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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)

FY2025/26 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board of directors (the “Board”) of Lenovo Group Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the three and six months ended September 30, 2025 together with comparative figures for the corresponding period of last year, as follows:

FINANCIAL HIGHLIGHTS

- Group revenue of US\$39 billion and profit attributable to equity holders of US\$846 million increased by 18 percent and 40 percent year-on-year, respectively, marking the highest first-half revenue in the Group’s history. Adjusted profit attributable to equity holders in the first half grew 24 percent year-on-year on a non-HKFRS basis, excluding the impact from non-cash fair value gain on warrants, notional interest on convertible bonds and other non-cash items
- AI-related revenues accounted for 29 percent of total, up 15 percentage points year-on-year, driven by a higher mix of AI devices, servers, and services. R&D spending increased 8 percent year-on-year, reinforcing the Group’s commitment to Hybrid AI strategy through accelerated execution and innovation
- IDG revenue and operating profit increased 15 percent and 13 percent year-on-year, respectively, fueled by rapid AI PC adoption and strong premium product sales. The Group’s PC market share reached a record high of 25.6 percent in the second fiscal quarter
- ISG revenue grew 30 percent year-on-year, with AI infrastructure business posting high double-digit year-on-year revenue growth, supported by a dual CSP and Enterprise SMB strategy
- SSG achieved record revenue and posted 19 percent year-on-year growth, while operating profit rose 28 percent year-on-year. Revenue mix from Managed Services and Projects & Solutions reached a record high of 58.9 percent, driven by strong tailwinds in DWS, AI, and Hybrid Cloud
- In the second fiscal quarter, Group revenue reached a record high of US\$20.5 billion, surpassing the previous record set during the COVID period. This represents a 15 percent year-on-year revenue increase, with adjusted net income margin expanding to 2.5 percent; all business groups and reported geographies reported double-digit year-on-year revenue growth

	3 months ended September 30, 2025 (unaudited) US\$ million	6 months ended September 30, 2025 (unaudited) US\$ million	3 months ended September 30, 2024 (unaudited) US\$ million	6 months ended September 30, 2024 (unaudited) US\$ million	Year-on-year change	
					3 months ended September 30	6 months ended September 30
Revenue	20,452	39,282	17,850	33,297	15%	18%
Gross profit	3,147	5,921	2,796	5,356	13%	11%
Gross profit margin	15.4%	15.1%	15.7%	16.1%	(0.3) pts	(1.0) pt
Operating expenses	(2,504)	(4,493)	(2,145)	(4,211)	17%	7%
Operating profit	643	1,428	651	1,145	(1)%	25%
Other non-operating income/(expenses) – net	(149)	(312)	(178)	(359)	(16)%	(13)%
Profit before taxation	494	1,116	473	786	4%	42%
Profit for the period	380	918	383	637	(1)%	44%
Profit attributable to equity holders of the Company	340	846	359	602	(5)%	40%
Earnings per share attributable to equity holders of the Company						
Basic	US2.77 cents	US6.89 cents	US2.92 cents	US4.91 cents	US(0.15) cents	US1.98 cents
Diluted	US2.52 cents	US6.18 cents	US2.78 cents	US4.71 cents	US(0.26) cents	US1.47 cents
Non-HKFRS measures						
Adjusted operating profit	756	1,387	692	1,264	9%	10%
Adjusted profit before taxation	637	1,134	521	917	22%	24%
Adjusted profit for the period	534	946	427	757	25%	25%
Adjusted profit attributable to equity holders of the Company	512	901	409	728	25%	24%

INTERIM DIVIDEND

The Board has declared an interim dividend of HK8.5 cents (2024/25: HK8.5 cents) per share for the six months ended September 30, 2025, absorbing an aggregate amount of approximately US\$135.4 million (2024/25: approximately US\$135.5 million), to shareholders whose names appear on the register of members of the Company on Friday, December 12, 2025. The interim dividend will be paid on or about Wednesday, December 24, 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, December 12, 2025, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, December 11, 2025. Shares of the Company will be traded ex-dividend as from Wednesday, December 10, 2025.

BUSINESS REVIEW AND OUTLOOK

Group Highlights

The Group delivered a solid financial performance during the six months ended September 30, 2025. Group revenue increased 18 percent year-on-year to a record high of US\$39 billion, with all three business groups and sales geographies achieving double-digit year-on-year growth. Adjusted net income in the first half grew 24 percent year-on-year, reaching US\$901 million, and HKFRS net income increased by 40 percent year-on-year to US\$846 million. The adjusted net income, based on the non-HKFRS financial measures, excluded the impact of non-cash fair value gain on warrants of US\$5 million, notional interest on convertible bonds of US\$56 million, and net loss from other non-cash items of US\$4 million.

In the first half, strong revenue growth was driven by expanded global PC share gains across consumer and commercial segments, record AI PC shipments, robust growth in AI infrastructure and related industry demand, and continued momentum in services and solutions. AI-related revenue reached 29 percent of total revenue, a 15 percentage points increase year-on-year. In the second fiscal quarter, this rose to 30 percent, driven by a higher mix of AI devices, servers, services and solutions.

Net income margins expanded by 35 basis points year-on-year to 2.2 percent, underscoring the Group's commitment to continuous margin expansion and its enhanced ability to drive operational leverage across all three business groups. Supply chain resilience and cost efficiencies, enabled by unique ODM+ and Global/Local models, continue to strengthen the Group's competitiveness and sustain its market leadership, despite ongoing geopolitical uncertainty.

Research and development expenses grew 8 percent year-on-year, fueling advances in the Group's Hybrid AI strategy and enhancing AI capabilities across the entire portfolio. The Group continues to invest strategically in its AI roadmap and capitalize on unprecedented opportunities in Hybrid AI. At Lenovo Innovation World 2025, the Group unveiled a full portfolio of AI-Powered devices and experiences across consumer, business, and mobile. Spanning high-performance PCs, intelligent tablets, immersive gaming devices, and Motorola smartphones, the new lineup reflects the Group's vision of Smarter AI for All.

Operating cash flow reached US\$2.8 billion supported by enhanced revenue growth, and improved inventory management. Free cash flow climbed to US\$1.9 billion, providing strong support for growth initiatives across all business groups. Furthermore, the adjusted net finance costs, excluding notional interest of the convertible bonds, reduced by 27 percent year-on-year, reflecting effective cost saving measures.

In the second fiscal quarter, Group revenue reached a record high of US\$ 20.5 billion, surpassing the previous peak set during the COVID period. This represents a 15 percent year-on-year revenue growth, with adjusted net income margin expanding to 2.5 percent; all business groups and reported geographies experienced double-digit year-on-year revenue growth.

The Group continued to demonstrate global leadership in ESG, ranking 8th in the 2025 Gartner® Supply Chain Top 25, with improved CDP and S&P ESG scores, while maintaining its AAA MSCI ESG rating for the fourth consecutive year. Lenovo's factory in Monterrey, Mexico was recently added to the World Economic Forum's Global Lighthouse Network, the second for Lenovo among 201 leading manufacturing facilities worldwide. It was recognized once again as a Best Place to Work for Disability Inclusion in the U.S., the U.K., and Brazil. In addition, it was named an "Ambassador" in the 2025 Workplace Pride Global Benchmark rankings. The Group also strengthened its commitment to sustainability and ethical innovation even further by joining the Coalition for Sustainable AI, a French government-led initiative in partnership with the UNEP (United Nations Environment Programme) and the ITU (International Telecommunication Union), reflecting its dedication to responsible technology, environmental stewardship, and social impact.

Performance by Business Group

Intelligent Devices Group

The Intelligent Devices Group (IDG), which includes PCs, tablets, smartphones, and other smart devices, delivered strong results in the first half. Revenue increased by 15 percent year-on-year, while operating profits rose by 13 percent year-on-year, reflecting solid execution and sustained demand across categories.

IDG strengthened its global leadership across commercial and consumer PC segments, through innovations, differentiated offerings and disciplined strategic executions, thereby establishing a solid foundation for advancing Personal AI. In the second fiscal quarter, the PC business achieved a record-high market share of 25.6 percent globally, representing a 1.8 percentage point increase year-on-year. Profitability in PCs, tablets and other smart devices remained resilient, supported by higher average selling prices and margin uplift from its premium PCs, AI PCs and gaming PCs.

AI PC penetration advanced to 33 percent of total shipments in the second fiscal quarter, while solidifying the leadership position in global Windows AI PCs with a 31.1 percent market share. In China, AI PCs with five key features now make up 30 percent of notebook shipments.

The Group's smartphone achieved record high of activations, driven by strong growth in premium models such as edge and razr. Regionally, Asia Pacific remained a standout area, with India also delivering strong premium device sales. North America enjoyed a renewed partnership with a major regional carrier signaling promising new growth opportunities for the future.

Aligned with our Personal AI strategy, Lenovo is unlocking greater value by advancing our AI agent performance, enhancing device value, expanding services and subscriptions, and integrating its AI ecosystem. The Group is also addressing the growing demand for hyper-personalization through its vision of "One Personal AI, Multiple Devices."

Infrastructure Solutions Group

The Infrastructure Solutions Group (ISG) continued to experience strong growth in the first half of FY25/26, delivering 30 percent year-on-year revenue growth. This was driven by rising demand for AI infrastructure, new CSP customer acquisitions, and advancing Enterprise and SMB transformations. The AI server business achieved high double digit revenue growth, fueled by rising AI adoption and supported by a clear product launch roadmap. In China, ISG delivered consistent operating margin improvements, leveraging uniquely localized offerings and our ODM+ model to drive differentiation.

ISG reported an operating loss of US\$118 million due to higher investments to scale AI capabilities, accelerate the transformation of its Enterprise and SMB business, and expand its AI infrastructure portfolio. Enterprise and SMB transformation focuses on strengthening go-to-market capabilities to capture significant market opportunities, while optimizing business models to better serve the distinct customer needs. On AI infrastructure, the Group is developing a comprehensive portfolio covering training, fine-tuning and inference workloads.

A standout highlight was the performance of the Group's proprietary Neptune liquid-cooling technology, which recorded strong double-digit year-on-year revenue growth in the first quarter, and accelerating triple-digit year-on-year growth in the second quarter. With over 100 patents accumulated over the past decade, this technology provides a significant competitive advantage, enabling large-scale, energy-efficient AI deployments for customers. This creates a high entry barrier for competitors and reinforces ISG's leadership in infrastructure and high-performance computing.

The Group continues to drive sustainable growth in areas with high potential, driving Enterprise and SMB transformations to capture opportunities in AI infrastructure and inferencing. Compute and data management remain critical capabilities that enable on-premise AI adoption for enterprise customers. ISG has successfully navigated every stage of the infrastructure industry's evolution—from traditional Enterprise SMB, to traditional CSP, and most recently, the emerging AI opportunities from CSPs. We are entering the next stage: Enterprise and SMB AI. This represents a significant opportunity as AI transitions from training to inferencing, driving increased demand towards on-premises hybrid environments. Looking ahead, ISG's strategy is to leverage its Hybrid AI Advantage and differentiated ODM+ model to maximize the value of its AI models, data, and compute to deliver scalable, secure, and industry-specific infrastructure solutions.

Solutions & Services Group

The Solutions & Services Group (SSG) achieved another record, posting a notable 19 percent year-on-year revenue increase in the first half of FY25/26. Operating profit margins rose to 22 percent, driving operating profit growth up by a substantial 28 percent year-on-year. Support Services delivered solid double-digit revenue growth, supported by a higher adoption of premium-attached services and a resilient penetration rate. Managed Services and Project & Solution Services continued as clear revenue growth drivers, together lifting the revenue mix to a historical high of 58.9 percent.

This strong growth reflects robust long-term prospects, supported by market tailwinds in high-growth sectors such as DWS, AI, Hybrid Cloud and Sustainability. In the first half of FY25/26, the revenue growth of Support Services accelerated to 14 percent year-on-year. The Group's deferred revenue grew 17 percent year-on-year, providing strong visibility and signaling predictable revenue momentum for the second half of the fiscal year.

In Managed Services, TruScale bookings surged with triple-digit year-on-year growth, driven by successful Device-as-a-Service (DaaS) and Infrastructure-as-a-Service (IaaS) offerings aligned with the Capex-to-Opex trend. Project & Solution Services drove revenue and profitability through improved solution delivery, and strong traction from AI-optimized portfolios and strategic partnerships. The vertical solution practice is being upgraded with enriched AI use cases and Lenovo IP for targeted industries.

Lenovo's Hybrid AI Advantage provides enterprises with an integrated approach to AI implementation. This includes an AI factory that combines hardware, data, platforms, and models; an AI library featuring customizable use cases, and AI services that support customers throughout the deployment process. The Group aims to deliver repeatable and scalable AI solutions tailored to specific vertical industries through the TruScale as-a-Service model, making AI accessible to organizations of all sizes—from global enterprises to small businesses and nonprofits.

Geographic Performance

Lenovo operates across 180 markets, leveraging its diversified presence to deliver balanced growth globally. In the first half of FY25/26, Asia Pacific, China, EMEA, and the Americas each contributed between 20 percent and 33 percent of consolidated revenue.

Asia Pacific (excluding China) posted 30 percent year-on-year growth, supported by strong momentum across all business groups. IDG accelerated its market penetration through targeted initiatives, capitalizing on the Windows 11 refresh in Japan, robust commercial expansion, and sustained progress in India. Smartphone business delivered its strongest-ever second quarter in the region, driven by the performance of Big Billion Days and higher Moto G series sales. ISG achieved double-digit revenue gains on rising demand for AI servers and automation solutions, while SSG expanded AI-driven, outcome-focused solutions and strengthened support services through higher unit growth.

China maintained resilient double-digit growth, lifting revenue by 24 percent year-on-year in the first half of FY25/26 despite geopolitical headwinds. The strong result was supported by AI PC adoption, premium mix, and R&D-led launches. ISG delivered double-digit revenue growth and improved margins through strong Enterprise and SMB performance and strategic AI server expansion. SSG achieved notable gains in solutions and as-a-service offerings, including rapid adoption of TruScale and AI-driven services.

In the Americas, revenue increased 13 percent year-on-year in the first half of FY25/26, propelled by a strong PC and infrastructure performance. IDG extended market share gains for the tenth consecutive quarter, supported by a commercial rebound and Windows 11-driven enterprise upgrades. ISG posted record-high first-half revenue, with Enterprise and SMB setting new benchmarks and robust AI contributions across CSP and Enterprise segments, aided by a greater mix of GPU server sales. SSG maintained momentum through TruScale DaaS and IaaS, while deepening early-stage AI client engagements and expanding Premium Support penetration.

EMEA revenue increased by 11 percent year-on-year in the first half of FY25/26. The region achieved its highest PC shipment volume since Q4FY21/22 and maintained its #1 PC market position for the 14th consecutive quarter. ISG enjoyed the rising localized data center demand. SSG enhanced regional profitability through advanced support services and strong DaaS growth, achieving record-high attach rates in Configuration Services for enterprise customers.

Outlook and Strategic Highlights

Following the strong performance in the first half, the Group is elevating its corporate vision around the Hybrid AI for All framework, a unified architecture that seamlessly integrates on-device intelligence, edge orchestration, and enterprise AI across every endpoint in its business portfolio. By leveraging its deep expertise and operational agility, the Group continues to navigate market volatility while delivering a consistent performance. Strategic investments will solidify its industry leadership even further and sustain long-term momentum.

User priorities are shifting toward personalization, efficiency, security, privacy, and sustainability, steering AI development toward a more human- and enterprise-centric paradigm. This very trend—the democratization of AI—is now unfolding rapidly across both Personal AI and Enterprise AI.

Looking ahead, the Group remains committed to its “One Personal AI, Multiple Devices” vision, delivering personalized AI experiences across platforms and devices. On Enterprise AI, the Group is accelerating execution and innovation, leveraging its Hybrid AI Advantage to maximize data value and strengthen its core computing capabilities. In Services and Solutions, the Group will continue to focus on developing horizontal building blocks and delivering simple, scalable AI-powered solutions through Digital Workplace Solutions, the hybrid cloud, and sustainability initiatives.

FINANCIAL REVIEW

Results for the six months ended September 30, 2025

	6 months ended September 30, 2025 (unaudited) US\$ million	6 months ended September 30, 2024 (unaudited) US\$ million	Year-on-year change
Revenue	39,282	33,297	18%
Gross profit	5,921	5,356	11%
Gross profit margin	15.1%	16.1%	(1.0) pt
Operating expenses	(4,493)	(4,211)	7%
Operating profit	1,428	1,145	25%
Other non-operating income/(expenses) – net	(312)	(359)	(13)%
Profit before taxation	1,116	786	42%
Profit for the period	918	637	44%
Profit attributable to equity holders of the Company	846	602	40%
Earnings per share attributable to equity holders of the Company			
Basic	US6.89 cents	US4.91 cents	US1.98 cents
Diluted	US6.18 cents	US4.71 cents	US1.47 cents

For the six months ended September 30, 2025, the Group achieved total sales of approximately US\$39,282 million. When compared to the corresponding period of last year, gross profit margin eroded by 1 percentage point to 15.1 percent mainly due to the change in product mix and the lower profitability in ISG business; profit attributable to equity holders for the period increased by US\$244 million to approximately US\$846 million. Basic and diluted earnings per share were US6.89 cents and US6.18 cents, representing an increase of US1.98 cents and US1.47 cents respectively. Net income margin rose by 0.4 percentage points to 2.2 percent.

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

Analysis of operating expenses by function for the six months ended September 30, 2025 and 2024 is as follows:

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
Selling and distribution expenses	(1,918,530)	(1,703,318)
Administrative expenses	(1,478,556)	(1,397,457)
Research and development expenses	(1,104,786)	(1,023,523)
Other operating income/(expenses) – net	8,494	(86,233)
	(4,493,378)	(4,210,531)

Operating expenses for the period increased by 7 percent as compared with the corresponding period of last year. Employee benefit costs increased by US\$329 million mainly due to increase in headcount, performance-based bonus and sales commissions. During the period, the Group recorded assets write-off of US\$17 million (2024/25: impairment and write-off of US\$67 million). Advertising and promotional expenses increased by US\$127 million for new product launch and special campaigns. The Group recorded fair value gain on derivative financial liabilities relating to warrants of US\$5 million (2024/25: nil). Fair value gain from strategic investments amounted to US\$86 million (2024/25: US\$9 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\$30 million (2024/25: US\$9 million).

Key expenses by nature comprise:

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
Depreciation of property, plant and equipment	(101,765)	(100,470)
Depreciation of right-of-use assets	(47,787)	(47,916)
Amortization of intangible assets, excluding internal use software	(46,970)	(86,127)
Impairment and write-off of intangible assets	(17,100)	(67,052)
Write-off of construction-in-progress	(121)	-
Write-off of property, plant and equipment	(23)	-
Employee benefit costs, including	(2,628,254)	(2,299,426)
- long-term incentive awards	(162,242)	(138,742)
- severance and related costs	(23,557)	-
Rental expenses	(9,799)	(6,233)
Net foreign exchange loss	(29,982)	(9,330)
Advertising and promotional expenses	(604,529)	(477,215)
Legal, professional and consulting expenses	(193,587)	(202,719)
Information technology expenses, including	(176,259)	(198,941)
- amortization of internal use software	(111,063)	(120,141)
Increase in loss allowance of trade receivables	(38,878)	(49,019)
Unused amounts of loss allowance of trade receivables reversed	15,290	10,927
Increase in loss allowance of lease receivables	(8,183)	(2,799)
Research and development related laboratory testing, services and supplies	(189,088)	(157,551)
(Loss)/gain on disposal of property, plant and equipment	(2,877)	1,141
Loss on disposal of intangible assets	(131)	(301)
Loss on disposal of construction-in-progress	(385)	-
Fair value gain on financial assets at fair value through profit or loss	85,781	9,153
Fair value gain on derivative financial liabilities relating to warrants	4,601	-
Dilution gain on interest in an associate	432	-
Gain on disposal of interest in associates	826	-
Gain on deemed disposal of a subsidiary	-	22,627
Others	(504,590)	(549,280)
	(4,493,378)	(4,210,531)

Other non-operating income/(expenses) – net for the six months ended September 30, 2025 and 2024 comprise:

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
Finance income	54,821	55,150
Finance costs	(357,148)	(399,507)
Share of losses of associates and joint ventures	(9,014)	(14,530)
	(311,341)	(358,887)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 11 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\$9 million, interest on notes of US\$25 million and factoring costs of US\$63 million, partly offset by increase in interest on convertible bonds of US\$49 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:

	6 months ended September 30, 2025		6 months ended September 30, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	28,566,558	2,051,216	24,935,700	1,818,363
ISG	8,377,292	(117,555)	6,465,167	(73,002)
SSG	4,813,542	1,071,817	4,049,892	838,319
Total	41,757,392	3,005,478	35,450,759	2,583,680
Eliminations	(2,475,501)	(844,980)	(2,153,609)	(677,006)
	39,281,891	2,160,498	33,297,150	1,906,674
Unallocated:				
Headquarters and corporate income/(expenses) – net		(919,693)		(739,413)
Depreciation and amortization		(186,402)		(233,681)
Impairment and write-off of intangible assets		-		(67,052)
Finance income		47,424		45,538
Finance costs		(65,570)		(143,057)
Share of losses of associates and joint ventures		(8,266)		(14,256)
Loss on disposal of property, plant and equipment		(1,096)		(386)
Fair value gain on financial assets at fair value through profit or loss		82,137		7,680
Fair value gain on derivative financial liabilities relating to warrants		4,601		-
Gain on deemed disposal of a subsidiary		-		22,627
Dilution gain on interest in an associate		432		-
Gain on disposal of interest in an associate		99		-
Dividend income		2,225		1,507
Consolidated profit before taxation		1,116,389		786,181

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocations to business groups, of US\$920 million (2024/25: US\$739 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 and severance and related costs, higher advertising and promotional expenses and increase in net foreign exchange loss as compared with the corresponding period of last year.

Second Quarter 2025/26 compared to Second Quarter 2024/25

	3 months ended September 30, 2025 (unaudited) US\$ million	3 months ended September 30, 2024 (unaudited) US\$ million	Year-on-year change
Revenue	20,452	17,850	15%
Gross profit	3,147	2,796	13%
Gross profit margin	15.4%	15.7%	(0.3) pts
Operating expenses	(2,504)	(2,145)	17%
Operating profit	643	651	(1)%
Other non-operating income/(expenses) – net	(149)	(178)	(16)%
Profit before taxation	494	473	4%
Profit for the period	380	383	(1)%
Profit attributable to equity holders of the Company	340	359	(5)%
Earnings per share attributable to equity holders of the Company			
Basic	US2.77 cents	US2.92 cents	US(0.15) cents
Diluted	US2.52 cents	US2.78 cents	US(0.26) cents

For the three months ended September 30, 2025, the Group achieved total sales of approximately US\$20,452 million. When compared to the corresponding period of last year, gross profit margin eroded by 0.3 percentage points to 15.4 percent mainly due to the change in product mix and the lower profitability in ISG business; profit attributable to equity holders for the period decreased by US\$19 million to approximately US\$340 million. Basic and diluted earnings per share were US2.77 cents and US2.52 cents, representing a decrease of US0.15 cents and US0.26 cents respectively. Net income margin eroded by 0.3 percentage points to 1.7 percent.

Analysis of operating expenses by function for the three months ended September 30, 2025 and 2024 is as follows:

	3 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000
Selling and distribution expenses	(963,237)	(867,707)
Administrative expenses	(801,435)	(747,000)
Research and development expenses	(580,585)	(547,528)
Other operating income/(expenses) – net	(158,453)	17,084
	<u>(2,503,710)</u>	<u>(2,145,151)</u>

Operating expenses for the period increased by 17 percent as compared with the corresponding period of last year. Employee benefit costs increased by US\$171 million mainly due to increase in headcount, performance-based bonus and sales commissions. During the period, the Group recorded assets write-off of US\$14 million (2024/25: impairment of US\$20 million). Advertising and promotional expenses increased by US\$46 million for new product launch and special campaigns. The Group recorded fair value loss on derivative financial liabilities relating to warrants of US\$148 million (2024/25: nil). Fair value gain from strategic investments amounted to US\$65 million (2024/25: US\$20 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\$24 million (2024/25: net exchange gain of US\$8 million).

Key expenses by nature comprise:

	3 months ended September 30, 2025 US\$ '000	3 months ended September 30, 2024 US\$ '000
Depreciation of property, plant and equipment	(50,879)	(50,486)
Depreciation of right-of-use assets	(24,235)	(23,100)
Amortization of intangible assets, excluding internal use software	(24,157)	(43,164)
Impairment and write-off of intangible assets	(14,211)	(20,000)
Employee benefit costs, including	(1,394,030)	(1,222,656)
- long-term incentive awards	(82,327)	(76,873)
- severance and related costs	(18,557)	-
Rental expenses	(4,643)	(3,889)
Net foreign exchange (loss)/gain	(23,986)	8,152
Advertising and promotional expenses	(296,466)	(250,582)
Legal, professional and consulting expenses	(105,858)	(104,809)
Information technology expenses, including	(81,560)	(103,262)
- amortization of internal use software	(54,763)	(59,933)
Increase in loss allowance of trade receivables	(17,515)	(28,064)
Unused amounts of loss allowance of trade receivables reversed	10,185	7,360
Increase in loss allowance of lease receivables	(2,696)	(1,397)
Research and development related laboratory testing, services and supplies	(110,528)	(93,671)
(Loss)/gain on disposal of property, plant and equipment	(2,309)	177
Loss on disposal of intangible assets	(79)	(4)
Loss on disposal of construction-in-progress	(385)	-
Fair value gain on financial assets at fair value through profit or loss	64,888	20,492
Fair value loss on derivative financial liabilities relating to warrants	(147,760)	-
Dilution gain on interest in an associate	432	-
Gain on disposal of interest in an associate	99	-
Others	(278,017)	(236,248)
	(2,503,710)	(2,145,151)

Other non-operating income/(expenses) – net for the three months ended September 30, 2025 and 2024 comprise:

	3 months ended September 30, 2025 US\$ '000	3 months ended September 30, 2024 US\$ '000
Finance income	27,095	28,745
Finance costs	(170,585)	(199,130)
Share of losses of associates and joint ventures	(5,146)	(7,028)
	(148,636)	(177,413)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 14 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\$4 million, interest on notes of US\$14 million and factoring costs of US\$38 million, partly offset by increase in interest on convertible bonds of US\$25 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 September 30, 2025		3 months ended September 30, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	15,107,220	1,100,786	13,514,065	989,986
ISG	4,087,143	(32,035)	3,305,370	(35,728)
SSG	2,555,824	571,045	2,164,554	442,217
Total	21,750,187	1,639,796	18,983,989	1,396,475
Eliminations	(1,298,165)	(451,820)	(1,133,895)	(349,421)
	<u>20,452,022</u>	<u>1,187,976</u>	<u>17,850,094</u>	<u>1,047,054</u>
Unallocated:				
Headquarters and corporate income/(expenses) – net		(505,259)		(404,676)
Depreciation and amortization		(92,501)		(117,396)
Impairment of intangible assets		-		(20,000)
Finance income		24,075		23,289
Finance costs		(31,571)		(67,796)
Share of losses of associates and joint ventures		(4,678)		(6,951)
Loss on disposal of property, plant and equipment		(1,282)		(799)
Fair value gain on financial assets at fair value through profit or loss		63,432		19,354
Fair value loss on derivative financial liabilities relating to warrants		(147,760)		-
Dilution gain on interest in an associate		432		-
Gain on disposal of interest in an associate		99		-
Dividend income		1,322		1,107
Consolidated profit before taxation		<u>494,285</u>		<u>473,186</u>

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocations to business groups, of US\$505 million (2024/25: US\$405 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 and severance and related cost and increase in net foreign exchange loss 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 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) gain on deemed disposal of a subsidiary, (iv) impairment and write-off of intangible assets, property, plant and equipment and construction-in-progress, (v) fair value change on derivative financial liabilities relating to warrants, (vi) notional interest of convertible bonds, and (vii) dilution gain on interest in an associate, and the corresponding income tax effects, if any.

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

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Lenovo records impairment and write-off of intangible assets, property, plant and equipment and construction-in-progress, 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.
- (v) 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.
- (vi) 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.
- (vii) Lenovo recognizes dilution gain on interest in an associate. 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.

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.

Six months ended September 30, 2025

	Operating profit (unaudited) US\$'000	Profit before taxation (unaudited) US\$'000	Profit for the period (unaudited) US\$'000	Profit attributable to equity holders (unaudited) US\$'000
As reported	1,427,730	1,116,389	917,842	845,609
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(85,781)	(85,781)	(68,017)	(40,493)
Amortization of intangible assets resulting from mergers and acquisitions	32,825	35,191	27,471	27,471
Write-off of intangible assets, property, plant and equipment and construction-in- progress	17,244	17,244	17,244	17,244
Fair value gain on derivative financial liabilities relating to warrants	(4,601)	(4,601)	(4,601)	(4,601)
Dilution gain on interest in an associate	(432)	(432)	(432)	(432)
Notional interest of convertible bonds	-	56,291	56,291	56,291
Adjusted	<u>1,386,985</u>	<u>1,134,301</u>	<u>945,798</u>	<u>901,089</u>

Six months ended September 30, 2024

	Operating profit (unaudited) US\$'000	Profit before taxation (unaudited) US\$'000	Profit for the period (unaudited) US\$'000	Profit attributable to equity holders (unaudited) US\$'000
As reported	1,145,068	786,181	636,771	601,897
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(9,153)	(9,153)	(5,261)	1,016
Amortization of intangible assets resulting from mergers and acquisitions	84,068	86,434	68,150	68,150
Gain on deemed disposal of a subsidiary	(22,627)	(22,627)	(19,233)	(19,233)
Impairment and write-off of intangible assets	67,052	67,052	67,052	67,052
Notional interest of convertible bonds	-	9,500	9,500	9,500
Adjusted	<u>1,264,408</u>	<u>917,387</u>	<u>756,979</u>	<u>728,382</u>

Three months ended September 30, 2025

	Operating profit (unaudited) US\$'000	Profit before taxation (unaudited) US\$'000	Profit for the period (unaudited) US\$'000	Profit attributable to equity holders (unaudited) US\$'000
As reported	642,921	494,285	380,292	340,276
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(64,888)	(64,888)	(50,369)	(32,249)
Amortization of intangible assets resulting from mergers and acquisitions	16,367	17,550	13,646	13,646
Write-off of intangible assets	14,211	14,211	14,211	14,211
Fair value loss on derivative financial liabilities relating to warrants	147,760	147,760	147,760	147,760
Dilution gain on interest in an associate	(432)	(432)	(432)	(432)
Notional interest of convertible bonds	-	28,474	28,474	28,474
Adjusted	<u>755,939</u>	<u>636,960</u>	<u>533,582</u>	<u>511,686</u>

Three months ended September 30, 2024

	Operating profit (unaudited) US\$ '000	Profit before taxation (unaudited) US\$ '000	Profit for the period (unaudited) US\$ '000	Profit attributable to equity holders (unaudited) US\$ '000
As reported	650,599	473,186	383,276	358,532
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(20,492)	(20,492)	(14,888)	(8,857)
Amortization of intangible assets resulting from mergers and acquisitions	42,087	43,270	34,136	34,136
Impairment of intangible assets	20,000	20,000	20,000	20,000
Notional interest of convertible bonds	-	4,796	4,796	4,796
Adjusted	<u>692,194</u>	<u>520,760</u>	<u>427,320</u>	<u>408,607</u>

Capital Expenditure

The Group incurred capital expenditure of US\$865 million (2024/25: US\$550 million) during the six months ended September 30, 2025, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The higher capital expenditure incurred in current period is mainly attributable to more investments in patent and technology, assets under construction and equipment held for lease.

Liquidity and Financial Resources

At September 30, 2025, total assets of the Group amounted to US\$49,831 million (March 31, 2025: US\$44,231 million), which were financed by equity attributable to owners of the Company of US\$6,842 million (March 31, 2025: US\$6,069 million), other non-controlling interests (net of put option written on non-controlling interests) of US\$647 million (March 31, 2025: US\$591 million), and total liabilities of US\$42,342 million (March 31, 2025: US\$37,571 million). At September 30, 2025, the current ratio of the Group was 0.96 (March 31, 2025: 0.93).

At September 30, 2025, bank deposits and cash and cash equivalents totaling US\$5,207 million (March 31, 2025: US\$4,817 million) analyzed by major currency are as follows:

	September 30, 2025	March 31, 2025
	%	%
US dollar	42.6	43.6
Renminbi	20.6	21.2
Japanese Yen	9.9	8.4
Euro	2.9	5.7
Australian dollar	1.9	1.2
Other currencies	22.1	19.9
Total	100.0	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At September 30, 2025, 68 percent (March 31, 2025: 68 percent) of cash are bank deposits, and 32 percent (March 31, 2025: 32 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	
				September 30, 2025 US\$ million	March 31, 2025 US\$ million
Revolving loan facility	July 4, 2022	2,000	5 years	-	-
Revolving loan facility	March 11, 2025	500	1 year	-	-
Revolving loan facility	March 12, 2025	350	1 year	-	-

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

Credit facilities	Total available amount at		Utilized amount at	
	September 30, 2025 US\$ million	March 31, 2025 US\$ million	September 30, 2025 US\$ million	March 31, 2025 US\$ million
Trade lines	6,370	6,200	4,478	4,370
Short-term money market facilities	3,486	3,194	46	62
Forward foreign exchange contracts	13,411	16,009	13,384	15,982

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at September 30, 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
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 cash/(debt) position and gearing ratio of the Group at September 30, 2025 and March 31, 2025 are as follows:

	September 30, 2025 US\$ million	March 31, 2025 US\$ million
Bank deposits and cash and cash equivalents	5,207	4,817
Borrowings		
- Short-term loans	49	65
- Notes	2,051	3,015
- Convertible bonds	2,347	2,288
Net cash/(debt) position	760	(551)
Total equity	7,489	6,660
Gearing ratio (Borrowings divided by total equity)	0.59	0.81

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 September 30, 2025, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US\$13,384 million (March 31, 2025: US\$15,982 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.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

		3 months ended September 30, 2025 (unaudited) US\$'000	6 months ended September 30, 2025 (unaudited) US\$'000	3 months ended September 30, 2024 (unaudited) US\$'000	6 months ended September 30, 2024 (unaudited) US\$'000
	Note				
Revenue	2	20,452,022	39,281,891	17,850,094	33,297,150
Cost of sales		(17,305,391)	(33,360,783)	(15,054,344)	(27,941,551)
Gross profit		3,146,631	5,921,108	2,795,750	5,355,599
Selling and distribution expenses		(963,237)	(1,918,530)	(867,707)	(1,703,318)
Administrative expenses		(801,435)	(1,478,556)	(747,000)	(1,397,457)
Research and development expenses		(580,585)	(1,104,786)	(547,528)	(1,023,523)
Other operating income/(expenses) - net		(158,453)	8,494	17,084	(86,233)
Operating profit	3	642,921	1,427,730	650,599	1,145,068
Finance income	4(a)	27,095	54,821	28,745	55,150
Finance costs	4(b)	(170,585)	(357,148)	(199,130)	(399,507)
Share of losses of associates and joint ventures		(5,146)	(9,014)	(7,028)	(14,530)
Profit before taxation		494,285	1,116,389	473,186	786,181
Taxation	5	(113,993)	(198,547)	(89,910)	(149,410)
Profit for the period		380,292	917,842	383,276	636,771
Profit attributable to:					
Equity holders of the Company		340,276	845,609	358,532	601,897
Other non-controlling interests		40,016	72,233	24,744	34,874
		380,292	917,842	383,276	636,771
Earnings per share attributable to equity holders of the Company					
Basic	6(a)	US2.77 cents	US6.89 cents	US2.92 cents	US4.91 cents
Diluted	6(b)	US2.52 cents	US6.18 cents	US2.78 cents	US4.71 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended September 30, 2025 (unaudited) US\$ '000	6 months ended September 30, 2025 (unaudited) US\$ '000	3 months ended September 30, 2024 (unaudited) US\$ '000	6 months ended September 30, 2024 (unaudited) US\$ '000
Profit for the period	380,292	917,842	383,276	636,771
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	-	1,183	-	47
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	3,566	5,206	(3,201)	(5,342)
<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/(loss), net of taxes	57,319	(264,670)	(206,895)	(124,120)
- Reclassified to consolidated income statement	98,953	328,785	60,775	(5,128)
Currency translation differences	(31,959)	325,469	321,213	912
Other comprehensive income/(loss) for the period	127,879	395,973	171,892	(133,631)
Total comprehensive income for the period	508,171	1,313,815	555,168	503,140
Total comprehensive income attributable to:				
Equity holders of the Company	477,898	1,239,282	493,387	447,439
Other non-controlling interests	30,273	74,533	61,781	55,701
	508,171	1,313,815	555,168	503,140

CONSOLIDATED BALANCE SHEET

		September 30, 2025 (unaudited) US\$ '000	March 31, 2025 (audited) US\$ '000
	Note		
Non-current assets			
Property, plant and equipment		2,099,759	2,026,280
Right-of-use assets		622,900	592,340
Construction-in-progress		319,304	282,309
Intangible assets		8,256,257	8,232,977
Interests in associates and joint ventures		314,425	315,704
Deferred income tax assets		3,080,338	3,055,905
Financial assets at fair value through profit or loss		1,558,430	1,464,384
Financial assets at fair value through other comprehensive income		52,761	45,382
Other non-current assets		310,321	311,448
		16,614,495	16,326,729
Current assets			
Inventories	8	8,617,381	7,923,804
Trade, lease and notes receivables	9(a)	12,615,198	10,506,610
Derivative financial assets		55,459	53,690
Deposits, prepayments and other receivables	10	6,285,606	4,223,658
Income tax recoverable		435,533	379,590
Bank deposits		95,363	88,607
Cash and cash equivalents		5,112,130	4,728,124
		33,216,670	27,904,083
Total assets		49,831,165	44,230,812

CONSOLIDATED BALANCE SHEET (CONTINUED)

		September 30, 2025 (unaudited) US\$'000	March 31, 2025 (audited) US\$'000
	<i>Note</i>		
Share capital	15	3,500,987	3,500,987
Reserves		3,341,001	2,568,000
Equity attributable to owners of the Company		6,841,988	6,068,987
Other non-controlling interests		1,194,245	1,138,283
Put option written on non-controlling interests	11(a)	(547,353)	(547,353)
Total equity		7,488,880	6,659,917
Non-current liabilities			
Borrowings	13	4,398,458	4,337,806
Warranty provision	11(b)	161,947	159,400
Deferred revenue		1,809,776	1,628,942
Retirement benefit obligations		221,144	220,784
Deferred income tax liabilities		251,433	270,268
Derivative financial liabilities	14	237,380	241,778
Other non-current liabilities	12	746,183	717,784
		7,826,321	7,576,762
Current liabilities			
Trade and notes payables	9(b)	16,132,424	11,978,933
Derivative financial liabilities	14	127,499	197,196
Other payables and accruals	11(a)	15,017,237	13,904,384
Provisions	11(b)	882,101	852,593
Deferred revenue		1,820,157	1,565,459
Income tax payable		487,799	465,216
Borrowings	13	48,747	1,030,352
		34,515,964	29,994,133
Total liabilities		42,342,285	37,570,895
Total equity and liabilities		49,831,165	44,230,812

CONSOLIDATED CASH FLOW STATEMENT

		6 months ended September 30, 2025 (unaudited) US\$'000	6 months ended September 30, 2024 (unaudited) US\$'000
	<i>Note</i>		
Cash flows from operating activities			
Net cash generated from operations	16(a)	3,357,895	2,322,711
Interest paid		(317,738)	(384,652)
Tax paid		(278,072)	(159,973)
Net cash generated from operating activities		<u>2,762,085</u>	<u>1,778,086</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(239,563)	(167,551)
Sale of property, plant and equipment		24,662	12,569
Acquisition of businesses, net of cash acquired		-	(1,537)
Interests acquired in associates		(4,247)	(6,435)
Deemed disposal of a subsidiary, net of cash disposed		-	(14,272)
Loans to an associate and a joint venture		(13,949)	(9,984)
Repayment of loan to an associate		8,554	15,562
Payment for construction-in-progress		(223,663)	(139,216)
Payment for intangible assets		(401,968)	(243,546)
Purchase of financial assets at fair value through profit or loss		(88,381)	(65,415)
Net proceeds from sale of financial assets at fair value through profit or loss		104,445	32,698
Net proceeds from disposal of interest in associates		4,144	-
(Increase)/decrease in bank deposits		(6,756)	5,321
Dividends received		3,023	1,960
Interest received		54,821	55,150
Net cash used in investing activities		<u>(778,878)</u>	<u>(524,696)</u>
Cash flows from financing activities	16(b)		
Capital contribution from other non-controlling interests		23,158	77,755
Distribution to other non-controlling interests		(2,882)	(4,250)
Purchase of shares by employee share trusts		(128,807)	(167,398)
Principal elements of lease payments		(54,846)	(62,258)
Dividends paid		(478,387)	(474,331)
Dividends paid to other non-controlling interests		(15,689)	(12,917)
Proceeds from loans		6,700,736	6,609,053
Repayments of loans		(6,727,797)	(6,639,913)
Repayment of notes		(965,000)	-
Net cash used in financing activities		<u>(1,649,514)</u>	<u>(674,259)</u>
Increase in cash and cash equivalents		333,693	579,131
Effect of foreign exchange rate changes		50,313	39,953
Cash and cash equivalents at the beginning of the period		<u>4,728,124</u>	<u>3,559,831</u>
Cash and cash equivalents at the end of the period		<u><u>5,112,130</u></u>	<u><u>4,178,915</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital (unaudited) US\$'000	Investment revaluation reserve (unaudited) US\$'000	Employee share trusts (unaudited) US\$'000	Share-based compensation reserve (unaudited) US\$'000	Hedging reserve (unaudited) US\$'000	Exchange reserve (unaudited) US\$'000	Other reserves (unaudited) US\$'000	Retained earnings (unaudited) US\$'000	Other non- controlling interests (unaudited) US\$'000	Put option written on non- controlling interests (unaudited) US\$'000	Total (unaudited) US\$'000
At April 1, 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
Profit for the period	-	-	-	-	-	-	-	845,609	72,233	-	917,842
Other comprehensive income	-	5,206	-	-	64,115	323,169	-	1,183	2,300	-	395,973
Total comprehensive income for the period	-	5,206	-	-	64,115	323,169	-	846,792	74,533	-	1,313,815
Transfer to statutory reserve	-	-	-	-	-	-	21,348	(21,348)	-	-	-
Transfer of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income to retained earnings	-	421	-	-	-	-	-	(421)	-	-	-
Vesting of shares under long-term incentive program	-	-	201,644	(248,278)	-	-	-	-	-	-	(46,634)
Deferred tax in relation to long-term incentive program	-	-	-	12,234	-	-	-	-	-	-	12,234
Settlement of bonus through long-term incentive program	-	-	-	13,071	-	-	-	-	-	-	13,071
Share-based compensation	-	-	-	162,242	-	-	-	-	-	-	162,242
Purchase of shares by employee share trusts	-	-	(128,807)	-	-	-	-	-	-	-	(128,807)
Dividends paid	-	-	-	-	-	-	-	(478,387)	-	-	(478,387)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(15,689)	-	(15,689)
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(2,882)	-	(2,882)
At September 30, 2025	3,500,987	(74,114)	(68,515)	(863,460)	4,118	(2,499,178)	523,936	6,318,214	1,194,245	(547,353)	7,488,880
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 period	-	-	-	-	-	-	-	601,897	34,874	-	636,771
Other comprehensive (loss)/income	-	(5,342)	-	-	(129,248)	(19,915)	-	47	20,827	-	(133,631)
Total comprehensive (loss)/income for the period	-	(5,342)	-	-	(129,248)	(19,915)	-	601,944	55,701	-	503,140
Transfer to statutory reserve	-	-	-	-	-	-	15,476	(15,476)	-	-	-
Deemed disposal of a subsidiary	-	-	-	-	-	15,219	(135)	-	(718)	-	14,366
Vesting of shares under long-term incentive program	-	-	190,670	(267,454)	-	-	-	-	-	-	(76,784)
Deferred tax in relation to long-term incentive program	-	-	-	11,470	-	-	-	-	-	-	11,470
Settlement of bonus through long-term incentive program	-	-	-	561	-	-	-	-	-	-	561
Share-based compensation	-	-	-	138,742	-	-	-	-	-	-	138,742
Purchase of shares by employee share trusts	-	-	(167,398)	-	-	-	-	-	-	-	(167,398)
Dividends paid	-	-	-	-	-	-	-	(474,331)	-	-	(474,331)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(12,917)	-	(12,917)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	(24)	-	77,755	-	77,731
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(4,250)	-	(4,250)
At September 30, 2024	3,500,987	(74,004)	(184,215)	(767,116)	(87,105)	(2,430,291)	199,851	5,319,245	1,161,518	(547,353)	6,091,517

1 General information and basis of preparation

The financial information relating to the year ended March 31, 2025 included in the FY2025/26 interim 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, 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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 HKFRS Accounting 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 amendments to existing standard 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 amendments to existing standard.

- Amendments to HKAS 21, Lack of exchangeability

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

	6 months ended September 30, 2025		6 months ended September 30, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	28,566,558	2,051,216	24,935,700	1,818,363
ISG	8,377,292	(117,555)	6,465,167	(73,002)
SSG	4,813,542	1,071,817	4,049,892	838,319
Total	41,757,392	3,005,478	35,450,759	2,583,680
Eliminations	(2,475,501)	(844,980)	(2,153,609)	(677,006)
	39,281,891	2,160,498	33,297,150	1,906,674

Unallocated:

Headquarters and corporate income/(expenses) – net	(919,693)	(739,413)
Depreciation and amortization	(186,402)	(233,681)
Impairment and write-off of intangible assets	-	(67,052)
Finance income	47,424	45,538
Finance costs	(65,570)	(143,057)
Share of losses of associates and joint ventures	(8,266)	(14,256)
Loss on disposal of property, plant and equipment	(1,096)	(386)
Fair value gain on financial assets at fair value through profit or loss	82,137	7,680
Fair value gain on derivative financial liabilities relating to warrants	4,601	-
Gain on deemed disposal of a subsidiary	-	22,627
Dilution gain on interest in an associate	432	-
Gain on disposal of interest in an associate	99	-
Dividend income	2,225	1,507
Consolidated profit before taxation	1,116,389	786,181

(b) Analysis of revenue by geography

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
China	9,561,384	7,728,326
Asia Pacific (“AP”)	7,922,699	6,095,125
Europe-Middle East-Africa (“EMEA”)	9,011,065	8,110,057
Americas (“AG”)	12,786,743	11,363,642
	39,281,891	33,297,150

(c) Analysis of revenue by timing of revenue recognition

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
Point in time	37,426,433	31,845,188
Over time	1,690,952	1,327,437
Lease revenue	164,506	124,525
	39,281,891	33,297,150

(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 six months ended September 30								
Depreciation and amortization	361,793	339,727	146,671	120,266	8,161	7,862	516,625	467,855
Finance income	6,744	8,347	99	1,209	554	56	7,397	9,612
Finance costs	174,241	147,819	116,148	107,823	1,189	808	291,578	256,450

- (e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US\$6,220 million (March 31, 2025: US\$6,118 million). The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

At September 30, 2025

	China	AP	EMEA	AG	Total
	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million
Goodwill					
- IDG	920	499	306	1,585	3,310
- ISG	480	133	66	349	1,028
- SSG (Note)	N/A	N/A	N/A	N/A	611
Trademarks and trade names with indefinite useful lives					
- IDG	182	55	126	480	843
- ISG	162	54	31	123	370
- SSG (Note)	N/A	N/A	N/A	N/A	58

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

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 September 30, 2025 (March 31, 2025: nil).

3 Operating profit

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

	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Depreciation of property, plant and equipment	124,574	244,552	114,240	221,563
Depreciation of right-of-use assets	27,279	58,512	27,367	56,289
Amortization of intangible assets	205,604	399,963	213,572	423,684
Impairment and write-off of intangible assets	14,211	17,100	20,000	67,052
Write-off of construction-in-progress	-	121	-	-
Write-off of property, plant and equipment	-	23	-	-
Employee benefit costs, including	1,732,821	3,297,994	1,571,475	2,982,504
– long-term incentive awards	82,327	162,242	76,873	138,742
– severance and related costs	18,557	23,557	-	-
Rental expenses	7,015	13,018	5,719	9,803
Loss/(gain) on disposal of property, plant and equipment	2,309	2,877	(177)	(1,141)
Loss on disposal of intangible assets	79	131	4	301
Loss on disposal of construction-in-progress	385	385	-	-
Fair value gain on financial assets at fair value through profit or loss	(64,888)	(85,781)	(20,492)	(9,153)
Fair value loss/(gain) on derivative financial liabilities relating to warrants	147,760	(4,601)	-	-
Dilution gain on interest in an associate	(432)	(432)	-	-
Gain on disposal of interest in associates	(99)	(826)	-	-
Gain on deemed disposal of a subsidiary	-	-	-	(22,627)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Finance income and costs

(a) Finance income

	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Interest on bank deposits	22,696	46,059	21,909	42,791
Interest on money market funds	4,399	8,762	3,002	5,272
Interest income on finance lease	-	-	3,834	7,087
	<u>27,095</u>	<u>54,821</u>	<u>28,745</u>	<u>55,150</u>

(b) Finance costs

	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Interest on bank loans and overdrafts	6,637	18,408	10,573	26,950
Interest on convertible bonds	34,318	67,917	9,321	18,513
Interest on notes	26,329	56,374	40,609	80,934
Interest on lease liabilities	6,763	11,153	3,187	6,327
Factoring costs	95,678	201,137	134,088	264,328
Interest on written put option liabilities	585	1,158	561	1,102
Others	275	1,001	791	1,353
	170,585	357,148	199,130	399,507

5 Taxation

The amount of taxation in the consolidated income statement represents:

	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Current tax				
Profits tax in Hong Kong S.A.R. of China	13,779	(23,028)	21,127	47,296
Taxation outside Hong Kong S.A.R. of China	75,195	240,875	119,030	227,333
Deferred tax				
Charge/(credit) for the period	25,019	(19,300)	(50,247)	(125,219)
	113,993	198,547	89,910	149,410

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2024/25: 16.5%) on the estimated assessable profit for the period. 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.

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 period after adjusting shares held by employee share trusts for the purposes of awarding shares to eligible employees under the long-term incentive program.

	3 months ended September 30, 2025	6 months ended September 30, 2025	3 months ended September 30, 2024	6 months ended September 30, 2024
Weighted average number of ordinary shares in issue	12,404,659,302	12,404,659,302	12,404,659,302	12,404,659,302
Adjustment for shares held by employee share trusts	(113,310,883)	(126,336,296)	(106,724,885)	(139,503,853)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>12,291,348,419</u>	<u>12,278,323,006</u>	<u>12,297,934,417</u>	<u>12,265,155,449</u>
	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	<u>340,276</u>	<u>845,609</u>	<u>358,532</u>	<u>601,897</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 (2024/25: three) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2024/25: 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 three and six months ended September 30, 2025 and 2024. Warrants were anti-dilutive for the three and six months ended September 30, 2025. Put option written on non-controlling interests were anti-dilutive for the three and six months ended September 30, 2025 and 2024.

	3 months ended September 30, 2025	6 months ended September 30, 2025	3 months ended September 30, 2024	6 months ended September 30, 2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,291,348,419	12,278,323,006	12,297,934,417	12,265,155,449
Adjustment for long-term incentive awards	381,662,931	341,389,560	283,424,132	284,419,123
Adjustment for convertible bonds	2,195,583,962	2,173,092,274	575,746,156	568,749,499
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	14,868,595,312	14,792,804,840	13,157,104,705	13,118,324,071
	3 months ended September 30, 2025 US\$'000	6 months ended September 30, 2025 US\$'000	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	340,276	845,609	358,532	601,897
Adjustment for interest on convertible bonds, net of tax	34,318	67,917	7,783	15,459
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	374,594	913,526	366,315	617,356

7 Dividend

	6 months ended September 30, 2025 US\$'000	6 months ended September 30, 2024 US\$'000
Interim dividend, declared after period end – HK8.5 cents (2024/25: HK8.5 cents) per ordinary share	135,417	135,518

8 Inventories

	September 30, 2025 US\$'000	March 31, 2025 US\$'000
Raw materials and work-in-progress	4,285,661	3,995,173
Finished goods	3,734,505	3,320,441
Service parts	597,215	608,190
	8,617,381	7,923,804

9 Trade, lease and notes receivables and trade and notes payables

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

	September 30, 2025 US\$'000	March 31, 2025 US\$'000
Trade receivables	12,336,497	10,257,738
Lease receivables (Note)	245,059	188,330
Notes receivable	33,642	60,542
	12,615,198	10,506,610

Note: At September 30, 2025, non-current portion of lease receivables of US\$183,292,000 (March 31, 2025: US\$170,987,000) is included in other non-current assets.

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:

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
0 – 30 days	8,524,232	7,641,864
31 – 60 days	2,285,997	1,542,382
61 – 90 days	723,793	398,285
Over 90 days	980,959	839,886
	12,514,981	10,422,417
Less: loss allowance	(178,484)	(164,679)
Trade receivables – net	12,336,497	10,257,738

At September 30, 2025, trade receivables, net of loss allowance, of US\$1,036,288,000 (March 31, 2025: US\$879,681,000) were past due. The ageing of these receivables, based on due date, is as follows:

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Within 30 days	616,851	445,354
31 – 60 days	130,836	189,241
61 – 90 days	75,470	83,515
Over 90 days	213,131	161,571
	1,036,288	879,681

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

	Trade receivables <i>US\$'000</i>	Lease receivables <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended March 31, 2025			
At the beginning of the year	132,095	672	132,767
Exchange adjustment	161	-	161
Increase in loss allowance recognized in profit or loss	102,905	3,671	106,576
Uncollectible receivables written off	(12,859)	(1,918)	(14,777)
Unused amounts reversed in profit or loss	(57,623)	-	(57,623)
At the end of the year	164,679	2,425	167,104
Six months ended September 30, 2025			
At the beginning of the period	164,679	2,425	167,104
Exchange adjustment	791	27	818
Increase in loss allowance recognized in profit or loss	38,878	8,183	47,061
Uncollectible receivables written off	(10,574)	-	(10,574)
Unused amounts reversed in profit or loss	(15,290)	-	(15,290)
At the end of the period	178,484	10,635	189,119

At September 30, 2025, included in the loss allowance of lease receivables are current portion of US\$3,707,000 (March 31, 2025: US\$1,504,000) and non-current portion of US\$6,928,000 (March 31, 2025: US\$921,000).

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:

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Trade payables	12,869,586	8,561,393
Notes payable	3,262,838	3,417,540
	16,132,424	11,978,933

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

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
0 – 30 days	7,943,644	4,527,503
31 – 60 days	3,166,373	2,465,757
61 – 90 days	1,165,040	898,452
Over 90 days	594,529	669,681
	12,869,586	8,561,393

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:

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Deposits	36,191	26,779
Other receivables	4,919,531	2,874,521
Prepayments	1,329,884	1,322,358
	6,285,606	4,223,658

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:

	September 30, 2025 US\$'000	March 31, 2025 US\$'000
Accruals	4,066,332	4,391,239
Allowance for billing adjustments (i)	2,929,995	2,152,336
Written put option liability (ii)	307,985	303,099
Other payables (iii)	7,615,609	6,962,738
Lease liabilities	97,316	94,972
	15,017,237	13,904,384

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”). Fujitsu currently owns 49% interest in FCCL. Both options are exercisable at September 30, 2025 and March 31, 2025. 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 own 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\$70 million). At September 30, 2025, the written put option liabilities to Yuan Jia is classified as 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, 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>
Six months ended September 30, 2025				
At the beginning of the period	970,689	26,531	37,932	1,035,152
Exchange adjustment	10,053	251	671	10,975
Provisions made	422,716	11,713	-	434,429
Amounts utilized	(388,081)	(10,542)	(14,290)	(412,913)
	<u>1,015,377</u>	<u>27,953</u>	<u>24,313</u>	<u>1,067,643</u>
Long-term portion classified as non-current liabilities	<u>(161,947)</u>	<u>(23,595)</u>	<u>-</u>	<u>(185,542)</u>
At the end of the period	<u>853,430</u>	<u>4,358</u>	<u>24,313</u>	<u>882,101</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:

	September 30, 2025 US\$'000	March 31, 2025 US\$'000
Deferred consideration (a)	25,072	25,072
Lease liabilities	294,520	269,828
Environmental restoration (Note 11(b))	23,595	23,159
Government incentives and grants received in advance (b)	107,439	98,350
Others	295,557	301,375
	746,183	717,784

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 September 30, 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 (March 31, 2025: 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

	September 30, 2025 US\$'000	March 31, 2025 US\$'000
Current liabilities		
Short-term loans (a)	48,747	65,364
Notes (b)	-	964,988
	48,747	1,030,352
Non-current liabilities		
Notes (b)	2,051,492	2,050,271
Convertible bonds (c)	2,346,966	2,287,535
	4,398,458	4,337,806
	4,447,205	5,368,158

Notes:

- (a) Majority of the short-term loans are denominated in United States dollars. At September 30, 2025, the Group has total revolving and short-term loan facilities of US\$6,336 million (March 31, 2025: US\$6,044 million) which has been utilized to the extent of US\$46 million (March 31, 2025: US\$62 million).

(b) Details of the outstanding notes are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	September 30, 2025 US\$'000	March 31, 2025 US\$'000
April 24, 2020 and May 12, 2020	US\$965 million	5 years	5.875%	April 2025	-	964,988
November 2, 2020	US\$900 million	10 years	3.421%	November 2030	895,478	895,032
July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	597,118	596,607
July 27, 2022	US\$563 million	10 years	6.536%	July 2032	558,896	558,632
					2,051,492	3,015,259

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

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	September 30, 2025 US\$'000	March 31, 2025 US\$'000
August 26, 2022 (i)	US\$675 million	7 years	2.5%	August 2029	587,224	576,812
January 8, 2025 (ii)	US\$2,000 million	3 years	0%	January 2028	1,759,742	1,710,723
					2,346,966	2,287,535

- (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\$8.67 per share effective on August 2, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK\$8.67 per share, the 2029 Convertible Bonds will be convertible into 610,263,840 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 price was adjusted to HK\$9.70 per share effective on August 2, 2025. The conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK\$9.70 per share, the 2028 Convertible Bonds will be convertible into 1,610,618,556 shares.

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 September 30, 2025 and March 31, 2025, the Group's borrowings were repayable as follows:

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Within 1 year	48,747	1,030,352
Over 2 to 5 years	2,944,084	2,884,142
Over 5 years	1,454,374	1,453,664
	4,447,205	5,368,158

14 Derivative financial liabilities

	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Current liabilities		
Foreign currency forward and option contracts	41,179	109,277
Warrants (Note)	86,320	87,919
	127,499	197,196
Non-current liabilities		
Warrants (Note)	237,380	241,778
	364,879	438,974

Note:

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 subscription price was adjusted to HK\$11.92 per share effective on August 2, 2025. 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.

The fair value of the warrant derivative liabilities as of September 30, 2025, after recognizing fair value gain of US\$4,601,000 (March 31, 2025: fair value loss of US\$118,275,000), amounted to US\$323,700,000 (March 31, 2025: US\$329,697,000).

15 Share capital

	September 30, 2025		March 31, 2025	
	<i>Number of shares</i>	<i>US\$ '000</i>	<i>Number of shares</i>	<i>US\$ '000</i>
<i>Issued and fully paid:</i>				
Voting ordinary shares:				
At the beginning and end of the period/year	12,404,659,302	3,500,987	12,404,659,302	3,500,987

16 Note to the consolidated cash flow statement

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

	6 months ended September 30, 2025 US\$ '000	6 months ended September 30, 2024 US\$ '000
Profit before taxation	1,116,389	786,181
Share of losses of associates and joint ventures	9,014	14,530
Finance income	(54,821)	(55,150)
Finance costs	357,148	399,507
Depreciation of property, plant and equipment	244,552	221,563
Depreciation of right-of-use assets	58,512	56,289
Amortization of intangible assets	399,963	423,684
Write-off of property, plant and equipment	23	-
Write-off of construction-in-progress	121	-
Impairment and write-off of intangible assets	17,100	67,052
Allowance/(reversal of allowance) for inventories	79,402	(64,724)
Increase in loss allowance of trade receivables	38,878	49,019
Unused amounts of loss allowance of trade receivables reversed	(15,290)	(10,927)
Increase in loss allowance of lease receivables	8,183	2,799
Share-based compensation	162,242	138,742
Loss/(gain) on disposal of property, plant and equipment	2,877	(1,141)
Loss on disposal of intangible assets	131	301
Loss on disposal of construction-in-progress	385	-
Gain on deemed disposal of a subsidiary	-	(22,627)
Gain on disposal of interest in associates	(826)	-
Dilution gain on interest in an associate	(432)	-
Fair value change on financial instruments	(5,752)	(2,106)
Fair value change on financial assets at fair value through profit or loss	(85,781)	(9,153)
Fair value gain on derivative financial liabilities relating to warrants	(4,601)	-
Dividend income	(3,023)	(1,960)
Increase in inventories	(734,348)	(2,372,832)
Increase in trade, lease and notes receivables, deposits, prepayments and other receivables	(3,886,319)	(2,564,548)
Increase in trade and notes payables, provisions, other payables and accruals	5,664,372	5,406,076
Effect of foreign exchange rate changes	(10,204)	(137,864)
Net cash generated from operations	3,357,895	2,322,711

(b) Reconciliation of financing liabilities

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

Financing liabilities	September 30, 2025 <i>US\$'000</i>	March 31, 2025 <i>US\$'000</i>
Short-term loans – current	48,747	65,364
Notes – current	-	964,988
Notes – non-current	2,051,492	2,050,271
Convertible bonds – non-current	2,346,966	2,287,535
Derivative financial liabilities relating to warrants – current	86,320	87,919
Derivative financial liabilities relating to warrants – non-current	237,380	241,778
Lease liabilities – current	97,316	94,972
Lease liabilities – non-current	294,520	269,828
	5,162,741	6,062,655
Short-term loans – variable interest rates	36,653	36,415
Short-term loans – fixed interest rates	12,094	28,949
Notes – fixed interest rates	2,051,492	3,015,259
Convertible bonds – fixed interest rates	2,346,966	2,287,535
Derivative financial liabilities relating to warrants – non-interest bearing	323,700	329,697
Lease liabilities – fixed interest rates	391,836	364,800
	5,162,741	6,062,655

	Short-term loans current <i>US\$'000</i>	Notes current <i>US\$'000</i>	Notes non-current <i>US\$'000</i>	Convertible bonds non-current <i>US\$'000</i>	Derivative financial liabilities relating to warrants current <i>US\$'000</i>	Derivative financial liabilities relating to warrants non-current <i>US\$'000</i>	Lease liabilities current <i>US\$'000</i>	Lease liabilities non-current <i>US\$'000</i>	Total <i>US\$'000</i>
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
Financing liabilities at April 1, 2025	65,364	964,988	2,050,271	2,287,535	87,919	241,778	94,972	269,828	6,062,655
Proceeds from borrowings	6,700,736	-	-	-	-	-	-	-	6,700,736
Repayments of borrowings	(6,727,797)	(965,000)	-	-	-	-	-	-	(7,692,797)
Reclassification	-	-	-	-	-	-	47,507	(47,507)	-
Principal elements of lease payments	-	-	-	-	-	-	(54,846)	-	(54,846)
Foreign exchange adjustments	10,444	-	-	-	(372)	(1,024)	2,540	6,614	18,202
Other non-cash movements	-	12	1,221	59,431	(1,227)	(3,374)	7,143	65,585	128,791
Financing liabilities at September 30, 2025	48,747	-	2,051,492	2,346,966	86,320	237,380	97,316	294,520	5,162,741

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

Save as the respective trustee of the long-term incentive program and the employee share purchase plan of the Company purchased a total of 102,830,610 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 six months ended September 30, 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 unaudited financial results of the Group for the six months ended September 30, 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

During the six months ended September 30, 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"), except 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 Group's organization human resources planning and considers that combining the roles of Chairman and CEO by 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. The Board, comprising a majority of independent non-executive directors, meets regularly on a quarterly basis to review the Group's operations led by Mr. Yang.

The Board also appointed Mr. John Lawson Thornton as the lead independent director (the "Lead Independent Director") 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 power between the Board and the management of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Group's website (<https://investor.lenovo.com/en/publications/news.php>). The 2025/26 interim 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

November 20, 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, Ms. Laura Green Quatela and Mr. Amit Midha; 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).