenue growth, several successful recently released games, and rapidly increasing video views on Weixin Video Accounts."

2Q2026 Financial Highlights

Revenues: +11% YoY, gross profit: +13% YoY, non-IFRS operating profit: +9% YoY

- **Total revenues** were RMB204.8 billion, up 11% over the second quarter of 2025 ("YoY").
- **Gross profit** was RMB118.4 billion, up 13% 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 decreased to 37% from 38% last year.
    - **Operating profit excluding New AI Products**[2] was RMB86.1 billion, increased by 19% YoY. Operating margin excluding new AI products contributions increased to 42% from 39% last year.
    - **Net profit** was RMB 70.6 billion, up 9% YoY.
    - **Net profit attributable to equity holders of the Company** was RMB68.4 billion, up 9% YoY.
    - **Basic earnings per share** were RMB7.581. **Diluted earnings per share** were RMB7.433.
- **On an IFRS basis**:
    - Operating profit was RMB67.3 billion, up 12% YoY. Operating margin was stable at 33%.
    - Net profit was RMB58.0 billion, up 3% YoY.
    - Net profit attributable to equity holders of the Company was RMB56.0 billion, up 0.7% YoY.
    - Basic earnings per share were RMB6.207. Diluted earnings per share were RMB6.104.
- **Capital expenditure** was RMB52.8 billion, up 176% YoY.
- **Total cash** was RMB511.2 billion, up 9% YoY. Net cash position totalled RMB58.2 billion, down 22% YoY.

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[1] Analysys, by monthly interactions among PC-based AI-native office agents in China, June 2026

[2] New AI products primarily consist of Hy, Yuanbao, CodeBuddy, WorkBuddy, and Xiaowei

- We recorded negative free cash flow of RMB13.8 billion for 2Q2026, as net cash generated from operating activities of RMB52.7 billion was more than offset by capital expenditure payments of RMB59.3 billion, media content payments of RMB5.0 billion and lease liability payments of RMB2.2 billion. Included in our operating cash flow were large AI-related prepayments to provide infrastructure to support our Hy model enhancements, WorkBuddy and CodeBuddy inference needs, Weixin AI initiatives, and development of AI capabilities across our products and services, as well as to meet growing external demand for our cloud services. **Excluding the prepayments for compute procurement, our free cash flow would have been RMB37.6 billion.**
- The **fair value of our shareholdings[3] in listed investee companies** (excluding subsidiaries) totalled RMB487.2 billion as at 30 June 2026, compared with RMB547.1 billion as at 31 March 2026. The carrying **book value of our shareholdings in unlisted investee companies** (excluding subsidiaries) was RMB387.9 billion as at 30 June 2026, compared with RMB365.1 billion as at 31 March 2026.
- During 2Q2026, the Company **repurchased** approximately 37.4 million shares on the Hong Kong Stock Exchange for an aggregate consideration of approximately HKD16.9 billion.

2Q2026 Management Discussion and Analysis

Revenues from VAS increased by 8% year-on-year to RMB98.4 billion for 2Q2026. Domestic Games revenues were RMB47.3 billion, up 17% year-on-year, driven by growth from most of our major games, with notable contributions from Delta Force, VALORANT PC and MOBILE, and Roco Kingdom: World. International Games revenues were RMB18.6 billion, down 0.8% year-on-year due to foreign currency movements, or up 4% year-on-year in constant currency terms, as higher revenues from Wuthering Waves and VALORANT PC were offset by lower revenues from certain Supercell games. Social Networks revenues increased by 0.8% year-on-year to RMB32.5 billion.

Revenues from Marketing Services were RMB43.6 billion for 2Q2026, up 22% year-on-year, supported by enhancements to our AI-driven ad recommendation model (which determines the ad shown to each user for each impression), upgrades to our automated campaign management solution AIM+ (which helps advertisers purchase performant impressions), and integration of closed-loop marketing capabilities within the Weixin ecosystem (which facilitates Weixin-integrated services, such as Mini Games and Mini Shops, to advertise more effectively on Tencent-managed ad properties). Most major industry categories increased marketing spending on our platforms during the quarter.

Revenues from FinTech and Business Services rose by 9% year-on-year to RMB60.3 billion for 2Q2026. FinTech Services revenue growth was mainly due to higher revenues from commercial payment, wealth management and consumer loan services. Business Services revenue growth was primarily driven by increased revenues from our cloud services, underpinned by greater demand for AI-related services, ongoing international expansion, and a more favourable pricing environment.

Operating Metrics

	As at 30 June 2026	As at 30 June 2025	Year-on-year change	As at 31 March 2026	Quarter-on-quarter change
		(in millions, unless specified)			
Combined MAU of Weixin and WeChat	**1,439**	1,411	2%	1,432	0.5%
Mobile device MAU of QQ	**520**	532	-2%	516	0.8%
Fee-based VAS subscriptions[4]	**259**	264	-2%	266	-3%

[3] Including those held via special purpose vehicles, on an attributable basis
[4] Average daily number of subscriptions during the quarter

Business Review and Outlook

- We released the full **Hy3** production version in July 2026, which delivered a substantial step-up in performance versus the Hy3 preview version, and significantly outperforms most similar-sized models. Since its launch, Hy3 has consistently ranked among the top 3 models globally in terms of token consumption on OpenRouter[5].
- **WorkBuddy** is achieving rapid user growth and healthy user retention rates, with high user willingness to pay for tokens via subscriptions and top-ups. WorkBuddy's market leadership is underpinned by its robust harness engineering, wide range of model availability, and industry-leading Skills library.
- In recent weeks, we have begun a small-scale prototype test for **Xiaowei**, the agentic AI inside Weixin. Xiaowei is powered by a customised model, WeLM, built for user privacy, Weixin-specific use cases and inference efficiency.
- **Video Accounts**' total time spent grew more than 20% year-on-year in 2Q2026, benefitting from enriched content for younger users, upgraded interactive features and a new multi-variable content ranking system.
- Our domestic evergreen games[6], **Delta Force** and **VALORANT PC**, achieved lifetime highs in average DAU in 2Q2026. Our new game, **Roco Kingdom: World**, ranked first by average DAU[7] and by gross receipts[8] among all new mobile titles released in China year-to-date.
- Miniclip attained breakout success in international markets as **Arrows – Puzzle Escape** became the most downloaded mobile game globally in 2Q2026[9], generating robust in-app advertising revenues.
- We upgraded our automated campaign management solution, **AIM+**, with AI-powered end-to-end execution capabilities for mini shop and mini drama advertisers.

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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[5] Since 7 July 2026
[6] Evergreen games refer to domestic and international games surpassing average quarterly DAU of 5 million for mobile or 2 million for PC, and generating over RMB4 billion annual gross receipts
[7] QuestMobile, by average DAU on mobile platforms
[8] Sensor Tower, by gross receipts on mobile platforms
[9] Sensor Tower, 2Q2026

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. The Board and the Company assume no obligation to correct or update the forward-looking statements contained in this announcement.

CONDENSED CONSOLIDATED INCOME STATEMENT

RMB in millions, unless specified

	Unaudited		
	2Q2026	2Q2025	1Q2026
Revenues	**204,785**	184,504	196,458
VAS	**98,414**	91,368	96,110
Marketing Services	**43,565**	35,762	38,171
FinTech and Business Services	**60,286**	55,536	59,885
Others	**2,520**	1,838	2,292
Cost of revenues	**(86,352)**	(79,491)	(85,193)
Gross profit	**118,433**	105,013	111,265
Gross margin	**58%**	57%	57%
Selling and marketing expenses	**(11,869)**	(9,410)	(11,343)
General and administrative expenses	**(38,808)**	(31,921)	(33,800)
Other gains/(losses), net	**(480)**	(3,578)	1,253
Operating profit	**67,276**	60,104	67,375
Operating margin	**33%**	33%	34%
Net gains/(losses) from investments and others	**11,184**	2,638	1,928
Interest income	**4,202**	4,121	4,025
Finance costs	**(2,979)**	(3,941)	(2,979)
Share of profit/(losses) of associates and joint ventures, net	**(9,993)**	4,473	3,620
Profit before income tax	**69,690**	67,395	73,969
Income tax expense	**(11,713)**	(11,351)	(14,577)
Profit for the period	**57,977**	56,044	59,392
Attributable to:			
Equity holders of the Company	**56,022**	55,628	58,093
Non-controlling interests	**1,955**	416	1,299
Non-IFRS operating profit	**75,636**	69,248	75,627
Non-IFRS profit attributable to equity holders of the Company	**68,415**	63,052	67,905
Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
- basic	**6.207**	6.115	6.431
- diluted	**6.104**	5.996	6.302

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RMB in millions, unless specified

	Unaudited	
	2Q2026	2Q2025
Profit for the period	**57,977**	56,044
Other comprehensive income, net of tax:		
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures	**(343)**	6
Transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates and joint ventures	**1**	(3)
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	**(33)**	(85)
Transfer to profit or loss upon disposal of financial assets at fair value through other comprehensive income	**1**	-
Currency translation differences	**(9,670)**	3,323
Net movement in reserves for hedges and others	**258**	(163)
Items that will not be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures	**467**	(31)
Net gains /(losses) from changes in fair value of financial assets at fair value through other comprehensive income	**15,355**	67,681
Currency translation differences	**(4,151)**	232
Net movement in reserves for hedges	**-**	(60)
	1,885	70,900
Total comprehensive income for the period	**59,862**	126,944
Attributable to:		
Equity holders of the Company	**58,716**	122,756
Non-controlling interests	**1,146**	4,188

OTHER FINANCIAL INFORMATION

RMB in millions, unless specified

	Unaudited		
	2Q2026	2Q2025	1Q2026
EBITDA (a)	**85,776**	79,467	84,167
Adjusted EBITDA (a)	**91,372**	85,122	89,617
Adjusted EBITDA margin (b)	**45%**	46%	46%
Interest and related expenses	**3,212**	3,541	3,134
Net cash (c)	**58,191**	74,592	146,860
Capital expenditures (d)	**52,784**	19,107	31,936

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** **30 June, 2026**	Audited As at 31 December, 2025
ASSETS		
Non-current assets		
Property, plant and equipment	**198,909**	149,905
Land use rights	**21,961**	22,339
Right-of-use assets	**17,724**	17,367
Construction in progress	**7,089**	9,670
Investment properties	**965**	950
Intangible assets	**206,064**	205,999
Investments in associates	**323,674**	342,409
Investments in joint ventures	**6,232**	6,303
Financial assets at fair value through profit or loss	**219,882**	207,157
Financial assets at fair value through other comprehensive income	**315,581**	356,640
Prepayments, deposits and other assets	**91,203**	24,540
Other financial assets	**2,409**	1,327
Deferred income tax assets	**31,553**	28,618
Term deposits	**52,724**	70,302
	1,495,970	1,443,526
Current assets		
Inventories	**685**	530
Accounts receivable	**55,606**	49,930
Prepayments, deposits and other assets	**137,449**	111,270
Other financial assets	**3,051**	4,201
Financial assets at fair value through profit or loss	**28,041**	35,929
Financial assets at fair value through other comprehensive income	**9,658**	8,781
Term deposits	**214,275**	236,801
Restricted cash	**7,729**	6,977
Cash and cash equivalents	**206,930**	141,041
	663,424	595,460
Total assets	**2,159,394**	2,038,986

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RMB in millions, unless specified

	Unaudited As at 30 June, 2026	Audited As at 31 December, 2025
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**-**	-
Share premium	**73,692**	63,796
Treasury shares	**(2,180)**	(3,450)
Shares held for share award schemes	**(8,315)**	(7,124)
Other reserves	**5,893**	90,494
Retained earnings	**1,066,763**	1,010,436
	1,135,853	1,154,152
Non-controlling interests	**86,660**	86,913
Total equity	**1,222,513**	1,241,065
LIABILITIES		
Non-current liabilities		
Borrowings	**212,650**	208,369
Notes payable	**154,021**	126,204
Long-term payables	**12,252**	10,544
Other financial liabilities	**4,403**	2,879
Deferred income tax liabilities	**22,581**	21,684
Lease liabilities	**13,366**	13,280
Deferred revenue	**2,127**	2,210
	421,400	385,170
Current liabilities		
Accounts payable	**175,579**	121,127
Other payables and accruals	**88,586**	96,496
Borrowings	**86,292**	42,618
Notes payable	**-**	10,542
Current income tax liabilities	**16,878**	18,558
Other tax liabilities	**4,324**	3,723
Other financial liabilities	**4,647**	3,992
Lease liabilities	**5,499**	5,386
Deferred revenue	**133,676**	110,309
	515,481	412,751
Total liabilities	**936,881**	797,921
Total equity and liabilities	**2,159,394**	2,038,986

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: Share-based compensation (a)	Adjustments: Net (gains)/losses from investee companies (b)	Adjustments: Amortisation of intangible assets (c)	Adjustments: Impairment provisions/ (reversals) (d)	Adjustments: SSV & CPP and other donations (e)	Adjustments: Others (f)	Adjustments: Income tax effects (g)	Non-IFRS
	Unaudited three months ended 30 June 2026								
Operating profit	**67,276**	**6,579**	**–**	**1,602**	**–**	**179**	**–**	**–**	**75,636**
Share of profit/(loss) of associates and joint ventures, net	**(9,993)**	**1,327**	**12,834**	**1,356**	**188**	**–**	**647**	**–**	**6,359**
Profit for the period	**57,977**	**7,906**	**4,316**	**2,958**	**(2,064)**	**864**	**647**	**(2,013)**	**70,591**
Profit attributable to equity holders	**56,022**	**7,756**	**4,527**	**2,611**	**(2,064)**	**861**	**647**	**(1,945)**	**68,415**
Operating margin	**33%**								**37%**
	Unaudited three months ended 31 March 2026								
Operating profit	67,375	6,534	–	1,578	–	140	–	–	75,627
Share of profit/(loss) of associates and joint ventures, net	3,620	810	817	1,612	264	–	–	–	7,123
Profit for the period	59,392	7,344	(3,255)	3,190	2,467	765	–	(130)	69,773
Profit attributable to equity holders	58,093	7,193	(3,342)	2,862	2,397	765	–	(63)	67,905
Operating margin	34%								38%

	As reported	Adjustments: Share-based compensation (a)	Adjustments: Net (gains)/losses from investee companies (b)	Adjustments: Amortisation of intangible assets (c)	Adjustments: Impairment provisions/ (reversals) (d)	Adjustments: SSV & CPP (e)	Adjustments: Others (f)	Adjustments: Income tax effects (g)	Non-IFRS
	Unaudited three months ended 30 June 2025								
Operating profit	60,104	7,361	–	1,614	–	169	–	–	69,248
Share of profit/(loss) of associates and joint ventures, net	4,473	903	(798)	1,544	226	–	–	–	6,348
Profit for the period	56,044	8,264	(2,396)	3,158	(372)	751	–	(683)	64,766
Profit attributable to equity holders	55,628	8,071	(3,192)	2,848	(405)	751	–	(649)	63,052
Operating margin	33%								38%

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) Primarily non-recurring compliance-related costs and expenses incurred for certain litigation settlements of the Group and/or arising from investee companies

(g) Income tax effects of non-IFRS adjustments