

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(HKD Counter Stock Code: 992 / RMB Counter Stock Code: 80992)

FY2024/25 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The board of directors (the “Board”) of Lenovo Group Limited (the “Company”) announces the audited results of the Company and its subsidiaries (the “Group”) for the year ended March 31, 2025 together with comparative figures of last year, as follows:

FINANCIAL HIGHLIGHTS

- Group profit attributable to equity holders and revenue increased by 37 and 21 percent year-on-year, marking the second highest revenue ever with record revenues across ISG and SSG; non-HKFRS profit attributable to equity holders increased by 36 percent
- R&D spending increased by 13 percent year-on-year, fostering Hybrid AI growth and driving innovations in infrastructure, edge devices, services and AI applications with a record 75 awards at CES
- ISG achieved 63 percent year-on-year revenue growth, reduced losses by US\$180 million, and achieved profitability in the second half, fueled by expanded server orders and a revitalized enterprise business
- IDG’s revenue and profit grew by 13 percent and 14 percent year-on-year, driven by smartphone, AI PC expansion, commercial demand, and premium sales while expanding its global #1 market share position; smartphone record-high revenue since the acquisition
- SSG delivered record revenue and profit for the fourth consecutive year, propelled by strong market demand and strategic AI solution deployment initiatives
- Raised US\$2 billion via a zero-coupon CB, built a strategic partnership with ALAT (a PIF-controlled entity), and issued US\$212 million in warrants
- Group profit attributable to equity holders fell by 64 percent year-on-year in the fiscal fourth quarter primarily due to a non-cash fair value loss on warrants; excluding non-cash charges, non-HKFRS profit attributable to equity holders increased by 25 percent, reflecting strong operating performance

	3 months ended March 31, 2025 US\$ million	Year ended March 31, 2025 US\$ million	3 months ended March 31, 2024 US\$ million	Year ended March 31, 2024 US\$ million	Year-on-year change	
					3 months ended March 31	Full-year
Revenue	16,984	69,077	13,833	56,864	23%	21%
Gross profit	2,783	11,098	2,428	9,803	15%	13%
Gross profit margin	16.4%	16.1%	17.6%	17.2%	(1.2) pts	(1.1) pts
Operating expenses	(2,452)	(8,934)	(1,939)	(7,797)	26%	15%
Operating profit	331	2,164	489	2,006	(32)%	8%
Other non-operating income/(expenses) – net	(153)	(683)	(180)	(641)	(15)%	7%
Profit before taxation	178	1,481	309	1,365	(42)%	8%
Profit for the period/year	124	1,462	253	1,102	(51)%	33%
Profit attributable to equity holders of the Company	90	1,384	248	1,011	(64)%	37%
Earnings per share attributable to equity holders of the Company						
Basic	US0.73 cents	US11.30 cents	US2.02 cents	US8.41 cents	US(1.29) cents	US2.89 cents
Diluted	US0.71 cents	US10.62 cents	US1.95 cents	US8.05 cents	US(1.24) cents	US2.57 cents
Non-HKFRS measure						
Non-HKFRS operating profit	481	2,454	469	2,013	3%	22%
Non-HKFRS profit before taxation	354	1,815	295	1,400	20%	30%
Non-HKFRS profit for the period/year	297	1,504	234	1,120	27%	34%
Non-HKFRS profit attributable to equity holders of the Company	278	1,441	223	1,060	25%	36%

PROPOSED DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK30.5 cents per share for the year ended March 31, 2025 (2024: HK30.0 cents). Subject to shareholders' approval at the forthcoming annual general meeting to be held on July 17, 2025 ("AGM"), the proposed final dividend will be payable on August 13, 2025 to the shareholders whose names appear on the register of members of the Company on or about August 1, 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, and entitlement to the proposed final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

- (i) For determining shareholders' eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on July 10, 2025
Closure of register of members	From July 11 to July 17, 2025
Record date	July 11, 2025

- (ii) For determining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on July 31, 2025
Closure of register of members	August 1, 2025
Record date	August 1, 2025

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than the aforementioned latest times. The Company's share registrar will be changed to Tricor Investor Services Limited (same address as Tricor Abacus Limited above) with effect from May 30, 2025. From May 30, 2025 onward, all application for share transfer registration should be submitted to Tricor Investor Services Limited.

BUSINESS REVIEW AND OUTLOOK

Highlights

For the fiscal year ended March 31, 2025, Lenovo (the Group) delivered solid financial results. The Group's profit attributable to equity holders increased by 37 percent year-on-year, and revenue grew 21 percent to US\$69 billion, marking its second highest annual sales. All three Business Groups - Infrastructure Solutions Group (ISG), Solutions and Services Group (SSG), and Intelligent Devices Group (IDG) - achieved double-digit top-line growth, with strong profit expansion for IDG and SSG and significant loss reduction for ISG, fueled by Lenovo's emphasis on Hybrid AI, operational excellence, and strategic execution.

The Group's investments in building a comprehensive full-stack AI portfolio, spanning infrastructure, edge devices and services, were instrumental in seizing new market opportunities. ISG and SSG delivered record-breaking sales, reflecting the success of newly enriched Hybrid AI offerings and continued strength in current business franchises. IDG achieved double-digit year-on-year revenue growth on higher market share and rising premium sales in both PCs and smartphones. The Group achieved balanced growth across regions, with Asia Pacific, China, EMEA (Europe, Middle East, and Africa), and Americas contributing 19 to 34 percent to total revenue. In response to a complex and challenging trade regulatory landscape, Lenovo has implemented strategic measures to fortify its global operations, enhance business agility, and ensure long-term growth.

Advancing overall profitability remains Lenovo's top priority, with all three Business Groups reporting improved segment margins by harnessing their unique strengths to drive efficiency and profitability. Non-HKFRS net profit, which the Group believes is indicative of the core operating results by excluding certain items, grew 36 percent year-on-year to US\$1.4 billion. On an HKFRS basis, profit attributable to equity holders, increased by 37 percent year-on-year to US\$1.4 billion.

These achievements underscore the Group's commitment to innovation. R&D spending rose 13 percent year-on-year to US\$2.3 billion. The Group made notable progress in Personal AI, one of the two foundational aspects of Hybrid AI, expanding from hardware design to advanced software applications and services. The launch of the "AI Now" agent enabled the creation of an ecosystem of "One AI, multiple devices." In Enterprise AI, the company developed AI Super Agents for enterprises and smart cities under the Hybrid AI Advantage solution, which combined ISG's full-stack capabilities and SSG's AI library to accelerate customers' intelligent transformation.

The cash conversion cycle has increased by six days year-on-year, primarily driven by longer inventory days. Higher level of inventory is required in response to increased demand, new product launches, and sales mix favoring fast-growing ISG business. In particular, the high-growth AI server business demanded costly components including GPUs, leading to higher inventory balance.

The Group's steadfast focus on corporate governance and sustainability earned wide recognition. For the third consecutive year, the Group secured an AAA rating in the MSCI ESG Ratings and was included for the third time in the annual CDP A List for Climate, highlighting its commitment to environmental transparency and climate action.

Group Financial Performance

The Group reported a 21 percent year-on-year sales growth to US\$69 billion, the second highest in its history. Contributing to this was ISG's 63 percent revenue growth, driven by robust server orders, renewed enterprise demand, and new customer acquisition. Meanwhile, SSG saw a 13 percent year-on-year operating profit increase to a new record, propelled by strong demand for DWS (Digital Workplace Solutions) and AI-powered solutions. IDG achieved a 13 percent year-on-year sales increase, with PC revenue benefiting from global market share gains, revitalized commercial sales, and premium products, including new AI PCs. Notably, its smartphone business continued to secure market share in key markets, including Asia Pacific and Europe. While Lenovo remains a leader in the PC market, its diversification efforts have paid off, with non-PC revenue accounting for 47 percent of total revenue across the three Business Groups.

The Group's non-HKFRS and HKFRS net profit grew 36 and 37 percent, respectively, with all three Business Groups contributing incrementally. ISG returned to profitability in the second half of the year after reversing earlier losses, with a strategic focus on addressing rapidly growing cloud demand. IDG achieved high

profitability within its historical upper range and retained industry leadership, despite an unexpected negative tariff impact in the last part of the fiscal year. SSG upheld a 21 percent operating margin, contributing 33 percent of the combined segment profit across all Business Groups.

Performance by Product Business Group

Intelligent Devices Group (IDG)

IDG, encompassing PCs, tablets, smartphones, and other smart devices, achieved a 13 percent revenue increase and a 14 percent segment profit growth during the fiscal year. In a steadily recovering PC market, IDG expanded its global share by 1.2 percentage points year-on-year to a record 25 percent, with strong performances in both commercial and consumer segments. A robust enterprise refresh cycle boosted commercial segment sales by 11 percent year-on-year, while rising premium product sales lifted average selling prices. Consumer PC revenue delivered double-digit growth, of which gaming PCs surged over 13 percent, reinforcing IDG's global leadership in the segment.

Embracing the Personal AI trend within the broader Hybrid AI landscape, IDG leveraged innovative hardware and proprietary software to solidify its market leadership. As AI PCs emerged a market standard, the company's cutting-edge solutions are poised to redefine the future of computing, showcasing the transformative potential of Agentic AI.

IDG's innovation efforts also bolstered non-PC sales, particularly within the smartphone segment where its popular premium models led to a record premium mix, boosting both market share and average selling prices. Motorola-branded revenue experienced double-digit growth year-on-year, with strengths in regional markets including Asia Pacific (ex-China) and EMEA. Motorola's share surpassed 6 percent in global ex-China smartphone markets after 3 straight years of gains, setting a new milestone.

Infrastructure Solutions Group (ISG)

ISG achieved a 63 percent year-on-year revenue growth during the fiscal year, fueled by a more diversified customer portfolio, revitalized enterprise business, expanded non-accelerated server sales, and strong adoption of AI-optimized infrastructure products including advanced liquid-cooling technology.

Customer expansion in the cloud segment remained a key priority for ISG. The Group has successfully onboarded major customers with high revenue potential, supported by robust cloud investments and upgrades to customers' aging server infrastructure. This achievement highlights ISG's effective and focused approach to scaling its cloud business through a unique ODM+ (Original Design Manufacturing) model. The cloud segment not only achieved profitability but also more than tripled its revenue over the past five years, now contributing a double-digit share to Group sales.

ISG returned to profitability in the second half of the fiscal year under review, thanks to enhanced profit contributions from cloud and enterprise segments. The Business Group reported a US\$180 million year-on-year loss reduction, while its annual operating loss came to US\$69 million, consisting of a US\$73 million first-half loss offset by a US\$4 million second-half profit. Looking ahead, long-term demand for Enterprise AI infrastructure is expected to further global market expansion, as emerging AI use cases demand higher processing capabilities. ISG will continue to invest in innovations while implementing cost optimization measures, including streamlining its structure, fostering go-to-market partnerships, and enhancing channel capabilities through portfolio optimization.

Solutions & Services Group (SSG)

SSG, a growth engine for the Group, delivered record revenue and profit for the fourth consecutive year. Revenue and segment profit continued to grow double-digits, up 13 and 15 percent year-on-year, respectively. SSG's operating margin expanded by 42 basis points to 21.1 percent, topping all Business Groups.

Among SSG's three operating segments, Managed Services and Project & Solution Services reported year-on-year revenue growth of 24 percent and 20 percent, respectively, raising their contribution to SSG by 4 percentage points to 58 percent. These segments benefited from rising popularity of Device-as-a-Service (DaaS) and Hybrid

Cloud, as well as the Group's AI-powered solutions, including an enterprise AI agent platform for a leading dairy client.

Support Services sales grew 3 percent, trailing behind the corresponding hardware sales increase during the period under review, reflecting a natural time lag between hardware sales and their subsequent impact on service revenue. Nevertheless, Support Service bookings saw high-single-digit recovery, mirroring the rise in hardware sales and supporting future growth.

Geographic Performance

With a global presence across 180 markets, Lenovo leverages its diversified market exposure to achieve balanced growth across all geographical markets. In Asia Pacific, excluding China, revenue rose 29 percent year-on-year, driven by strong momentum across all Business Groups. IDG's targeted initiatives aimed at enhancing market penetration boded well with Japan's Windows 11 refresh, growing interest in gaming PCs, and smartphone market share gains. ISG witnessed strong demand for its industry-leading liquid cooling technology, while SSG benefited from growing demand for DaaS and IaaS (Infrastructure-as-a-Service).

In China, sales surged by 26 percent year-on-year, mainly fueled by ISG's market share gains through an enhanced infrastructure portfolio. PC sales in the SMB segment recovered strongly, showcasing the Group's resilient efforts in driving premium sales. Additionally, SSG secured multiple DaaS case wins to deliver AI solutions to industry-leading customers.

In the Americas, the Group's revenue climbed by 19 percent year-on-year. ISG delivered robust growth, underscoring its core strengths in meeting large customer demand for AI GPU solutions with leading liquid-cooling technology. Premium smartphones and PCs continued to drive market share gains for IDG. SSG saw high growth in Hybrid Cloud Services including IaaS.

The EMEA market experienced a 16 percent year-on-year sales increase, with IDG and SSG maintaining strong momentum. Within IDG, market share gains in multiple European countries for PCs and smartphones were a strong growth catalyst. SSG signed its largest-ever DWS services contract in the region and saw strong momentum on ESG services including ARS (Asset Recovery Service). ISG thrived on heightened demand from major cloud customers, who are building local datacenters to meet booming demand and regional data security regulations.

Outlook and Strategic Highlights

Lenovo leverages its experience to navigate market uncertainties, achieving consistent growth through operational excellence and innovation. These strengths are essential to capitalizing on the expanding Hybrid AI market, which is expected to grow despite economic fluctuations. Future investments will bolster Lenovo's leadership and drive sustained growth in a dynamic tech landscape. Advanced global operations and manufacturing initiatives will enhance resilience against market shifts, ensuring agility and sustainable growth.

IDG's latest AI-powered innovations are redefining next-generation devices, including AI PCs. AI NOW intelligent agent offers fast, secure on-device AI features using heterogeneous computing. ThinkShield filters harmful content for a safe environment, while Smart Connect enables seamless data management across multiple devices. Technologies like Lenovo Creator Zone and Lenovo Learning Zone strengthen IDG's global leadership in the AI PCs. Legion Space optimizes gaming device synchronization across its ecosystem. In smartphones, Motorola's premium Razr and Edge models enhance moto ai capabilities with Large Action Models.

ISG drives on innovation, diversification, and operational excellence to strengthen its leadership in Hybrid AI while achieving sustainable growth and profitability. It collaborates with ecosystem partners to develop advanced AI solutions for AI-driven applications and traditional compute workloads. Its ODM+ business model, featuring liquid-cooling technology, supports diversification into areas such as storage while expands growth in cloud business and enterprise opportunities.

SSG leverages its hardware expertise to offer cost-effective AI-powered IT services. It integrates AI into key offerings including Digital Workplace, Hybrid Cloud, and Sustainability solutions, creating impactful and resilient solutions. SSG's AI Fast Start services helps enterprises quickly adopt AI with access to proven use cases and expert guidance.

FINANCIAL REVIEW

Results for the year ended March 31, 2025

	2025 US\$ million	2024 US\$ million	Year-on-year change
Revenue	69,077	56,864	21%
Gross profit	11,098	9,803	13%
Gross profit margin	16.1%	17.2%	(1.1) pts
Operating expenses	(8,934)	(7,797)	15%
Operating profit	2,164	2,006	8%
Other non-operating income/(expenses) – net	(683)	(641)	7%
Profit before taxation	1,481	1,365	8%
Profit for the year	1,462	1,102	33%
Profit attributable to equity holders of the Company	1,384	1,011	37%
Earnings per share attributable to equity holders of the Company			
Basic	US11.30 cents	US8.41 cents	US2.89 cents
Diluted	US10.62 cents	US8.05 cents	US2.57 cents

For the year ended March 31, 2025, the Group achieved total sales of approximately US\$69,077 million. When compared to last year, profit attributable to equity holders for the year increased by US\$373 million to approximately US\$1,384 million, gross profit margin eroded by 1.1 percentage points to 16.1 percent mainly due to lower profitability in ISG business. Some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit of US\$282 million, primarily derived from deferred tax credit. Basic and diluted earnings per share were US11.30 cents and US10.62 cents, representing an increase of US2.89 cents and US2.57 cents respectively. Net profit margin rose by 0.2 percentage points to 2 percent.

Further analyses of sales by segment are set out in Business Review and Outlook.

Analysis of operating expenses by function for the years ended March 31, 2025 and 2024 is as follows:

	2025 US\$'000	2024 US\$'000
Selling and distribution expenses	(3,584,534)	(3,308,889)
Administrative expenses	(2,822,604)	(2,491,839)
Research and development expenses	(2,288,204)	(2,027,532)
Other operating income/(expenses) – net	(238,115)	30,861
	(8,933,457)	(7,797,399)

Operating expenses for the year increased by 15 percent as compared with last year. Employee benefit costs increased by US\$469 million mainly due to increase in performance-based bonus and sales commissions. During the year, the Group recorded assets impairment and write-off of US\$123 million (2024: US\$40 million). Advertising and promotional expenses increased by US\$192 million for new product launch and special campaigns. The Group recorded fair value loss on derivative financial liabilities relating to warrants of US\$118 million (2024: nil). Fair value gain from strategic investments amounted to US\$60 million (2024: US\$153 million), reflecting the change in value of the Group's portfolio. Currency fluctuations presented a challenge to the Group, resulting in a net exchange loss of US\$21 million (2024: US\$74 million). Last year, the Group recorded gain on remeasurement of a written put option liability of US\$143 million.

Key expenses by nature comprise:

	2025 US\$'000	2024 US\$'000
Depreciation of property, plant and equipment	(199,762)	(209,777)
Depreciation of right-of-use assets	(96,283)	(134,959)
Amortization of intangible assets, excluding internal use software	(151,419)	(211,965)
Impairment and write-off of property, plant and equipment	-	(10,474)
Impairment and write-off of intangible assets	(123,140)	(29,745)
Employee benefit costs, including	(4,837,162)	(4,368,317)
- <i>long-term incentive awards</i>	(290,245)	(277,574)
- <i>severance and related costs</i>	(21,541)	(54,991)
Rental expenses	(12,570)	(7,536)
Net foreign exchange loss	(21,467)	(73,915)
Advertising and promotional expenses	(1,070,447)	(877,955)
Legal, professional and consulting expenses	(412,448)	(289,569)
Information technology expenses, including	(385,538)	(347,305)
- <i>amortization of internal use software</i>	(240,242)	(196,815)
Increase in loss allowance of trade receivables	(106,576)	(105,644)
Unused amounts of loss allowance of trade receivables reversed	57,623	39,040
Research and development related laboratory testing, services and supplies	(422,427)	(355,148)
Loss on disposal of property, plant and equipment	(3,596)	(3,479)
Loss on disposal of intangible assets	(2,954)	(25)
Loss on disposal of construction-in-progress	(535)	(13,827)
Fair value gain on financial assets at fair value through profit or loss	59,552	153,113
Fair value loss on derivative financial liabilities relating to warrants	(118,275)	-
Gain on remeasurement of a written put option liability	-	143,430
Gain on deemed disposal of a subsidiary	22,627	-
Gain on disposal of interest in associates	-	12
Impairment of interest in an associate	-	(6,690)
Others	(1,108,660)	(1,086,664)
	(8,933,457)	(7,797,399)

Other non-operating income/(expenses) – net for the years ended March 31, 2025 and 2024 comprise:

	2025 US\$'000	2024 US\$'000
Finance income	109,964	148,134
Finance costs	(773,269)	(762,805)
Share of losses of associates and joint ventures	(19,978)	(25,659)
	(683,283)	(640,330)

Finance income mainly represents interest on bank deposits.

Finance costs for the year slightly increased by 1 percent as compared with last year. The increase is mainly attributable to the increase in interest on bank loans and overdrafts of US\$8 million and interest on convertible bonds of US\$16 million, partly offset by decrease in factoring costs of US\$8 million and interest on notes of US\$4 million.

Share of losses of associates and joint ventures primarily represents operating losses arising from principal business activities of respective associates and joint ventures.

The Group adopts segments by business group as the reporting format. Segments by business group comprise Intelligent Devices Group (“IDG”), Infrastructure Solutions Group (“ISG”) and Solutions and Services Group (“SSG”). Revenue and operating profit/(loss) for reportable segments are as follows:

	2025		2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	50,534,350	3,622,559	44,599,450	3,180,761
ISG	14,523,268	(68,501)	8,921,929	(248,260)
SSG	8,457,084	1,784,832	7,472,310	1,545,465
Total	73,514,702	5,338,890	60,993,689	4,477,966
Eliminations	(4,437,734)	(1,421,467)	(4,129,905)	(1,314,362)
	69,076,968	3,917,423	56,863,784	3,163,604
Unallocated:				
Headquarters and corporate income/(expenses) – net		(1,733,060)		(1,339,370)
Restructuring costs		-		(46,000)
Depreciation and amortization		(437,179)		(449,551)
Impairment and write-off of property, plant and equipment		-		(10,474)
Impairment and write-off of intangible assets		(114,478)		(24,723)
Finance income		85,306		132,183
Finance costs		(181,502)		(323,141)
Share of losses of associates and joint ventures		(22,242)		(27,822)
(Loss)/gain on disposal of property, plant and equipment		(4,108)		550
Fair value gain on financial assets at fair value through profit or loss		58,777		150,681
Fair value loss on derivative financial liabilities relating to warrants		(118,275)		-
Gain on remeasurement of a written put option liability		-		143,430
Gain on deemed disposal of a subsidiary		22,627		-
Impairment of interest in an associate		-		(6,690)
Dividend income		7,581		2,777
Consolidated profit before taxation		1,480,870		1,365,454

Headquarters and corporate income/(expenses) – net for the year comprise various expenses, after appropriate allocation to business groups, of US\$1,733 million (2024: US\$1,339 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, increase in legal, professional and consulting expenses; advertising and promotional expenses; and provision for claims, partly offset by the decrease in net foreign exchange loss as compared with last year.

Fourth Quarter 2024/25 compared to Fourth Quarter 2023/24

	3 months ended March 31, 2025 US\$ million	3 months ended March 31, 2024 US\$ million	Year-on-year change
Revenue	16,984	13,833	23%
Gross profit	2,783	2,428	15%
Gross profit margin	16.4%	17.6%	(1.2) pts
Operating expenses	(2,452)	(1,939)	26%
Operating profit	331	489	(32)%
Other non-operating income/(expenses) – net	(153)	(180)	(15)%
Profit before taxation	178	309	(42)%
Profit for the period	124	253	(51)%
Profit attributable to equity holders of the Company	90	248	(64)%
Earnings per share attributable to equity holders of the Company			
Basic	US0.73 cents	US2.02 cents	US(1.29) cents
Diluted	US0.71 cents	US1.95 cents	US(1.24) cents

For the three months ended March 31, 2025, the Group achieved total sales of approximately US\$16,984 million. When compared to the corresponding period of last year, profit attributable to equity holders for the period decreased by US\$158 million to approximately US\$90 million, gross profit margin eroded by 1.2 percentage points to 16.4 percent mainly due to lower profitability in ISG business. Basic and diluted earnings per share were US0.73 cents and US0.71 cents, representing a decrease of US1.29 cents and US1.24 cents respectively. Net profit margin eroded by 1.3 percentage points to 0.5 percent.

Analysis of operating expenses by function for the three months ended March 31, 2025 and 2024 is as follows:

	3 months ended March 31, 2025 US\$'000	3 months ended March 31, 2024 US\$'000
Selling and distribution expenses	(927,485)	(849,128)
Administrative expenses	(714,217)	(664,949)
Research and development expenses	(643,892)	(531,740)
Other operating income/(expenses) – net	(165,645)	106,462
	(2,451,239)	(1,939,355)

Operating expenses for the period increased by 26 percent as compared with the corresponding period of last year. Employee benefit costs increased by US\$147 million mainly due to increase in performance-based bonus. Advertising and promotional expenses increased by US\$61 million for new product launch and special campaigns. During the period, the Group recorded fair value loss on derivative financial liabilities relating to warrants of US\$118 million. Fair value gain from strategic investments amounted to US\$19 million (2024: US\$51 million), reflecting the change in value of the Group's portfolio. Currency fluctuations presented a challenge to the Group, resulting in a net exchange loss of US\$4 million (2024: net exchange gain of US\$5 million). During the corresponding period of last year, the Group recorded gain on remeasurement of a written put option liability of US\$143 million.

Key expenses by nature comprise:

	3 months ended March 31, 2025 US\$'000	3 months ended March 31, 2024 US\$'000
Depreciation of property, plant and equipment	(49,596)	(50,448)
Depreciation of right-of-use assets	(23,960)	(27,960)
Amortization of intangible assets, excluding internal use software	(28,798)	(49,262)
Impairment and write-off of property, plant and equipment	-	(10,474)
Impairment and write-off of intangible assets	(32,406)	(29,745)
Employee benefit costs, including	(1,309,871)	(1,162,686)
- long-term incentive awards	(78,631)	(48,726)
- severance and related costs	(21,541)	(54,991)
Rental expenses	(2,658)	(2,278)
Net foreign exchange (loss)/gain	(3,512)	4,646
Advertising and promotional expenses	(278,855)	(217,392)
Legal, professional and consulting expenses	(88,963)	(102,979)
Information technology expenses, including	(102,007)	(80,905)
- amortization of internal use software	(57,086)	(42,195)
Increase in loss allowance of trade receivables	(28,428)	(58,203)
Unused amounts of loss allowance of trade receivables reversed	35,708	11,053
Research and development related laboratory testing, services and supplies	(152,758)	(116,297)
Loss on disposal of property, plant and equipment	(3,634)	(5,886)
Loss on disposal of intangible assets	(2,653)	-
Loss on disposal of construction-in-progress	(413)	-
Fair value gain on financial assets at fair value through profit or loss	18,791	50,949
Fair value loss on derivative financial liabilities relating to warrants	(118,275)	-
Gain on remeasurement of a written put option liability	-	143,430
Impairment of interest in an associate	-	(6,690)
Others	(278,951)	(228,228)
	(2,451,239)	(1,939,355)

Other non-operating income/(expenses) – net for the three months ended March 31, 2025 and 2024 comprise:

	3 months ended March 31, 2025 US\$'000	3 months ended March 31, 2024 US\$'000
Finance income	27,521	30,612
Finance costs	(181,148)	(200,549)
Share of losses of associates and joint ventures	(56)	(10,170)
	(153,683)	(180,107)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 10 percent as compared with the corresponding period of last year. The decrease is mainly attributable to the decrease in interest on bank loans and overdrafts of US\$13 million and factoring costs of US\$29 million, partly offset by increase in interest on convertible bonds of US\$22 million.

Share of losses of associates and joint ventures primarily represents operating losses arising from principal business activities of respective associates and joint ventures.

The Group adopts segments by business group as the reporting format. Segments by business group comprise IDG, ISG and SSG. Revenue and operating profit/(loss) for reportable segments are as follows:

	3 months ended March 31, 2025		3 months ended March 31, 2024	
	Revenue US\$ '000	Operating profit US\$ '000	Revenue US\$ '000	Operating profit/(loss) US\$ '000
IDG	11,814,393	804,341	10,462,709	772,914
ISG	4,119,623	3,499	2,533,101	(96,675)
SSG	2,150,329	487,091	1,820,372	388,891
Total	18,084,345	1,294,931	14,816,182	1,065,130
Eliminations	(1,100,807)	(371,792)	(983,065)	(340,010)
	<u>16,983,538</u>	<u>923,139</u>	<u>13,833,117</u>	<u>725,120</u>
Unallocated:				
Headquarters and corporate income/(expenses) – net		(527,899)		(351,325)
Restructuring costs		-		(46,000)
Depreciation and amortization		(94,514)		(104,306)
Impairment and write-off of property, plant and equipment		-		(10,474)
Impairment and write-off of intangible assets		(23,744)		(24,723)
Finance income		19,927		25,544
Finance costs		(18,572)		(85,561)
Share of losses of associates and joint ventures		(3,989)		(7,625)
Loss on disposal of property, plant and equipment		(326)		(85)
Fair value gain on financial assets at fair value through profit or loss		19,167		49,743
Fair value loss on derivative financial liabilities relating to warrants		(118,275)		-
Gain on remeasurement of a written put option liability		-		143,430
Impairment of interest in an associate		-		(6,690)
Dividend income		2,784		1,617
Consolidated profit before taxation		<u>177,698</u>		<u>308,665</u>

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocation to business groups, of US\$528 million (2024: US\$351 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, increase in advertising and promotional expenses, net foreign exchange loss and provision for claims as compared with the corresponding period of last year.

Use of non-HKFRS measure

To supplement Lenovo's consolidated financial statements prepared and presented in accordance with HKFRS Accounting Standards ("HKFRS"), we utilize non-HKFRS adjusted profit as an additional financial measure.

We define adjusted profit as profit for the year/period by excluding (i) net fair value changes on financial assets at fair value through profit or loss, (ii) amortization of intangible assets resulting from mergers and acquisitions, (iii) mergers and acquisitions related charges, (iv) gain on deemed disposal of a subsidiary, (v) impairment and write-off of intangible assets, (vi) one-time income tax credit, (vii) restructuring and other charges, (viii) gain on remeasurement of a written put option liability, (ix) fair value change on derivative financial liabilities relating to warrants, and (x) notional interest of convertible bonds, and the corresponding income tax effects, if any.

More specifically, management excludes each of those items mentioned above for the following reasons:

- Lenovo recognizes fair value gains or losses from its strategic investments. The change in fair value included revaluation gains or losses on new investment rounds on unlisted holdings and mark-to-market gains or losses on listed holdings. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo incurs charges related to the amortization of intangible assets resulting from mergers and acquisitions. Those charges are included in Lenovo's net profit prepared under HKFRS. Such charges are significantly impacted by the timing and magnitude of Lenovo's acquisitions and any related impairment charges. Consequently, Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo incurs cost related to its mergers and acquisitions, which it would not have otherwise incurred as part of its operations. The charges are direct expenses such as third-party professional and legal fees, and integration-related costs, as well as non-cash adjustments to the fair value of certain acquired assets. These charges related to mergers and acquisitions are inconsistent in amount and frequency and are significantly impacted by the timing and nature of the transactions. Management believes that eliminating such expenses for the purposes of calculating the non-HKFRS measure facilitates a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes gain on deemed disposal of a subsidiary. Such gains or losses are inconsistent in amount and frequency and are significantly impacted by the timing and nature of the transactions. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo records impairment and write-off of intangible assets, which are inconsistent in amount and frequency. Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes one-time income tax credit, primarily derived from deferred tax credit, which is non-recurring in nature. During the year, some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo incurs restructuring and other charges that are (i) costs associated with restructuring plans which are related to employee separation from service; and (ii) other charges, which include non-recurring costs for assets impairment and write-off. Lenovo excludes these restructuring and other charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes gain on remeasurement of a written put option liability based on the latest assessment. Lenovo excludes this gain for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes fair value change on derivative financial liabilities relating to warrants. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

- Lenovo incurs notional interest of convertible bonds, which is non-cash in nature. Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

This non-HKFRS financial measure is not computed in accordance with, or as an alternative to, HKFRS. Management uses this non-HKFRS financial measure for the purposes of evaluating Lenovo's historical and prospective financial performance. Management believes that excluding the items mentioned above for this non-HKFRS financial measure allows management to better understand Lenovo's consolidated financial performance in relation to its operating results, as management does not believe that the excluded items are reflective of ongoing operating results.

However, the use of this particular non-HKFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the results of operations or financial conditions as reported under HKFRS. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

Reconciliations of the non-HKFRS financial measure to the most directly comparable HKFRS financial measure are included in the tables below.

Year ended March 31, 2025

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the year US\$'000	Profit attributable to equity holders US\$'000
As reported	2,164,153	1,480,870	1,461,952	1,384,445
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(59,552)	(59,552)	(44,530)	(29,489)
Amortization of intangible assets resulting from mergers and acquisitions	130,735	135,467	106,616	106,616
Gain on deemed disposal of a subsidiary	(22,627)	(22,627)	(19,233)	(19,233)
Impairment and write-off of intangible assets	123,140	123,140	123,140	123,140
One-time income tax credit	-	-	(282,000)	(282,000)
Fair value loss on derivative financial liabilities relating to warrants	118,275	118,275	118,275	118,275
Notional interest of convertible bonds	-	39,537	39,537	39,537
Non-HKFRS	<u>2,454,124</u>	<u>1,815,110</u>	<u>1,503,757</u>	<u>1,441,291</u>

Year ended March 31, 2024

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the year US\$'000	Profit attributable to equity holders US\$'000
As reported	2,005,784	1,365,454	1,102,312	1,010,506
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(153,113)	(153,113)	(127,309)	(95,777)
Amortization of intangible assets resulting from mergers and acquisitions	169,407	174,139	137,353	137,353
Mergers and acquisitions related charges	2,048	2,352	2,352	2,352
Restructuring and other charges	132,214	132,368	127,013	127,013
Gain on remeasurement of a written put option liability	(143,430)	(143,430)	(143,430)	(143,430)
Notional interest of convertible bonds	-	22,160	22,160	22,160
Non-HKFRS	<u>2,012,910</u>	<u>1,399,930</u>	<u>1,120,451</u>	<u>1,060,177</u>

Three months ended March 31, 2025

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the period US\$'000	Profit attributable to equity holders US\$'000
As reported	331,381	177,698	124,418	89,878
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(18,791)	(18,791)	(15,907)	236
Amortization of intangible assets resulting from mergers and acquisitions	17,969	19,152	12,413	12,413
Impairment and write-off of intangible assets	32,406	32,406	32,406	32,406
Fair value loss on derivative financial liabilities relating to warrants	118,275	118,275	118,275	118,275
Notional interest of convertible bonds	-	25,200	25,200	25,200
Non-HKFRS	<u>481,240</u>	<u>353,940</u>	<u>296,805</u>	<u>278,408</u>

Three months ended March 31, 2024

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the period US\$'000	Profit attributable to equity holders US\$'000
As reported	488,772	308,665	253,032	247,724
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(50,949)	(50,949)	(41,651)	(47,740)
Amortization of intangible assets resulting from mergers and acquisitions	42,362	43,545	34,340	34,340
Restructuring and other charges	132,214	132,368	127,013	127,013
Gain on remeasurement of a written put option liability	(143,430)	(143,430)	(143,430)	(143,430)
Notional interest of convertible bonds	-	4,682	4,682	4,682
Non-HKFRS	<u>468,969</u>	<u>294,881</u>	<u>233,986</u>	<u>222,589</u>

Capital Expenditure

The Group incurred capital expenditure of US\$1,151 million (2024: US\$1,286 million) during the year ended March 31, 2025, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The lower capital expenditure incurred in current year is mainly attributable to less investments in patent and technology, buildings and intangible assets under construction, offset by more investments in equipment held for lease.

Liquidity and Financial Resources

At March 31, 2025, total assets of the Group amounted to US\$44,231 million (2024: US\$38,751 million), which were financed by equity attributable to owners of the Company of US\$6,069 million (2024: US\$5,583 million), other non-controlling interests (net of put option written on non-controlling interests) of US\$591 million (2024: US\$498 million), and total liabilities of US\$37,571 million (2024: US\$32,670 million). At March 31, 2025, the current ratio of the Group was 0.93 (2024: 0.87).

At March 31, 2025, bank deposits and cash and cash equivalents totaling US\$4,817 million (2024: US\$3,626 million) analyzed by major currency are as follows:

	2025	2024
	%	%
US dollar	43.6	25.5
Renminbi	21.2	27.3
Japanese Yen	8.4	10.8
Euro	5.7	6.2
Australian dollar	1.2	2.7
Other currencies	19.9	27.5
Total	100.0	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At March 31, 2025, 68 (2024: 90) percent of cash are bank deposits, and 32 (2024: 10) percent are investments in liquid money market funds of investment grade.

The Group has consistently maintained a very liquid position, along with abundant banking facilities standing by for future business development. The Group has also entered into factoring arrangements in the ordinary course of business to improve its balance sheet efficiency.

The Group has the following banking facilities:

Type	Date of agreement	Principal amount US\$ million	Term	Utilized amount at March 31,	
				2025 US\$ million	2024 US\$ million
Revolving loan facility	May 12, 2020	300	5 years	N/A (Note)	-
Revolving loan facility	May 14, 2020	200	5 years	N/A (Note)	-
Revolving loan facility	July 4, 2022	2,000	5 years	-	-
Revolving loan facility	December 22, 2023	500	1 year	N/A	-
Revolving loan facility	January 19, 2024	500	1 year	N/A	-
Revolving loan facility	March 11, 2025	500	1 year	-	N/A
Revolving loan facility	March 12, 2025	350	1 year	-	N/A

Note: The revolving loan facilities were cancelled on May 14, 2024.

The Group has also arranged other short-term credit facilities as follows:

Credit facilities	Total available amount at March 31,		Utilized amount at March 31,	
	2025 US\$ million	2024 US\$ million	2025 US\$ million	2024 US\$ million
Trade lines	6,200	4,676	4,370	2,861
Short-term money market facilities	3,194	1,926	62	41
Forward foreign exchange contracts	16,009	11,588	15,982	11,555

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at March 31, 2025 are as follows. Further details of borrowings are set out in Note 13 to the Financial Information.

	Issue date	Principal amount	Term	Interest rate/ dividend per annum	Due date	Use of proceeds
2025 Notes	April 24, 2020 and May 12, 2020	US\$965 million	5 years	5.875%	April 2025	For repayment of previous Notes and general corporate purposes
2030 Notes	November 2, 2020	US\$900 million	10 years	3.421%	November 2030	For repurchase of perpetual securities and previous Notes
2028 Notes	July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	For repayment of previous Notes and general corporate purposes
2032 Notes	July 27, 2022	US\$563 million	10 years	6.536%	July 2032	For financing of eligible projects under the Green Finance Framework
2029 Convertible Bonds	August 26, 2022	US\$675 million	7 years	2.5%	August 2029	For repayment of previous convertible bonds and general corporate purposes
2028 Convertible Bonds	January 8, 2025	US\$2,000 million	3 years	0%	January 2028	For repayment of existing debts and general corporate purposes

Net (debt)/cash position and gearing ratio of the Group at March 31, 2025 and 2024 are as follows:

	2025 US\$ million	2024 US\$ million
Bank deposits and cash and cash equivalents	4,817	3,626
Borrowings		
- Short-term loans	65	50
- Notes	3,015	3,013
- Convertible bonds	2,288	557
Net (debt)/cash position	(551)	6
Total equity	6,660	6,081
Gearing ratio (Borrowings divided by total equity)	0.81	0.60

The Group is confident that the facilities on hand can meet the funding requirements of the Group's operations and business development. The Group is in full compliance with all the banking covenants.

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At March 31, 2025, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US\$15,982 million (2024: US\$11,555 million). The Group's forward foreign exchange contracts are either used to hedge a percentage of future transactions which are highly probable, or used as fair value hedges for identified assets and liabilities.

Contingent Liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

Human Resources

By the end of FY2024/25, the Group had a headcount of approximately 72,000 worldwide.

The Group implements remuneration policy, base salary, bonus, employee share purchase plan and long-term incentive scheme with reference to the performance of the Group and individual employees. The Group also provides benefits such as insurance, medical benefits and retirement funds to employees to sustain competitiveness of the Group.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Revenue	2	69,076,968	56,863,784
Cost of sales		(57,979,358)	(47,060,601)
Gross profit		11,097,610	9,803,183
Selling and distribution expenses		(3,584,534)	(3,308,889)
Administrative expenses		(2,822,604)	(2,491,839)
Research and development expenses		(2,288,204)	(2,027,532)
Other operating income/(expenses) - net		(238,115)	30,861
Operating profit	3	2,164,153	2,005,784
Finance income	4(a)	109,964	148,134
Finance costs	4(b)	(773,269)	(762,805)
Share of losses of associates and joint ventures		(19,978)	(25,659)
Profit before taxation		1,480,870	1,365,454
Taxation	5	(18,918)	(263,142)
Profit for the year		1,461,952	1,102,312
Profit attributable to:			
Equity holders of the Company		1,384,445	1,010,506
Other non-controlling interests		77,507	91,806
		1,461,952	1,102,312
Earnings per share attributable to equity holders of the Company			
Basic	6(a)	US11.30 cents	US8.41 cents
Diluted	6(b)	US10.62 cents	US8.05 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2025 US\$'000	2024 US\$'000
Profit for the year	1,461,952	1,102,312
Other comprehensive income/(loss):		
<u>Items that will not be reclassified to profit or loss</u>		
Remeasurements of post-employment benefit obligations, net of taxes	5,561	(6,674)
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	(11,369)	(7,802)
<u>Items that have been reclassified or may be subsequently reclassified to profit or loss</u>		
Fair value change on cash flow hedges from foreign exchange forward contracts, net of taxes		
- Fair value gain, net of taxes	80,174	143,653
- Reclassified to consolidated income statement	(182,314)	(92,356)
Currency translation differences	(377,729)	(366,849)
Other comprehensive loss for the year	(485,677)	(330,028)
Total comprehensive income for the year	976,275	772,284
Total comprehensive income attributable to:		
Equity holders of the Company	893,258	718,173
Other non-controlling interests	83,017	54,111
	976,275	772,284

CONSOLIDATED BALANCE SHEET

		2025	2024
	Note	US\$'000	US\$'000
Non-current assets			
Property, plant and equipment		2,026,280	2,010,178
Right-of-use assets		592,340	571,305
Construction-in-progress		282,309	337,648
Intangible assets		8,232,977	8,345,407
Interests in associates and joint ventures		315,704	318,803
Deferred income tax assets		3,055,905	2,633,302
Financial assets at fair value through profit or loss		1,464,384	1,393,666
Financial assets at fair value through other comprehensive income		45,382	55,973
Other non-current assets		311,448	397,489
		<u>16,326,729</u>	<u>16,063,771</u>
Current assets			
Inventories	8	7,923,804	6,702,677
Trade and notes receivables	9(a)	10,506,610	8,147,695
Derivative financial assets		53,690	69,568
Deposits, prepayments and other receivables	10	4,223,658	3,782,366
Income tax recoverable		379,590	359,491
Bank deposits		88,607	65,555
Cash and cash equivalents		4,728,124	3,559,831
		<u>27,904,083</u>	<u>22,687,183</u>
Total assets		<u><u>44,230,812</u></u>	<u><u>38,750,954</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		2025 US\$'000	2024 US\$'000
	<i>Note</i>		
Share capital	15	3,500,987	3,500,987
Reserves		2,568,000	2,081,606
Equity attributable to owners of the Company		6,068,987	5,582,593
Other non-controlling interests		1,138,283	1,045,947
Put option written on non-controlling interests	11(a)	(547,353)	(547,353)
Total equity		6,659,917	6,081,187
Non-current liabilities			
Borrowings	13	4,337,806	3,569,229
Warranty provision	11(b)	159,400	161,261
Deferred revenue		1,628,942	1,436,484
Retirement benefit obligations		220,784	241,402
Deferred income tax liabilities		270,268	447,523
Derivative financial liabilities	14	241,778	-
Other non-current liabilities	12	717,784	754,705
		7,576,762	6,610,604
Current liabilities			
Trade and notes payables	9(b)	11,978,933	10,505,427
Derivative financial liabilities	14	197,196	42,555
Other payables and accruals	11(a)	13,904,384	12,751,775
Provisions	11(b)	852,593	920,950
Deferred revenue		1,565,459	1,512,645
Income tax payable		465,216	275,380
Borrowings	13	1,030,352	50,431
		29,994,133	26,059,163
Total liabilities		37,570,895	32,669,767
Total equity and liabilities		44,230,812	38,750,954

CONSOLIDATED CASH FLOW STATEMENT

		2025	2024
	Note	US\$ '000	US\$ '000
Cash flows from operating activities			
Net cash generated from operations	16(a)	2,312,940	3,368,939
Interest paid		(725,686)	(744,049)
Tax paid		(487,432)	(613,899)
Net cash generated from operating activities		<u>1,099,822</u>	<u>2,010,991</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(352,979)	(275,096)
Sale of property, plant and equipment		38,918	28,010
Acquisition of businesses, net of cash acquired		(1,537)	(135,059)
Interest acquired in associates		(8,917)	(12,378)
Deemed disposal of a subsidiary, net of cash disposed		(14,272)	-
Loans to an associate and a joint venture		(26,564)	(6,738)
Repayment of loans to an associate and a joint venture		29,971	30,563
Payment for construction-in-progress		(313,499)	(454,681)
Payment for intangible assets		(484,674)	(556,120)
Purchase of financial assets at fair value through profit or loss		(155,775)	(179,192)
Purchase of financial assets at fair value through other comprehensive income		(14)	-
Net proceeds from sale of financial assets at fair value through profit or loss		138,041	124,314
Net proceeds from disposal of interest in an associate		-	313
(Increase)/decrease in bank deposits		(23,052)	5,608
Dividends received		8,114	2,933
Interest received		109,964	144,073
Net cash used in investing activities		<u>(1,056,275)</u>	<u>(1,283,450)</u>
Cash flows from financing activities	16(b)		
Capital contribution from other non-controlling interests		91,783	112,646
Distribution to other non-controlling interests		(12,516)	(8,868)
Purchase of shares by employee share trusts		(252,389)	(469,955)
Acquisition of additional interest in a subsidiary		(12,861)	(76,722)
Principal elements of lease payments		(121,071)	(134,545)
Dividends paid		(608,351)	(583,273)
Dividends paid to other non-controlling interests		(59,286)	(36,995)
Proceeds from issue of warrants		211,652	-
Proceeds from issue of convertible bonds		2,000,000	-
Issuing cost of convertible bonds		(20,192)	-
Proceeds from loans		17,014,380	11,792,697
Repayments of loans		(17,041,262)	(11,799,007)
Repurchase of notes		-	(132,083)
Net cash generated from/(used in) financing activities		<u>1,189,887</u>	<u>(1,336,105)</u>
Increase/(decrease) in cash and cash equivalents		1,233,434	(608,564)
Effect of foreign exchange rate changes		(65,141)	(81,690)
Cash and cash equivalents at the beginning of the year		<u>3,559,831</u>	<u>4,250,085</u>
Cash and cash equivalents at the end of the year		<u>4,728,124</u>	<u>3,559,831</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital US\$'000	Investment revaluation reserve US\$'000	Employee share trusts US\$'000	Share-based compensation reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Other non- controlling interests US\$'000	Put option written on non- controlling interests US\$'000	Total US\$'000
At April 1, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187
Profit for the year	-	-	-	-	-	-	-	1,384,445	77,507	-	1,461,952
Other comprehensive (loss)/income	-	(11,369)	-	-	(102,140)	(383,239)	-	5,561	5,510	-	(485,677)
Total comprehensive (loss)/income for the year	-	(11,369)	-	-	(102,140)	(383,239)	-	1,390,006	83,017	-	976,275
Transfer to statutory reserve	-	-	-	-	-	-	16,895	(16,895)	-	-	-
Deemed disposal of a subsidiary	-	-	-	-	-	(13,513)	(135)	-	(718)	-	(14,366)
Transfer of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income to retained earnings	-	290	-	-	-	-	-	(290)	-	-	-
Vesting of shares under long-term incentive program	-	-	318,524	(448,422)	-	-	-	-	-	-	(129,898)
Deferred tax in relation to long-term incentive program	-	-	-	5,322	-	-	-	-	-	-	5,322
Settlement of bonus through long-term incentive program	-	-	-	561	-	-	-	-	-	-	561
Share-based compensation	-	-	-	290,245	-	-	-	-	-	-	290,245
Purchase of shares by employee share trusts	-	-	(252,389)	-	-	-	-	-	-	-	(252,389)
Dividends paid	-	-	-	-	-	-	-	(608,351)	-	-	(608,351)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(59,286)	-	(59,286)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	13,067	-	92,319	-	105,386
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(12,516)	-	(12,516)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(2,381)	-	(10,480)	-	(12,861)
Issue of convertible bonds	-	-	-	-	-	-	290,608	-	-	-	290,608
At March 31, 2025	3,500,987	(79,741)	(141,352)	(802,729)	(59,997)	(2,822,347)	502,588	5,971,578	1,138,283	(547,353)	6,659,917
At April 1, 2023	3,282,318	(60,860)	(153,385)	(344,218)	(9,154)	(2,096,441)	163,411	4,805,919	1,006,784	(547,353)	6,047,021
Profit for the year	-	-	-	-	-	-	-	1,010,506	91,806	-	1,102,312
Other comprehensive (loss)/income	-	(7,802)	-	-	51,297	(329,154)	-	(6,674)	(37,695)	-	(330,028)
Total comprehensive (loss)/income for the year	-	(7,802)	-	-	51,297	(329,154)	-	1,003,832	54,111	-	772,284
Transfer to statutory reserve	-	-	-	-	-	-	19,370	(19,370)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(3,462)	-	(3,462)
Vesting of shares under long-term incentive program	-	-	415,853	(579,749)	-	-	-	-	-	-	(163,896)
Deferred tax in relation to long-term incentive program	-	-	-	(6,487)	-	-	-	-	-	-	(6,487)
Settlement of bonus through long-term incentive program	-	-	-	2,445	-	-	-	-	-	-	2,445
Share-based compensation	-	-	-	277,574	-	-	-	-	-	-	277,574
Purchase of shares by employee share trusts	-	-	(469,955)	-	-	-	-	-	-	-	(469,955)
Dividends paid	-	-	-	-	-	-	-	(583,273)	-	-	(583,273)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(36,995)	-	(36,995)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	6,844	-	106,008	-	112,852
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(8,868)	-	(8,868)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(5,091)	-	(71,631)	-	(76,722)
Conversion of convertible bonds	218,669	-	-	-	-	-	-	-	-	-	218,669
At March 31, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187

1 General information and basis of preparation

The financial information relating to the years ended March 31, 2025 and 2024 included in the FY2024/25 annual results announcement does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended March 31, 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance, and will deliver the consolidated financial statements for the year ended March 31, 2025 in due course.

The Company's auditor has reported on those consolidated financial statements of the Group. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention except that plan assets under defined benefit pension plans and certain financial assets and financial liabilities are stated at fair values.

The accounting policies adopted are consistent with those of the previous financial year. The following interpretation and amendments to existing standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these interpretation and amendments to existing standards.

- Hong Kong Interpretation 5 (Revised), Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause
- Amendments to HKAS 1, Classification of liabilities as current or non-current
- Amendments to HKAS 1, Non-current liabilities with covenants
- Amendments to HKFRS 16, Lease liability in a sale and leaseback
- Amendments to HKAS 7 and HKFRS 7, Supplier finance arrangements

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Lenovo Executive Committee (the "LEC"), the chief operating decision-maker, that are used to make strategic decisions. Segments by business group comprise Intelligent Devices Group ("IDG"), Infrastructure Solutions Group ("ISG") and Solutions and Services Group ("SSG").

The LEC assesses the performance of the operating segments based on a measure of operating profit/loss. This measurement basis excludes the effects of non-cash merger and acquisition related accounting charges and non-recurring expenses such as restructuring costs from the business groups. The measurement basis also excludes the effects of allocation from headquarters certain income and expenses such as fair value change of financial instruments and disposal gain/loss of property, plant and equipment that are from activities driven by headquarters and centralized functions. Certain finance income and costs are allocated to business groups when they are directly attributed to their business activities.

(a) Revenue and operating profit/(loss) for reportable segments

	2025		2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	50,534,350	3,622,559	44,599,450	3,180,761
ISG	14,523,268	(68,501)	8,921,929	(248,260)
SSG	8,457,084	1,784,832	7,472,310	1,545,465
Total	73,514,702	5,338,890	60,993,689	4,477,966
Eliminations	(4,437,734)	(1,421,467)	(4,129,905)	(1,314,362)
	69,076,968	3,917,423	56,863,784	3,163,604
Unallocated:				
Headquarters and corporate income/(expenses) – net		(1,733,060)		(1,339,370)
Restructuring costs		-		(46,000)
Depreciation and amortization		(437,179)		(449,551)
Impairment and write-off of property, plant and equipment		-		(10,474)
Impairment and write-off of intangible assets		(114,478)		(24,723)
Finance income		85,306		132,183
Finance costs		(181,502)		(323,141)
Share of losses of associates and joint ventures		(22,242)		(27,822)
(Loss)/gain on disposal of property, plant and equipment		(4,108)		550
Fair value gain on financial assets at fair value through profit or loss		58,777		150,681
Fair value loss on derivative financial liabilities relating to warrants		(118,275)		-
Gain on remeasurement of a written put option liability		-		143,430
Gain on deemed disposal of a subsidiary		22,627		-
Impairment of interest in an associate		-		(6,690)
Dividend income		7,581		2,777
Consolidated profit before taxation		1,480,870		1,365,454

(b) Analysis of revenue by geography

	2025 US\$'000	2024 US\$'000
China	15,901,218	12,578,275
Asia Pacific (“AP”)	12,942,052	10,028,732
Europe-Middle East-Africa (“EMEA”)	16,936,250	14,640,785
Americas (“AG”)	23,297,448	19,615,992
	69,076,968	56,863,784

(c) Analysis of revenue by timing of revenue recognition

	2025 US\$'000	2024 US\$'000
Point in time	66,028,793	53,802,468
Over time	2,779,104	2,897,504
Lease revenue	269,071	163,812
	69,076,968	56,863,784

(d) Other segment information

	IDG		ISG		SSG		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the year ended March 31								
Depreciation and amortization	716,066	737,499	248,622	206,034	17,268	20,069	981,956	963,602
Finance income	19,735	12,184	3,059	2,814	1,864	953	24,658	15,951
Finance costs	334,089	293,499	254,816	144,083	2,862	2,082	591,767	439,664

- (e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US\$6,118 million (2024: US\$6,169 million). The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

At March 31, 2025

	China	AP	EMEA	AG	Total
	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million
Goodwill					
- IDG	905	493	286	1,558	3,242
- ISG	468	132	59	344	1,003
- SSG (Note)	N/A	N/A	N/A	N/A	606
Trademarks and trade names with indefinite useful lives					
- IDG	182	55	122	480	839
- ISG	162	54	31	123	370
- SSG (Note)	N/A	N/A	N/A	N/A	58

At March 31, 2024

	China	AP	EMEA	AG	Total
	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million
Goodwill					
- IDG	911	488	287	1,611	3,297
- ISG	472	132	59	341	1,004
- SSG (Note)	N/A	N/A	N/A	N/A	603
Trademarks and trade names with indefinite useful lives					
- IDG	182	54	121	480	837
- ISG	162	54	31	123	370
- SSG (Note)	N/A	N/A	N/A	N/A	58

Note: SSG is monitored as a whole and there is no allocation to geography or market.

The directors are of the view that there was no impairment of goodwill and trademarks and trade names with indefinite useful lives based on impairment tests performed at March 31, 2025 (2024: nil).

3 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2025 US\$'000	2024 US\$'000
Depreciation of property, plant and equipment	453,861	428,472
Depreciation of right-of-use assets	115,965	151,899
Amortization of intangible assets	849,309	832,782
Impairment and write-off of property, plant and equipment	-	10,474
Impairment and write-off of intangible assets	123,140	29,745
Employee benefit costs, including	6,220,476	5,571,043
– long-term incentive awards	290,245	277,574
– severance and related costs	21,541	54,991
Rental expenses	15,816	11,641
Loss on disposal of property, plant and equipment	3,596	3,479
Loss on disposal of intangible assets	2,954	25
Loss on disposal of construction-in-progress	535	13,827
Fair value gain on financial assets at fair value through profit or loss	(59,552)	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	118,275	-
Gain on remeasurement of a written put option liability	-	(143,430)
Gain on deemed disposal of a subsidiary	(22,627)	-
Gain on disposal of interest in associates	-	(12)
Impairment of interest in an associate	-	6,690
	109,964	148,134

4 Finance income and costs

(a) Finance income

	2025 US\$'000	2024 US\$'000
Interest on bank deposits	83,997	112,274
Net gain on repayment of notes	-	4,061
Interest on money market funds	8,625	22,410
Interest income on finance lease	17,342	9,389
	109,964	148,134

(b) Finance costs

	2025 US\$'000	2024 US\$'000
Interest on bank loans and overdrafts	57,730	49,263
Interest on convertible bonds	58,580	42,914
Interest on notes	161,678	165,957
Interest on lease liabilities	13,953	14,627
Factoring costs	476,525	484,802
Interest on written put option liabilities	1,654	2,442
Others	3,149	2,800
	773,269	762,805

5 Taxation

The amount of taxation in the consolidated income statement represents:

	2025 US\$'000	2024 US\$'000
Current tax		
Profits tax in Hong Kong S.A.R. of China	33,093	61,752
Taxation outside Hong Kong S.A.R. of China	584,217	391,787
Deferred tax		
Credit for the year	(598,392)	(190,397)
	<u>18,918</u>	<u>263,142</u>

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. Taxation outside Hong Kong S.A.R. of China represents income and irrecoverable withholding taxes of subsidiaries operating in the Chinese Mainland and overseas, calculated at rates applicable in the respective jurisdictions.

During the year ended March 31, 2025, some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit of US\$282 million, primarily derived from deferred tax credit.

6 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year after adjusting shares held by employee share trusts for the purposes of awarding shares to eligible employees under the long-term incentive program.

	2025 US\$'000	2024 US\$'000
Weighted average number of ordinary shares in issue	12,404,659,302	12,214,994,626
Adjustment for shares held by employee share trusts	(150,624,455)	(192,498,286)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>12,254,034,847</u>	<u>12,022,496,340</u>
	2025 US\$'000	2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	<u>1,384,445</u>	<u>1,010,506</u>

(b) Diluted

The calculation of the diluted earnings per share is based on the profit attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted earnings per share is the weighted average number of ordinary shares, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group has four (2024: three) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2024: long-term incentive awards, put option written on non-controlling interests and convertible bonds). Long-term incentive awards and convertible bonds were dilutive for the years ended March 31, 2025 and 2024. Warrants were anti-dilutive for the year ended March 31, 2025. Put option written on non-controlling interests were anti-dilutive for the years ended March 31, 2025 and 2024.

	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,254,034,847	12,022,496,340
Adjustment for long-term incentive awards	409,681,272	232,535,133
Adjustment for convertible bonds	928,245,369	739,193,667
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	13,591,961,488	12,994,225,140
	2025 US\$'000	2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,384,445	1,010,506
Adjustment for interest on convertible bonds, net of tax	58,580	35,833
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,443,025	1,046,339

7 Dividends

	2025 US\$'000	2024 US\$'000
Interim dividend of HK8.5 cents (2024: HK8 cents) per ordinary share, paid on December 12, 2024	135,518	124,319
Proposed final dividend – HK30.5 cents (2024: HK30 cents) per ordinary share	483,338	476,821
	618,856	601,140

8 Inventories

	2025 US\$'000	2024 US\$'000
Raw materials and work-in-progress	3,995,173	3,857,581
Finished goods	3,320,441	2,265,554
Service parts	608,190	579,542
	7,923,804	6,702,677

9 Trade and notes receivables and trade and notes payables

(a) Details of trade and notes receivables are as follows:

	2025 US\$'000	2024 US\$'000
Trade receivables	10,446,068	8,130,697
Notes receivable	60,542	16,998
	<u>10,506,610</u>	<u>8,147,695</u>

Customers are generally granted credit term ranging from 0 to 120 days. Ageing analysis of trade receivables of the Group at the balance sheet date, based on invoice date, is as follows:

	2025 US\$'000	2024 US\$'000
0 – 30 days	7,832,619	6,185,814
31 – 60 days	1,542,382	1,080,594
61 – 90 days	398,285	235,405
Over 90 days	839,886	761,651
	<u>10,613,172</u>	<u>8,263,464</u>
Less: loss allowance	(167,104)	(132,767)
Trade receivables – net	<u>10,446,068</u>	<u>8,130,697</u>

At March 31, 2025, trade receivables, net of loss allowance, of US\$879,681,000 (2024: US\$915,714,000) were past due. The ageing of these receivables, based on due date, is as follows:

	2025 US\$'000	2024 US\$'000
Within 30 days	445,354	486,984
31 – 60 days	189,241	178,430
61 – 90 days	83,515	61,662
Over 90 days	161,571	188,638
	<u>879,681</u>	<u>915,714</u>

Movements in the loss allowance of trade receivables are as follows:

	2025 US\$'000	2024 US\$'000
At the beginning of the year	132,767	104,823
Exchange adjustment	161	(3,171)
Increase in loss allowance recognized in profit or loss	106,576	105,644
Uncollectible receivables written off	(14,777)	(35,489)
Unused amounts reversed in profit or loss	(57,623)	(39,040)
At the end of the year	<u>167,104</u>	<u>132,767</u>

Notes receivable of the Group are bank accepted notes mainly with maturity dates within six months.

(b) Details of trade and notes payables are as follows:

	2025 US\$'000	2024 US\$'000
Trade payables	8,561,393	8,473,990
Notes payable	3,417,540	2,031,437
	<u>11,978,933</u>	<u>10,505,427</u>

Ageing analysis of trade payables of the Group at the balance sheet date, based on invoice date, is as follows:

	2025 US\$'000	2024 US\$'000
0 – 30 days	4,527,503	5,201,965
31 – 60 days	2,465,757	2,002,588
61 – 90 days	898,452	643,980
Over 90 days	669,681	625,457
	<u>8,561,393</u>	<u>8,473,990</u>

Notes payable of the Group are mainly repayable within three months.

10 Deposits, prepayments and other receivables

Details of deposits, prepayments and other receivables are as follows:

	2025 US\$'000	2024 US\$'000
Deposits	26,779	52,852
Other receivables	2,874,521	2,429,511
Prepayments	1,322,358	1,300,003
	<u>4,223,658</u>	<u>3,782,366</u>

Other receivables mainly comprise amounts due from subcontractors for components delivered in the ordinary course of business.

11 Provisions, other payables and accruals

(a) Details of other payables and accruals are as follows:

	2025 US\$'000	2024 US\$'000
Accruals	4,391,239	3,327,359
Allowance for billing adjustments (i)	2,152,336	2,277,947
Written put option liability (ii)	303,099	253,482
Other payables (iii)	6,962,738	6,791,407
Lease liabilities	94,972	101,580
	<u>13,904,384</u>	<u>12,751,775</u>

Notes:

- (i) Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.
- (ii) - Pursuant to the joint venture agreement entered into between the Company and Fujitsu Limited (“Fujitsu”), the Company and Fujitsu are respectively granted call and put options which entitle the Company to purchase from Fujitsu and Development Bank of Japan (“DBJ”), or Fujitsu and DBJ to sell to the Company, the 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together “FCCL”). Both options are exercisable at March 31, 2025 and 2024. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.
- During the year ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd (“ZJSB”) acquired the 49% interest in a joint venture company (“JV Co”) from Compal Electronics, Inc. The Company and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of the Group and Hefei Yuan Jia Start-up Investment LLP (“Yuan Jia”), which holds 99.31% interest in ZJSB, the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB.

During the option exercise period, Yuan Jia notified the Group of its intention to exercise its put option. On December 28, 2021, ZJSB, Yuan Jia and the Group entered into an agreement pursuant to which ZJSB transferred 39% interest in the JV Co to the Group at an exercise price of RMB1,895 million (approximately US\$297 million). Upon completion on January 10, 2022, the Company and ZJSB respectively owns 90% and 10% of the interest in the JV Co.

Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement entered into on January 11, 2022 whereby the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately US\$69 million). At March 31, 2025, the written put option liabilities to Yuan Jia has been reclassified to current liabilities as the written put option will be exercisable within the next twelve months.

The financial liability that may become payable under the put option is initially recognized at present value of redemption amount within other non-current liabilities with a corresponding charge directly to equity, as a put option written on non-controlling interest.

The put option liability shall be re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

- (iii) Majority of other payables are obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors.
- (iv) The carrying amounts of other payables and accruals approximate their fair values.

(b) The components of provisions are as follows:

	Warranty <i>US\$'000</i>	Environmental restoration <i>US\$'000</i>	Restructuring <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended March 31, 2024				
At the beginning of the year	1,051,839	26,084	162,577	1,240,500
Exchange adjustment	(25,797)	(2,703)	(521)	(29,021)
Provisions made	660,534	18,051	54,991	733,576
Amounts utilized	(716,985)	(16,096)	(108,108)	(841,189)
	<u>969,591</u>	<u>25,336</u>	<u>108,939</u>	<u>1,103,866</u>
Long-term portion classified as non-current liabilities	<u>(161,261)</u>	<u>(21,655)</u>	<u>-</u>	<u>(182,916)</u>
At the end of the year	<u>808,330</u>	<u>3,681</u>	<u>108,939</u>	<u>920,950</u>
Year ended March 31, 2025				
At the beginning of the year	969,591	25,336	108,939	1,103,866
Exchange adjustment	(6,690)	(313)	546	(6,457)
Provisions made	725,885	16,443	-	742,328
Amounts utilized	(718,097)	(14,935)	(71,553)	(804,585)
	<u>970,689</u>	<u>26,531</u>	<u>37,932</u>	<u>1,035,152</u>
Long-term portion classified as non-current liabilities	<u>(159,400)</u>	<u>(23,159)</u>	<u>-</u>	<u>(182,559)</u>
At the end of the year	<u>811,289</u>	<u>3,372</u>	<u>37,932</u>	<u>852,593</u>

The Group records its warranty liability at the time of sales based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty accrual is reviewed quarterly to verify it properly reflects the outstanding obligation over the warranty period. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with them.

The Group records its environmental restoration provision at the time of sales based on estimated costs of environmentally-sound disposal of waste electrical and electronic equipment upon return from end-customers and with reference to the historical or projected future return rate. The environmental restoration provision is reviewed at least annually to assess its adequacy to meet the Group's obligation.

Restructuring costs provision mainly comprises employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency. The Group records its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

12 Other non-current liabilities

Details of other non-current liabilities are as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Deferred consideration (a)	25,072	25,072
Written put option liability (Note 11(a) (ii))	-	44,251
Lease liabilities	269,828	240,449
Environmental restoration (Note 11(b))	23,159	21,655
Government incentives and grants received in advance (b)	98,350	101,095
Others	301,375	322,183
	<u>717,784</u>	<u>754,705</u>

Notes:

- (a) Pursuant to the joint venture agreement entered into with NEC Corporation, the Group is required to pay in cash to NEC Corporation deferred consideration. At March 31, 2025, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US\$25 million (2024: US\$25 million).
- (b) Government incentives and grants received in advance by certain group companies included in other non-current liabilities mainly relate to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfill certain conditions under the terms of the government incentives and grants. The government incentives and grants, upon fulfillment of those conditions, are credited to the consolidated income statement immediately or recognized on a straight-line basis over the expected life of the related assets.

13 Borrowings

	2025 US\$'000	2024 US\$'000
Current liabilities		
Short-term loans (a)	65,364	50,431
Notes (b)	964,988	-
	1,030,352	50,431
Non-current liabilities		
Notes (b)	2,050,271	3,012,637
Convertible bonds (c)	2,287,535	556,592
	4,337,806	3,569,229
	5,368,158	3,619,660

Notes:

- (a) Majority of the short-term loans are denominated in United States dollars. At March 31, 2025, the Group has total revolving and short-term loan facilities of US\$6,044 million (2024: US\$5,426 million) which has been utilized to the extent of US\$62 million (2024: US\$41 million).
- (b) Details of the outstanding notes are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US\$'000	2024 US\$'000
April 24, 2020 and May 12, 2020	US\$965 million	5 years	5.875%	April 2025	964,988	964,798
November 2, 2020	US\$900 million	10 years	3.421%	November 2030	895,032	894,145
July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	596,607	595,587
July 27, 2022	US\$563 million	10 years	6.536%	July 2032	558,632	558,107
					3,015,259	3,012,637

- (c) Details of the outstanding convertible bonds are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US\$'000	2024 US\$'000
August 26, 2022 (i)	US\$675 million	7 years	2.5%	August 2029	576,812	556,592
January 8, 2025 (ii)	US\$2,000 million	3 years	0%	January 2028	1,710,723	-
					2,287,535	556,592

- (i) On August 26, 2022, the Company completed the issuance of 7-Year US\$675 million convertible bonds bearing annual interest at 2.5% due in August 2029 (“the 2029 Convertible Bonds”) to the bondholders. The proceeds were used to repay previous convertible bonds and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of the Company at a conversion price of HK\$9.94 per share, subject to adjustments. The conversion price was adjusted to HK\$8.95 per share effective on January 8, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK\$8.95 per share, the 2029 Convertible Bonds will be convertible into 591,171,787 shares.

The outstanding principal amount of the 2029 Convertible Bonds is repayable by the Company upon the maturity of the 2029 Convertible Bonds on August 26, 2029 if not previously redeemed, converted or purchased and cancelled. On August 26, 2026, the bondholders will have the right, at the bondholders’ option, to require the Company to redeem part or all of the 2029 Convertible Bonds at their principal amount.

At any time after September 9, 2026 and prior to August 26, 2029, the Company will have the right to redeem in whole, but not in part, the 2029 Convertible Bonds for the time being outstanding at their principal amount upon occurrence of certain specified conditions.

- (ii) On January 8, 2025, the Company completed the issuance of 3-Year US\$2,000 million zero-coupon convertible bonds due in January 2028 (“the 2028 Convertible Bonds”) to the bondholder, subject to three months extension upon occurrence of specified condition. The proceeds were used to repay the existing debts and for general corporate purposes. The bondholder has the right, at any time up to 15 calendar days prior to the maturity date, to convert part or all of the outstanding principal amount of the 2028 Convertible Bonds into ordinary shares of the Company at a conversion price of HK\$10.02 per share, subject to adjustments. The conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK\$10.02 per share, the 2028 Convertible Bonds will be convertible into 1,559,181,636 shares.

The liability and equity components of the 2028 Convertible Bonds on initial recognition are presented as follows:

	<i>US\$’000</i>
Face value of the convertible bonds on the issue date	2,000,000
Less: transaction costs	(20,192)
Net proceeds	1,979,808
Less: equity component	(290,608)
Liability component on initial recognition	1,689,200

The outstanding principal amount of the 2028 Convertible Bonds is repayable by the Company upon the maturity of the 2028 Convertible Bonds on January 8, 2028 if not previously redeemed or converted. At any time prior to the maturity date, the bondholder will have the right to require the Company to redeem all of the 2028 Convertible Bonds at their principal amount or plus interest of 4.5% per annum upon occurrence of certain specified conditions.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion, redemption or maturity of the bonds. The remainder of the proceeds was allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

The Group expects that it will be able to meet its redemption obligations based on the financial position of the Group had conversion of the 2029 Convertible Bonds and 2028 Convertible Bonds not exercised on maturity.

At March 31, 2025 and 2024, the Group's borrowings were repayable as follows:

	2025 US\$'000	2024 US\$'000
Within 1 year	1,030,352	50,431
Over 1 to 2 years	-	964,798
Over 2 to 5 years	2,884,142	595,587
Over 5 years	1,453,664	2,008,844
	<u>5,368,158</u>	<u>3,619,660</u>

14 Derivative financial liabilities

On January 8, 2025, an aggregate of 1,150,000,000 warrants have been fully subscribed and issued with gross proceeds of HK\$1,645 million (approximately US\$212 million).

Subject to the terms of the warrants, including the transfer and exercise limit in respect of each 12-month period from the issue date, the warrants holders have the right, at any time up to January 8, 2028, which may be extended by three months, to subscribe for the Company's shares at an initial subscription price of HK\$12.31 per share, subject to adjustments. The Company has the option to satisfy such exercise rights by allotment and issue of the Company's shares, or through cash payments, which is determined with reference to the market price of the Company's shares.

The warrants issued by the Company are initially recognized as financial liabilities at fair value through profit or loss and are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized as "other operating income/(expenses) — net" in the consolidated income statement.

At March 31, 2025, the current and non-current derivative financial liabilities relating to warrants amounted to US\$87,919,000 and US\$241,778,000, respectively.

15 Share capital

	2025 <i>Number of shares</i>	<i>US\$'000</i>	2024 <i>Number of shares</i>	<i>US\$'000</i>
<i>Issued and fully paid:</i>				
Voting ordinary shares:				
At the beginning of the year	12,404,659,302	3,500,987	12,128,130,291	3,282,318
Conversion of convertible bonds	-	-	276,529,011	218,669
At the end of the year	<u>12,404,659,302</u>	<u>3,500,987</u>	<u>12,404,659,302</u>	<u>3,500,987</u>

16 Note to the consolidated cash flow statement

(a) Reconciliation of profit before taxation to net cash generated from operations

	2025 US\$ '000	2024 US\$ '000
Profit before taxation	1,480,870	1,365,454
Share of losses of associates and joint ventures	19,978	25,659
Finance income	(109,964)	(148,134)
Finance costs	773,269	762,805
Depreciation of property, plant and equipment	453,861	428,472
Depreciation of right-of-use assets	115,965	151,899
Amortization of intangible assets	849,309	832,782
Impairment and write-off of property, plant and equipment	-	10,474
Impairment and write-off of intangible assets	123,140	29,745
Impairment of interest in an associate	-	6,690
Share-based compensation	290,245	277,574
Loss on disposal of property, plant and equipment	3,596	3,479
Loss on disposal of intangible assets	2,954	25
Loss on disposal of construction-in-progress	535	13,827
Gain on disposal of interest in associates	-	(12)
Gain on deemed disposal of a subsidiary	(22,627)	-
Fair value change on financial instruments	(19,541)	(755)
Fair value change on financial assets at fair value through profit or loss	(59,552)	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	118,275	-
Gain on remeasurement of a written put option liability	-	(143,430)
Dividend income	(8,114)	(2,933)
Increase in inventories	(1,356,853)	(360,686)
Increase in trade and notes receivables, deposits, prepayments and other receivables	(2,952,138)	(190,928)
Increase in trade and notes payables, provisions, other payables and accruals	2,562,146	401,076
Effect of foreign exchange rate changes	47,586	58,969
Net cash generated from operations	<u>2,312,940</u>	<u>3,368,939</u>

(b) Reconciliation of financing liabilities

This section sets out an analysis of financing liabilities and the movements in financing liabilities for the years presented.

	2025 US\$ '000	2024 US\$ '000
Financing liabilities		
Short-term loans – current	65,364	50,431
Notes – current	964,988	-
Notes – non-current	2,050,271	3,012,637
Convertible bonds – non-current	2,287,535	556,592
Derivative financial liabilities relating to warrants – current	87,919	-
Derivative financial liabilities relating to warrants – non-current	241,778	-
Lease liabilities – current	94,972	101,580
Lease liabilities – non-current	269,828	240,449
	<u>6,062,655</u>	<u>3,961,689</u>

Financing liabilities	2025 US\$'000	2024 US\$'000
Short-term loans – variable interest rates	36,415	43,423
Short-term loans – fixed interest rates	28,949	7,008
Notes – fixed interest rates	3,015,259	3,012,637
Convertible bonds – fixed interest rates	2,287,535	556,592
Derivative financial liabilities relating to warrants – non-interest bearing	329,697	-
Lease liabilities – fixed interest rates	364,800	342,029
	6,062,655	3,961,689

	Short-term loans current US\$'000	Notes current US\$'000	Notes non-current US\$'000	Convertible bonds current US\$'000	Convertible bonds non-current US\$'000	Derivative financial liabilities relating to warrants current US\$'000	Derivative financial liabilities relating to warrants non-current US\$'000	Lease liabilities current US\$'000	Lease liabilities non- current US\$'000	Total US\$'000
Financing liabilities at April 1, 2023	57,032	-	3,146,148	214,584	537,030	-	-	123,719	280,837	4,359,350
Proceeds from borrowings	11,792,697	-	-	-	-	-	-	-	-	11,792,697
Repayments/repurchase of borrowings	(11,799,007)	-	(132,083)	-	-	-	-	-	-	(11,931,090)
Conversion of convertible bonds	-	-	-	(218,669)	-	-	-	-	-	(218,669)
Reclassification	-	-	-	-	-	-	-	96,859	(96,859)	-
Principal elements of lease payments	-	-	-	-	-	-	-	(134,545)	-	(134,545)
Foreign exchange adjustments	(295)	-	-	-	-	-	-	(1,465)	(7,039)	(8,799)
Other non-cash movements	4	-	(1,428)	4,085	19,562	-	-	17,012	63,510	102,745
Financing liabilities at March 31, 2024	50,431	-	3,012,637	-	556,592	-	-	101,580	240,449	3,961,689
Financing liabilities at April 1, 2024	50,431	-	3,012,637	-	556,592	-	-	101,580	240,449	3,961,689
Proceeds from borrowings	17,014,380	-	-	-	2,000,000	-	-	-	-	19,014,380
Proceeds from issue of warrants	-	-	-	-	-	56,440	155,212	-	-	211,652
Repayments of borrowings	(17,041,262)	-	-	-	-	-	-	-	-	(17,041,262)
Issuing cost of borrowings	-	-	-	-	(20,192)	-	-	-	-	(20,192)
Reclassification	-	964,814	(964,814)	-	-	-	-	92,620	(92,620)	-
Principal elements of lease payments	-	-	-	-	-	-	-	(121,071)	-	(121,071)
Foreign exchange adjustments	41,815	-	-	-	-	(61)	(169)	(1,044)	(7,863)	32,678
Equity component for issue of convertible bonds	-	-	-	-	(290,608)	-	-	-	-	(290,608)
Other non-cash movements	-	174	2,448	-	41,743	31,540	86,735	22,887	129,862	315,389
Financing liabilities at March 31, 2025	65,364	964,988	2,050,271	-	2,287,535	87,919	241,778	94,972	269,828	6,062,655

CONVERTIBLE BONDS

On August 26, 2022, the Company issued US\$675,000,000 2.50% convertible bonds due 2029 (the “2029 Convertible Bonds”), which are listed on the Stock Exchange, to professional investors. The 2029 Convertible Bonds, assuming full conversion at the adjusted conversion price of HK\$8.95 per share, are convertible into 591,171,787 shares of the Company. As at March 31, 2025, the total outstanding principal amount of the 2029 Convertible Bonds was US\$675,000,000. Please refer to the announcements of the Company dated August 17, 2022, August 18, 2022, August 26, 2022, August 29, 2022 and January 8, 2025 for further details about the 2029 Convertible Bonds.

On January 8, 2025, the Company issued US\$2,000,000,000 zero coupon convertible bonds due 2028 to Alat International Investments Company, a wholly-owned subsidiary of Alat Technologies Company (the “Alat Convertible Bonds”). The Alat Convertible Bonds, assuming full conversion at the adjusted conversion price of HK\$10.02 per share, are convertible into 1,559,181,636 shares of the Company. As at March 31, 2025, the total outstanding principal amount of the Alat Convertible Bonds was US\$2,000,000,000. Pursuant to the terms and conditions of the Alat Convertible Bonds, the Alat Convertible Bonds can only be converted into shares upon maturity and can only be redeemed prior to maturity upon occurrence of certain redemption events. Please refer to the announcements of the Company dated May 29, 2024 and January 8, 2025 and the Company’s circular dated August 19, 2024 for further details about the Alat Convertible Bonds.

There had not been any conversion of the 2029 Convertible Bonds and the Alat Convertible Bonds, and no redemption right had been exercised by the Company in respect of the 2029 Convertible Bonds and the Alat Convertible Bonds for the financial year ended March 31, 2025. Please refer to the relevant note to the consolidated financial statements and the Company’s 2024/25 Annual Report to be published for further details of the 2029 Convertible Bonds and the Alat Convertible Bonds.

DEBENTURES

Save as disclosed, the Company did not issue, purchase, redeem or cancel any debentures during the financial year ended March 31, 2025.

WARRANTS

On January 8, 2025, the Company issued 1,150,000,000 warrants (the “Warrants”) at the issue price of HK\$1.43 per Warrant to Sureinvest Holdings Limited, an entity wholly owned by Mr. Yang Yuanqing (a connected person of the Company), Wisdom Summit Limited, the investment holding vehicle for certain management members of the Company (which include connected persons of the Company at subsidiary level), as well as certain independent professional investors. Assuming the full exercise of the Warrants at the initial exercise price of HK\$12.31 per share, it will result in the issue of 1,150,000,000 shares of the Company. Please refer to the announcements of the Company dated May 29, 2024, July 15, 2024 and January 8, 2025 and the Company’s circular dated August 19, 2024 for further details about the Warrants.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed above and the respective trustee of the long-term incentive program and the employee share purchase plan of the Company purchased a total of 203,502,684 shares from the market for award to employees upon vesting, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended March 31, 2025. Details of these program and plan are set out in the 2024/25 Annual Report of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the audited annual results of the Group for the year ended March 31, 2025. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Group and internal control and financial reporting matters. Currently, the Audit Committee comprises three independent non-executive directors and one non-executive director, including Mr. Woo Chin Wan Raymond, being the Chairman, Mr. Gordon Robert Halyburton Orr, Mr. Kasper Bo Roersted and Mr. Wong Wai Ming.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year ended March 31, 2025, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") have not been segregated as required by code provision C.2.1 of the CG Code.

The Board has reviewed the organization human resources planning of the Group and is of the opinion that the vesting of the roles of Chairman and CEO in Mr. Yang Yuanqing ("Mr. Yang") is appropriate and beneficial to the Group as it provides consistency of the strategy execution and stability of the operations of the Group. The Board comprising a majority of independent non-executive directors meets regularly on a quarterly basis to review the operations of the Group led by Mr. Yang.

The Board also appointed Mr. John Lawson Thornton, who succeeded Mr. William O. Grabe, as the lead independent director (the "Lead Independent Director") with effect from February 21, 2025, with broad authorities and responsibilities. Such authorities and responsibilities include serving as chairman of the Nomination and Governance Committee meeting and/or the Board meeting considering the combined roles of Chairman and CEO; in consultation with all other Board members, to prepare an assessment of the performance of the Chairman and/or CEO; calls and chair meeting(s) with all non-executive directors at least once a year on matters deemed appropriate and provide feedback to the Chairman and/or CEO; and serves a key role in the Board evaluation process. Accordingly, the Board believes that the current Board structure with combined roles of Chairman and CEO, the appointment of Lead Independent Director and a majority of independent non-executive directors provide an effective check and balance of powers and authorizations between the Board and the management of the Company.

In relation to the recommended best practices in the CG Code, the Company published quarterly financial results and business reviews in addition to interim and annual results. Quarterly financial results enhanced the shareholders' ability to assess the performance, financial position and prospects of the Company. The quarterly financial results were prepared using the accounting standards consistent with the policies applied to the interim and annual financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) and the Group's website (<https://investor.lenovo.com/en/publications/news.php>). The 2024/25 annual report of the Company will be available on the same websites and despatched to shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

By Order of the Board

Yang Yuanqing

Chairman and Chief Executive Officer

May 22, 2025

As at the date of this announcement, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Zhu Linan, Mr. Zhao John Huan, Mr. Wong Wai Ming and Ms. Laura Green Quatela; and the independent non-executive directors are Mr. John Lawson Thornton, Mr. Gordon Robert Halyburton Orr, Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong, Professor Xue Lan and Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted).