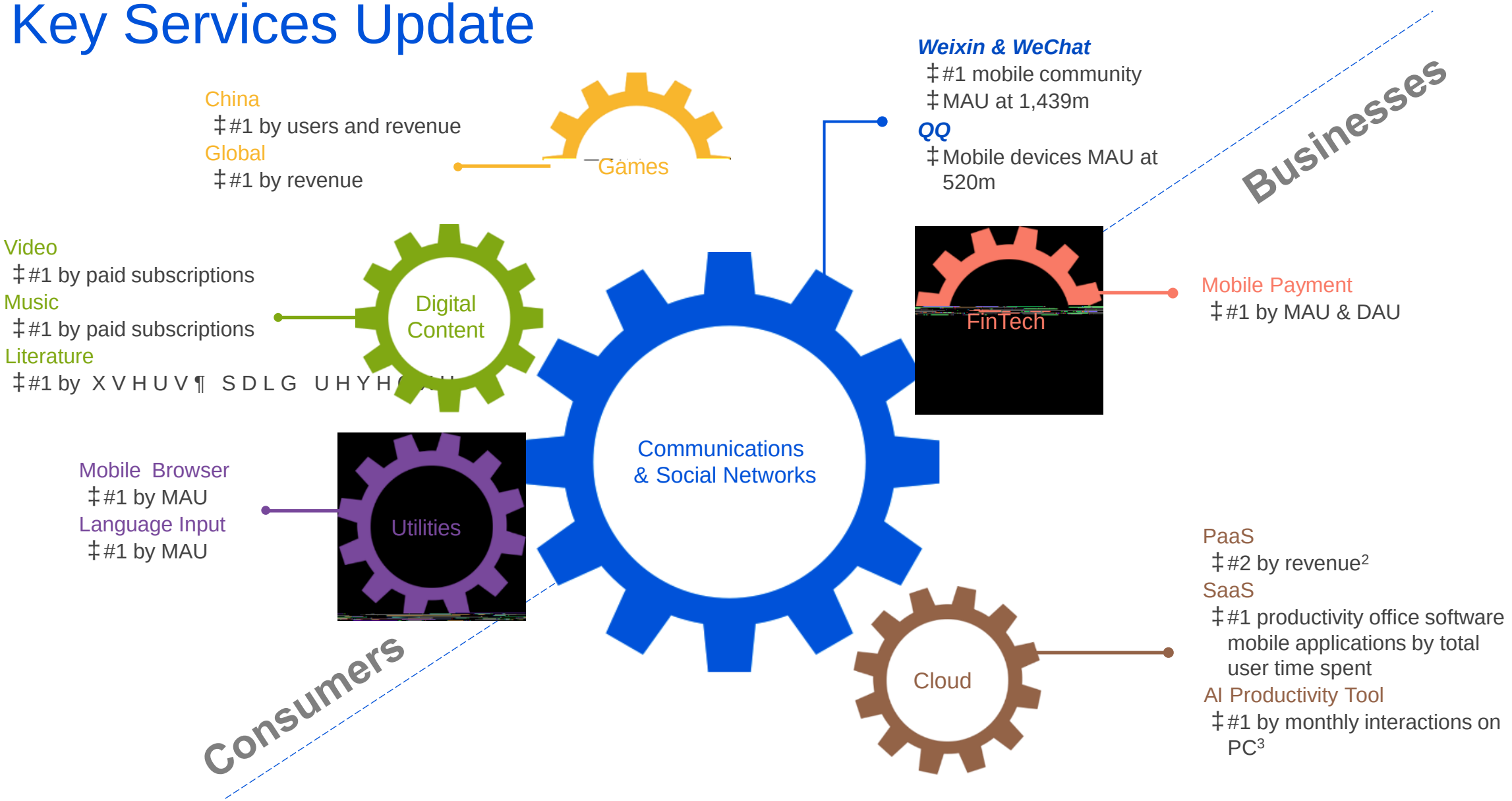
2026 Second Quarter Results

Financial Highlights

In billion RMB	2Q2026	2Q2025	***YoY***	1Q2026	***QoQ***
Total Revenue	204.8	184.5	***+11%***	196.5	***+4%***
Value-added Services	98.4	91.4	*+8%*	96.1	*+2%*
Social Networks	32.5	32.2	*+0.8%*	31.9	*+2%*
Domestic Games[1]	47.3	40.4	*+17%*	45.4	*+4%*
International Games	18.6	18.8	*-0.8%*	18.8	*-0.7%*
Marketing Services	43.6	35.8	*+22%*	38.2	*+14%*
FinTech and Business Services	60.3	55.5	*+9%*	59.9	*+0.7%*
Others	2.5	1.8	*+37%*	2.3	*+10%*
Gross Profit	118.4	105.0	***+13%***	111.3	***+6%***
Non-IFRS					
Operating Profit excl. New AI Products [2]	86.1	72.4	***+19%***	84.4	***+2%***
Operating Profit	75.6	69.2	***+9%***	75.6	***stable***
Operating Margin	36.9%	37.5%	*-0.6ppt*	38.5%	*-1.6ppt*
Net Profit Attributable to Equity Holders	68.4	63.1	***+9%***	67.9	***+0.8%***

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. New AI Products primarily consist of *Hy*, *Yuanbao*, *CodeBuddy*, *WorkBuddy*, and *Xiaowei*

Key Services Update

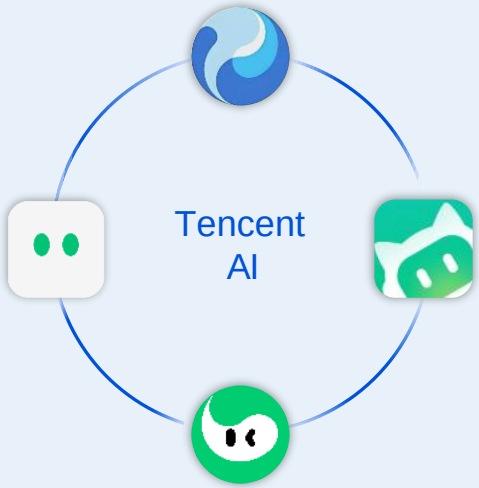


1. All rankings above refer to China market, unless otherwise stated. Company data and QuestMobile, 2Q26
2. IDC Quarterly Public Cloud Services Tracker, 1Q26
3. *WorkBuddy* & *CodeBuddy* ±Analysys, June 2026

AI Strategy Update

‡ Existing businesses are growing solidly due to intrinsic moats and AI enablement ±Moats arise from network effects, depth and value added along supply chain, IP, low take rates, regulatory requirements and private data. AI is deployed across *Weixin*, games and advertising and generating positive results. Provides strong financial support for new AI initiatives

‡ New AI initiatives ±built robust foundation and accelerating growth; potential to generate substantial returns on upside from franchise products (e.g., Hy, *WorkBuddy*, *Xiaowei*); clear downside protection as most of investment is in AI infrastructure, which we can choose to rent externally at attractive prices via Tencent Cloud if needed



1 Accelerating progress –Hy foundation model

2 Leading in productivity AI –***WorkBuddy*** & ***CodeBuddy***

3 Driving broader adoption of consumer AI –***Xiaowei & Yuanbao***

4 Investing in AI infrastructure –for internal use cases and for Tencent Cloud

Hy Foundation Model: Accelerating Progress

Big step up versus Hy3 preview

- Based on feedback collected on 50+ products, we further improved the quality and diversity of post-training data while scaling up RL training
- Improved across task completion rate, hallucination rate, and multi-turn question error rate

Stronger agent capabilities

- In productivity scenarios such as coding, office work, financial modeling, and front-end design, Hy3 now serves as a reliable, cost-effective model option for everyday *WorkBuddy* tasks
- Advantage most substantial in front-end development, user interface design, data analysis, and software development & deployment

More reliable product experience

- Widely usable in multiple agentic use cases
- Implemented fine-grained data cleaning and training constraints to reduce hallucination rate
- Improved long-dialogue performance through joint optimisation of SFT and RL

Token usage increased significantly

- Ranked top 3 on OpenRouter by token usage
- Hy3 daily token usage ~7x compared to Hy3 preview across all channels during paid period, reflecting accelerated external customer demand

A leading model in its size

- Hy3 significantly outperforms similar-sized models, while rivaling flagship open-source models with substantially larger parameter sizes, demonstrating higher intelligence density

Hy3's production version is a stepping-stone toward Hy family of models attaining SOTA capabilities in future, while providing users with cost performance efficiency today

Hy Foundation Model: Accelerating Progress

Deep product integration

WorkBuddy

Increases task success rate and cut time-to-completion, particularly for complex agent workflows

Yuanbao

Delivers leading execution quality in information retrieval, data processing, document workflows, and everyday decision-making

Games

Enhances quality and efficiency in AI teammate creation and code review for games including *Peacekeeper Elite*

Weixin

Deployed in multiple high-frequency scenarios, including powering AI assistant in *Official Accounts* and developer tools for *Mini Programs*

‡ By continuously feeding real-world product usage and domain feedback into model training, model-product co-design approach allows Hy to validate model accuracy and identify edge cases, enabling faster model iteration and sustained performance gains

Established a system for fast model iteration

‡ Scaling more powerful RL to substantially upgrade models after pre-training is done

‡ Upgrading + \ ¶ ulti-modal capabilities

‡ Training a larger parameter model, Hy4, to be released later this year

‡ Accelerating technical iteration and pushing boundaries of model intelligence, toward SOTA level capabilities

Return consideration

‡ Build a large and valuable AI native business that consists of applications, own model, and compute

Tencent Holdings Limited

2026 Second Quarter Results Presentation

Thank you!

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