Jefferies

China (PRC) | Internet

Tencent Holdings

Equity Research
July 10, 2026

Making Progress in AI on Multiple Fronts; Investment is Not New to Market

Tencent has a number of new AI developments, such as the release of Hy3, testing of Weixin AI, and WorkBuddy gaining traction. In 2Q, we expect advertising continued to gain market share, while domestic games delivered faster growth vs overseas. Non-IFRS earnings growth is expected to be slower vs revenue growth on AI spending. As highlighted in our report (link), investment in AI and step-up in capex are expected in 2026. Maintain Buy.

Factoring in the latest trends, with solid progress in AI. For 2Q, we estimate total revenue growth of about 9.6% YoY (unchanged) to about RMB200bn. By segment, we estimate online game revenue growth of about 8.6% YoY (vs consensus of 11% YoY and our prior estimate of 8.6% YoY), with faster growth for domestic games than overseas games. For domestic games, we expect solid performance by evergreen game titles. Our checks on iOS grossing show in 2Q, Roco Kingdom World performed better than Honor of Kings World (link). For international games, we expect revenue deferral impact from the lapse of Supercell grossing and normalization of acquired studios. We expect AI to drive user engagement and monetization. For marketing services, we expect revenue growth of 18 % YoY (vs consensus of 18% YoY) to RMB42.4bn, thanks to ad tech upgrades, and the strength of Video Accounts. For fintech and business services (FBS), we estimate revenue growth of 9% YoY (vs consensus of 9%), factoring in the latest consumer sentiment trends, and the expected acceleration in cloud revenue YoY. We expect non-IFRS operating profit growth of 6% YoY (vs consensus of 9.3% YoY) to about RMB73bn, on AI investments. We estimate non-IFRS earnings to increase by 4% (vs consensus of 9.7% you, and largely unchanged from our prior estimate) to RMB65.5bn.

Testing of Weixin AI kicked off in Jun. Tencent is conducting small-scale testing on Weixin AI across various scenarios in social & communication, information & search, productivity, entertainment/shopping, as well as tool generation. Weixin AI, called Xiao Wei, is: 1) located at top lefthand side of the main page; and 2) one of the features available inside messaging. The core model is WeLM, which was developed by the Weixin team. We view this as an important step for Tencent in Agent2Agent (A2A), and expect tofficial release in 4Q26. Please refer to report (link) for details.

WorkBuddy takes the lead in Workspace Agents market. The company highlighted third-party Analysys data on WorkBuddy's operating metrics in the segment (Mar-26). These include: 1) the number of desktop monthly visits reaching 8.85m; 2) WorkBuddy is ahead of Trae (ByteDance), QClaw (Tencent) and Qoder Work (BABA).

Continued inside...

TARGET CHANGE	
RATING	**BUY**
PRICE	**HK$469.60^**
PRICE TARGET | % TO PT	**↓HK$750.00 (HK$795.00) | +60%**
52W HIGH-LOW	**HK$683.00 - HK$411.00**
FLOAT (%) | ADV MM (USD)	**68.3% | 2,179.76**
MARKET CAP	**HK$4.3T | $544.4B**
TICKER	**700 HK**

^Prior trading day's closing price unless otherwise noted.

FY (Dec)	CHANGE TO JEFe		JEF vs CONS	
	2026	2027	2026	2027
REV	NA	NA	NA	NA
EPS	NA	NA	NA	NA

FY (Dec)	2024A	2025A	2026E	2027E
Rev. (MM)	660,257.0	751,766.0	822,715.0	894,173.0
Adj Net Profit	222,703.0	259,626.0	269,936.0	277,310.0

Thomas Chong * | Equity Analyst
852 3743 8016 | thomas.chong@jefferies.com

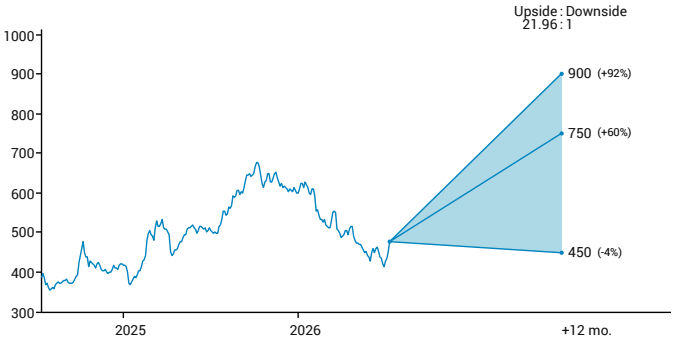
Zoey Zong * | Equity Analyst
852 3743 8163 | zoey.zong@jefferies.com

The Long View: Tencent Holdings

Investment Thesis

- Tencent's evolution from consumer to industry internet, while retaining its solid foundation in gaming and growing ad market share, paves the way for future success, in our view.
- Expected solid revenue growth is backed by multiple drivers that lower concentration risk amid macro headwinds.
- The social ecosystem of Tencent, with an emphasis on ROI and significant synergistic effects, gives it a key competitive edge over its peers amid macro headwinds and intensified competition.

Risk/Reward - 12 Month View



Base Case, HK$750, +60%

- We consider Tencent a global mobile game leader, with a proven track record in developing successful games.
- The success of *HoK*, with record-high DAU and positive feedback on new games, backed by portfolio strategy, should drive LT growth.
- We view content as king in video advertising.
- PT of HK$750 based on a SOTP valuation.

Upside Scenario, HK$900, +92%

- Successful launch of strong-grossing new games.
- Faster-than-expected growth in online ads on macro recovery.
- Narrower-than-expected loss from cloud business segment.
- Upside PT of HK$900 based on a SOTP valuation.

Downside Scenario, HK$450, -4%

- Unsuccessful launch of new games.
- Slower-than-expected growth in online ads on macro headwinds.
- Aggressive subsidy campaign on payments and capex spending on Cloud.
- Downside PT of HK$450 based on a SOTP valuation.

Sustainability Matters

Top Material Issue(s): 1) Data security and customer privacy. Privacy protection and data security measures are important for a technology company. The company needs to develop and use technology ethically and maintain the trust of partners, customers, counterparties. **2) Employee engagement, diversity, & inclusion.** Talent is key in creating value for the company, and workforce diversity is important for innovation. The company should prioritize employee engagement and work-life balance, which can help in recruitment and retention of a diverse workforce.

Company target(s): 1) Pledged to reach carbon-neutrality across operations and supply chains by 2030 and to switch electricity supply to 100% green power or renewable energy where feasible. **2)** Electricity consumption per capita in all Tencent-owned office buildings in mainland China to be reduced by 15% by the end of 2025, benchmarking 2019.

Qs to Mgmt: 1) What are you investing in to protect your firm and your customer data? **2)** What is the margin effect of the environmental protection measures?

Catalysts

- Launch of high-grossing new games.
- Stronger-than-expected outlook.
- Faster-than-expected ad market share gains.

Hy3 official version has a number of enhancements in response to user feedback. Highlights of Hy3 vs preview version include the following. 1) Feedback received across more than 50 business units, and upgraded with better user experience. On input/output price, Hy3 has a lower price of RMB1/RMB4 per million tokens vs RMB2/RMB8 for the preview version. This aims to support more users and scenarios. 2) Further enhancements in post training such as Reinforcement Learning (RL). Better performance in long contexts vs large models, which have 2-5x more parameters. 3) Value creation in productivity scenario, such as software development, office, financial, design and game development. 4) Blind test with 270 experts in real work scenarios shows that Hy3 scores better than GLM-5.1 (e.g. frontend, data, storage, CI/CD). 5) Further improvements in: a) task success rate vs preview version (90% vs prior 72%); b) token efficiency; compared to GLM-5.2, savings in token consumption achieved in word processing (47.4%) and PPT (49%); c) reduced hallucination by 15 pp. Please refer to our report (link) for details.

Key takeaways from Tencent Cloud AI Industry Applications Summit. Highlights: 1) foundation models, products and frontier tech exploration are keys; 2) Tencent stands out with comprehensive product offerings across different scenarios, which provide a more complete set of data insights to models and agents/coding products; 3) co-design between product and model teams is important and trust is key; 4) model performance is achieving efficiencies in token consumption; 5) AI is a long-term story, and is in the early stage of development. Please refer to our report (link) for details.

Focus areas of earnings call. 1) AI strategy updates and feedback on the latest trends for WorkBuddy. In addition, the market is paying attention to user feedback on Weixin AI testing. 2) AI model competitive landscape and feedback on the official release of Hy3. 3) Domestic online gaming strategies, such as updates on rejuvenating existing games (e.g., HoK, PKE), and emerging franchises. 4) International games outlook. 5) Advertising outlook and trends across different industry categories. 6) Fintech (e.g., payment and non-payment) revenue trends. 7) Capex trends and cloud revenue outlook. 8) Trend in operating expenses. 9) Updates on AI monetization opportunities across different business segments. 10) Earnings growth in 2H. 11) Capital return to shareholders.

Valuation and risks. We maintain our Buy rating and adjust our PT to HKD750 (vs prior HKD795), factoring in AI investments and lower P/E multiples to take into consideration sector valuation amid dynamic market sentiment on industry developments. Risks include: 1) unsuccessful launch of new games; 2) slower-than-expected growth in online ads amid macro headwinds; and 3) aggressive investment in new initiatives.

Exhibit 1 - 700 HK: Income Statement

Income Statement (700 HK)						
RMB mn	**2022A**	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Total Revenue	**554.552**	**609.015**	**660.257**	**751.766**	**822.715**	**894.173**
Cost of revenue	-315,806	-315,906	-311,011	-329,173	-364,765	-409,654
Gross profit	**238.746**	**293.109**	**349.246**	**422.593**	**457.949**	**484.519**
Sales and marketing expense	-29,229	-34,211	-36,388	-41,727	-49,061	-53,967
Research and development expense	-61,401	-64,078	-70,686	-85,747	-108,005	-118,806
General and administrative expense	-45,295	-39,447	-42,075	-50,380	-45,032	-47,284
Non-IFRS operating profit	**153.538**	**191.886**	**237.811**	**280.656**	**293.736**	**303.554**
Non-IFRS operating margin	*27.7%*	*31.5%*	*36.0%*	*37.3%*	*35.7%*	*33.9%*
Non-IFRS net income	**115.549**	**157.688**	**222.703**	**259.626**	**269.936**	**277.310**
Non-IFRS net margin	20.8%	25.9%	33.7%	34.5%	32.8%	31.0%

Source: Company, Jefferies estimates

Exhibit 2 - 700 HK: Balance Sheet

Balance Sheet (700 HK)						
RMBmn	**2022A**	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Cash and cash equivalents	156,739	172,320	132,519	141,041	201,399	254,150
Financial assets held for trading	27,963	14,903	12,913	44,710	44,710	44,710
Term deposits	104,776	185,983	192,977	236,801	238,801	240,801
Restricted cash	2,783	3,818	3,334	6,977	6,977	6,977
Receivables	45,467	46,606	48,203	49,930	54,642	59,388
Inventories	2,333	456	440	530	530	530
Prepayments, deposits and other receivables	77,963	94,360	105,794	115,471	126,369	137,345
Assets held for distribution	147,965	-	-	-	-	-
Total current assets	**565,989**	**518,446**	**496,180**	**595,460**	**673,428**	**743,901**
Available-for-sale financial assets	391,332	425,096	507,359	563,797	563,997	564,197
PPE	63,766	67,385	93,288	160,525	330,080	537,435
Land use rights	18,046	17,179	23,117	22,339	22,339	22,339
Intangibles	161,802	177,727	196,127	205,999	209,710	213,421
Investment in associates	252,715	261,665	297,415	348,712	348,712	348,712
Deferred income tax assets	29,882	29,017	28,325	28,618	28,618	28,618
Term deposit	28,336	29,301	77,601	70,302	70,302	70,302
Right-of-use assets	22,524	20,464	17,679	17,367	17,367	17,367
Prepayments, deposits and other assets	43,739	30,966	43,904	25,867	31,040	37,248
Total non-current assets	**1,012,142**	**1,058,800**	**1,284,815**	**1,443,526**	**1,622,165**	**1,839,639**
Total assets	**1,578,131**	**1,577,246**	**1,780,995**	**2,038,986**	**2,295,593**	**2,583,540**
Deferred revenue	82,216	86,168	100,097	110,309	120,720	131,205
Accounts Payables	92,381	100,948	118,712	121,127	135,422	150,435
Other payables and accruals	61,139	76,595	84,032	96,496	79,206	87,987
Lease liabilities	6,354	6,154	5,600	5,386	5,386	5,386
ST debt	11,580	41,537	52,885	42,618	42,618	42,618
Dividend payable	147,965	-	-	-	-	-
Other current liabilities	32,569	40,755	35,583	36,815	37,615	38,415
Total current liabilities	**434,204**	**352,157**	**396,909**	**412,751**	**420,966**	**456,046**
Long term notes payable	312,337	292,920	277,107	334,573	334,573	334,573
Deferred income tax liabilities	12,162	17,635	18,546	21,684	21,684	21,684
Lease liabilities	18,424	16,468	13,897	13,280	13,280	13,280
Other financial liabilities	5,574	8,781	4,203	2,879	2,879	2,879
Long term payables	12,570	15,604	16,437	12,754	12,754	12,754
Total non-current liabilities	**361,067**	**351,408**	**330,190**	**385,170**	**385,170**	**385,170**
Total liabilities	**795,271**	**703,565**	**727,099**	**797,921**	**806,136**	**841,216**
Shareholders Equity	721,391	808,591	973,548	1,154,152	1,397,349	1,647,617
Minority interests	61,469	65,090	80,348	86,913	92,109	94,707
Total Sh. Equity + Liabilities	**1,578,131**	**1,577,246**	**1,780,995**	**2,038,986**	**2,295,593**	**2,583,540**

Source: Company, Jefferies estimates

Exhibit 3 - 700 HK: Cash Flow Statement

Cash Flow Statement (700 HK)						
RMBmn	2022A	2023A	2024A	2025A	2026F	2027F
Net income	188,709	118,048	196,467	229,801	237,945	242,419
Operating cash flow	146,091	221,962	258,521	303,052	311,907	342,300
Investing cash flow	(104,871)	(125,161)	(122,187)	(205,732)	(241,694)	(279,694)
Financing cash flow	(59,953)	(82,573)	(176,494)	(87,155)	(9,855)	(9,855)
Change in cash	(18,733)	14,228	(40,160)	10,165	60,358	52,751
FX / other adjustments	7,506	1,353	359	(1,643)	-	-
Cash and cash equivalents at beginning of year	**167,966**	**156,739**	**172,320**	**132,519**	**141,041**	**201,399**
Cash and cash equivalents at end of year	**156,739**	**172,320**	**132,519**	**141,041**	**201,399**	**254,150**

Source: Company, Jefferies estimates

We would like to thank Fiona Fan, employee of Evalueserve Inc., for providing research support services to our preparation of this report.
We would like to thank Han Wang, employee of Evalueserve Inc., for providing research support services to our preparation of this report.
We would like to thank Erica Qiu, employee of Evalueserve Inc., for providing research support services to our preparation of this report.

Company Description

Tencent Holdings

Tencent Holdings Limited and its subsidiaries are principally engaged in the provision of Internet value-added services, mobile and telecommunications value-added services, and online advertising services to users in the People's Republic of China (PRC). It has four segments: Internet value-added services; mobile and telecommunications value-added services; online advertising; and others.

Company Valuation/Risks

Tencent Holdings

We have a Buy rating and SOTP-based PT of HK$750. Risks include: (1) unsuccessful launch of new games; (2) slower-than-expected growth in online ads on macro headwinds; and (3) aggressive investment in new initiatives.

Alibaba Group Holding Limited

Our price target of US$185/HK$179 is based on SOTP valuation. Key risks include: (1) severe macroeconomic slowdown impacts online shopping growth; (2) aggressive marketing spending in local services and globalization due to intensified competition; and (3) user growth is below expectations.

Analyst Certification:

I, Thomas Chong, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.
I, Zoey Zong, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.
Registration of non-US analysts: Thomas Chong is employed by Jefferies Hong Kong Limited, a non-US affiliate of Jefferies LLC and is not registered/ qualified as a research analyst with FINRA. This analyst(s) may not be an associated person of Jefferies LLC, a FINRA member firm, and therefore may not be subject to the FINRA Rule 2241 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst.
Registration of non-US analysts: Zoey Zong is employed by Jefferies Hong Kong Limited, a non-US affiliate of Jefferies LLC and is not registered/qualified as a research analyst with FINRA. This analyst(s) may not be an associated person of Jefferies LLC, a FINRA member firm, and therefore may not be subject to the FINRA Rule 2241 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst.
As is the case with all Jefferies employees, the analyst(s) responsible for the coverage of the financial instruments discussed in this report receives compensation based in part on the overall performance of the firm, including investment banking income. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgement.

Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published	July 10, 2026 1:21 A.M.
Recommendation Distributed	July 10, 2026 1:21 A.M.

Company Specific Disclosures

Explanation of Jefferies Ratings

Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.
Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.
Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.
The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.
CS - Coverage Suspended. Jefferies has suspended coverage of this company.
NC - Not covered. Jefferies does not cover this company.
Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.
Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

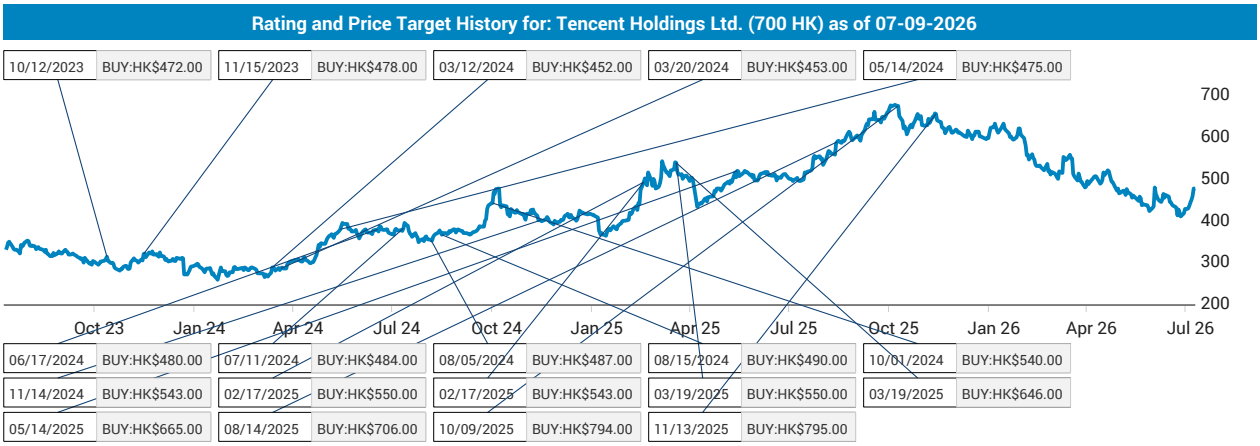
Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

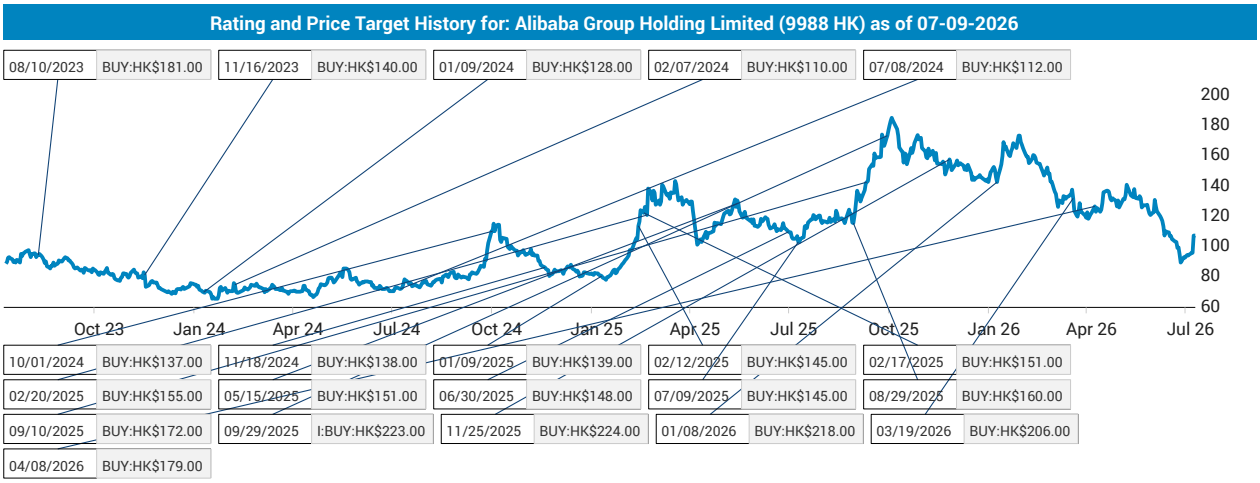
Risks which may impede the achievement of our Price Target

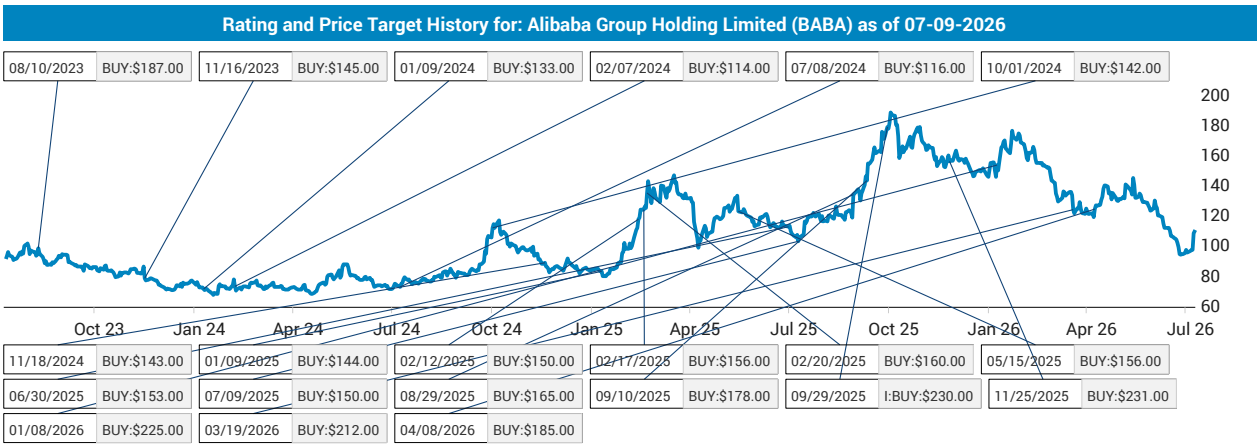
This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. To the extent prices are shown in non-US currency, please note that our local currency price targets are based on a currency conversion using an exchange rate as of the prior trading day (unless otherwise noted). Should there be fluctuations in the exchange rate after this date, that will affect the non-US target prices and should no longer be relied upon. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

Other Companies Mentioned in This Report

- Alibaba Group Holding Limited (BABA: $111.14, BUY)
- Alibaba Group Holding Limited (9988 HK: HK$108.00, BUY)
- Tencent Holdings Ltd. (700 HK: HK$469.60, BUY)







Notes: Each box in the Rating and Price Target History chart above represents actions over the past three years in which an analyst initiated on a company, made a change to a rating or price target of a company or discontinued coverage of a company.
Legend:

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2234	62.51%	387	17.32%	111	4.97%
HOLD	1176	32.90%	99	8.42%	20	1.70%
UNDERPERFORM	164	4.59%	1	0.61%	1	0.61%



herein is not, and under no circumstances is to be construed as, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators, if applicable, and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon this research report, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. In Singapore, Jefferies Singapore Limited ("JSL") is regulated by the Monetary Authority of Singapore. For investors in the Republic of Singapore, where this material is prepared and issued by a Jefferies affiliate outside of Singapore, it is distributed by JSL pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act 2001 (Singapore). If there are any matters arising from, or in connection with this material, please contact JSL, located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. In Dubai, this material is issued and distributed by Jefferies International Limited, Dubai branch, and is intended solely for Professional Clients and should not be distributed to, or relied upon by, Retail Clients (as defined by DFSA). A distribution of ratings in percentage terms in each sector covered is available upon request from your sales representative. In Japan, this material is issued and distributed by Jefferies Japan Company Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In the Republic of China (Taiwan), this report should not be distributed. The research in relation to this report is conducted outside the People's Republic of China ("PRC"). This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. In India, this report is made available by Jefferies India Private Limited. In Australia, this report is issued and/or approved for distribution by, or on behalf of, Jefferies (Australia) Securities Pty Ltd (ACN 610 977 074), which holds an Australian financial services license (AFSL 487263). It is directed solely at wholesale clients within the meaning of the Corporations Act 2001 (Cth) of Australia (the "Corporations Act"), in connection with their consideration of any investment or investment service that is the subject of this report. This report may contain general financial product advice. Where this report refers to a particular financial product, you should obtain a copy of the relevant product disclosure statement or offer document before making any decision in relation to the product. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, and their respective officers, directors, and employees, may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. This material is provided solely for informational purposes and is not tailored to any recipient, and is not based on, and does not take into account, the particular investment objectives, portfolio holdings, strategy, financial situation, or needs of any recipient. As such, any advice or recommendation in this report may not be suitable for a particular recipient. Jefferies assumes recipients of this report are capable of evaluating the information contained herein and of exercising independent judgment. A recipient of this report should not make any investment decision without first considering whether any advice or recommendation in this report is suitable for the recipient based on the recipient's particular circumstances and, if appropriate or otherwise needed, seeking professional advice, including tax advice. Jefferies does not perform any suitability or other analysis to check whether an investment decision made by the recipient based on this report is consistent with a recipient's investment objectives, portfolio holdings, strategy, financial situation, or needs.

By providing this report, neither JRS nor any other Jefferies entity accepts any authority, discretion, or control over the management of the recipient's assets. Any action taken by the recipient of this report, based on the information in the report, is at the recipient's sole judgment and risk. The recipient must perform his or her own independent review of any prospective investment. If the recipient uses the services of Jefferies LLC (or other affiliated broker-dealers), in connection with a purchase or sale of a security that is a subject of these materials, such broker-dealer may act as principal for its own accounts or as agent for another person. Only JRS is registered with the SEC as an investment adviser; and therefore neither Jefferies LLC nor any other Jefferies affiliate has any fiduciary duty in connection with distribution of these reports.

The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This report may contain forward looking statements that may be affected by inaccurate assumptions or by known or unknown risks, uncertainties, and other important factors. As a result, the actual results, events, performance or achievements of the financial product may be materially different from those expressed or implied in such statements.

This report has been prepared independently of any issuer of securities mentioned herein and not as agent of any issuer of securities. No Equity Research personnel have authority whatsoever to make any representations or warranty on behalf of the issuer(s). Any comments or statements made herein are those of the Jefferies entity producing this report and may differ from the views of other Jefferies entities.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's, and information derived from third-party or proprietary generative artificial intelligence (Gen AI) models. Jefferies does not guarantee the accuracy, completeness, timeliness or availability of this information, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Neither Jefferies nor any third-party content providers, including providers of Gen AI models, give any express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Neither Jefferies nor any third-party content provider shall be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit

ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party.

Jefferies research reports are disseminated and available electronically, and, in some cases, also in printed form. Electronic research is simultaneously made available to all clients. This report or any portion hereof may not be copied, reprinted, sold, or redistributed or disclosed by the recipient or any third party, by content scraping or extraction, automated processing, or any other form or means, without the prior written consent of Jefferies. Any unauthorized use is prohibited. Neither Jefferies nor any of its respective directors, officers or employees, is responsible for guaranteeing the financial success of any investment, or accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents. Nothing herein shall be construed to waive any liability Jefferies has under applicable U.S. federal or state securities laws.

For Important Disclosure information relating to JRS, please see https://adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=483878 and https://adviserinfo.sec.gov/Firm/292142 or visit our website at https://javatar.bluematrix.com/sellside/Disclosures.action, or www.jefferies.com, or call 1.888.JEFFERIES.

© 2026 Jefferies

