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Lenovo

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 THIRD QUARTER RESULTS ANNOUNCEMENT

THIRD QUARTER 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 nine months ended December 31, 2025 together with comparative figures for the corresponding period of last year, as follows:

FINANCIAL HIGHLIGHTS

- Group revenue increased by 18 percent year-on-year, reaching a record high of US\$22 billion. Adjusted profit attributable to equity holders, excluding the impact of one-time restructuring charges, non-cash fair value gain on warrants, notional interest on convertible bonds, and other non-cash items, grew to US\$589 million, up 36 percent year-on-year
- AI-related revenues, accounting for 32 percent of Group’s total revenue, grew by 72 percent year-on-year; All three business groups revenue achieved double-digit year-on-year growth
- IDG reported a 14 percent increase in revenue and a 15 percent increase in operating profit year-on-year. The PC business further strengthened its global leadership position, achieving a market share of 25.3 percent, marking the second consecutive quarter and as the only vendor surpassing one-quarter of the global PC market in three decades. Smartphone volume and activation reached record highs, with key sales geographies growing above market rate
- ISG delivered a record quarterly revenue with a year-on-year growth of 31 percent, along with sequentially improved operating performance. AI server revenue posted high double-digit growth year-on-year, supported by a robust pipeline of US\$15.5 billion. Restructuring program in progress to accelerate ISG’s return to sustained and improving profitability, targeting annualized net savings of over US\$200 million through FY28/29
- SSG revenue and operating profit increased by 18 percent and 30 percent year-on-year, respectively. The revenue mix of Managed Services and Project & Solutions reached 59.9 percent of SSG, supported by accelerated TruScale DaaS and IaaS and notable customer wins
- New products and solutions unveiled at TechWorld @CES 2026 won a record 212 awards, expanding the Group’s product portfolio and reinforcing its innovation leadership in global AI ecosystem

	3 months ended December 31, 2025 (unaudited) US\$ million	9 months ended December 31, 2025 (unaudited) US\$ million	3 months ended December 31, 2024 (unaudited) US\$ million	9 months ended December 31, 2024 (unaudited) US\$ million	Year-on-year change	
					3 months ended December 31	9 months ended December 31
Revenue	22,204	61,486	18,796	52,093	18%	18%
Gross profit	3,349	9,270	2,959	8,315	13%	11%
Gross profit margin	15.1%	15.1%	15.7%	16.0%	(0.6) pts	(0.9) pts
Operating expenses	(2,401)	(6,894)	(2,271)	(6,482)	6%	6%
Operating profit	948	2,376	688	1,833	38%	30%
Other non-operating income/(expenses) – net	(130)	(441)	(171)	(530)	(24)%	(17)%
Profit before taxation	818	1,935	517	1,303	58%	48%
Profit for the period	648	1,566	701	1,338	(8)%	17%
Profit attributable to equity holders of the Company	546	1,391	693	1,295	(21)%	7%
Earnings per share attributable to equity holders of the Company						
Basic	US4.44 cents	US11.33 cents	US5.66 cents	US10.56 cents	US(1.22) cents	US0.77 cents
Diluted	US3.90 cents	US10.10 cents	US5.35 cents	US10.06 cents	US(1.45) cents	US0.04 cents
Non-HKFRS measures						
Adjusted operating profit	903	2,290	708	1,973	28%	16%
Adjusted profit before taxation	803	1,937	544	1,461	48%	33%
Adjusted profit for the period	605	1,551	450	1,207	34%	29%
Adjusted profit attributable to equity holders of the Company	589	1,490	435	1,163	36%	28%

BUSINESS REVIEW AND OUTLOOK

Group Highlights

Lenovo (the Group) achieved a solid financial performance during the third quarter ended December 31, 2025. Group revenue increased 18 percent year-on-year, reaching a record high of US\$22 billion, with all three business groups achieving double-digit year-on-year growth. AI-related revenues¹ grew by 72 percent year-on-year, accounting for 32 percent of group total revenue.

Adjusted profit attributable to equity holders for the quarter reached US\$589 million, growing at 36 percent year-on-year, doubling the growth of revenues. Reported profit attributable to equity holders was US\$546 million. Key adjustments to the reported figure include one-time restructuring charges of US\$285 million, income tax credit of US\$45 million, non-cash fair value gains on warrants of US\$186 million, notional interest on convertible bonds of US\$29 million, and other non-cash adjustments of US\$40 million.

Adjusted net margin expanded by 34 bps, reaching 2.7 percent, demonstrating operating leverage, efficiency gains, and a higher revenue contribution from premium product and services offerings. Despite a challenging operating environment characterized by ongoing tariff uncertainties and rising component cost due to supply and demand imbalances, the Group has demonstrated exceptional operating resilience, generating solid revenue and profit growth against this macro backdrop.

All three business groups - Infrastructure Solutions Group (ISG), Solutions and Services Group (SSG), and Intelligent Devices Group (IDG) - delivered strong quarterly results. IDG expanded its undisputed leadership in the global PC market, further expanding its market share gap with the second-largest player year-on-year. In the past 3 decades, the Group is the only PC vendor to surpass one-quarter global market share for two consecutive quarters. Smartphones achieved record volume and activation with its Moto brand, and year-on-year revenue growth exceeded the market rate in key sales geographies.

ISG achieved a record Q3 revenue of US\$5.2 billion with operating performance improving sequentially. Demand for AI servers remained solid, experiencing high double-digit year-on-year revenue growth and supported by a robust pipeline of US\$15.5 billion. Furthermore, ISG expanded its customer base, bringing CSP revenue to a record high, and witnessed hypergrowth growth in Neptune liquid-cooling revenue.

ISG's restructuring announced in this quarter is a crucial step to realign the cost structure and accelerate the transformation towards sustained, improving profitability. Through portfolio optimization and workforce upskilling, ISG is well-positioned to capture the long-term, multi-year growth trends—especially as AI demand shifts from training to inferencing. The transformation program sets a clear path for ISG to return to profitability as early as the fourth fiscal quarter of FY25/26, and targets to achieve more than US\$200 million annualized net savings through FY28/29, driven by productivity gains and cost savings.

SSG maintained strong growth momentum with revenue growing at 18 percent year-on-year, marking its nineteenth consecutive quarter of double-digit year-on-year revenue growth. Operating margin reached 22.5 percent, near historical high. Managed Services and Project & Solutions revenue mix increased to 59.9 percent of SSG, driven by accelerating growth from TruScale DaaS and IaaS, as well as notable customer wins.

Research and development expenses were maintained at 3 percent of group revenue, fueling the continuous investment in enhancing AI capabilities across all portfolios. At Tech World @CES 2026, the group successfully unveiled its latest new product launch and won a record high of 212 awards, showcasing the industry's broadest product portfolio at scale and lead with innovation for the global AI ecosystem. One of the key launches was Qira—a unified, cross-platform personal AI super-agent that brings the “One Personal AI, Multiple Devices” vision to life. Qira is a unified entry point for LLMs to engage directly with end users and serves as the intelligence layer across the Lenovo ecosystem—a user's personal assistant and AI twin across devices, capable of executing tasks using both on-device and cloud AI and continuously learning from user context while maintaining privacy by design.

In Enterprise AI, the group's long-standing leadership in high-performance computing spanning infrastructure, data, as well as integrated services and solutions—positions the Group for sustained long-term growth throughout the AI industry value chain.

¹ AI related revenue definition: AI Devices: PCs and Smartphones equipped with neural processing unit (NPU); AI Server: Mainstream + GPU / 4-way GPU Servers / 8-Way GPU Servers; AI service: Services that enable customer to build, scale & manage AI.

Operating cash flow in the third fiscal quarter reached US\$952 million, driven by strong revenue growth and disciplined working capital management. Free cash flow increased to US\$451 million, providing solid support for growth initiatives and capex investment across all business groups. Adjusted net finance costs declined year-on-year, reflecting effective liquidity and working capital management as well as lower market interest rates.

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 Q3 FY25/26. Revenue increased by 14 percent year-on-year, while operating profits rose by 15 percent year-on-year, reflecting solid execution and sustained demand across categories.

IDG strengthened its global leadership across consumer and commercial segments, through innovations, differentiated offerings and disciplined strategic executions. The PC business achieved a market share of 25.3 percent globally, representing a 1.0 percentage point share increase year-on-year. Lenovo is the only PC vendor in the past three decades to surpass one-quarter global market share for two consecutive quarters. This achievement was driven by high double-digit year-on-year revenue growth in AI PCs, a balanced portfolio across commercial and consumer, as well as a strong global presence that captured the Window EOS upgrade and PC replacement cycle tailwind.

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, gaming PCs and Non-PC adjacencies. Non-PC adjacencies² delivered high double-digit revenue growth with a clear margin uplift, further improving overall mix and earnings quality.

The Group's smartphone business delivered record volume and activation with its Moto brand, achieving above market growth in key regions, supported by positive premium devices launch including Motorola *Razr fold*, and Motorola *signature*. Record activation was led by particularly strong Motorola *edge* performance. Monetization revenue grew by 53 percent year-on-year, driven by application revenue-sharing partnerships and higher AI adoption, while continuously driving investments to expand our mobile business globally.

In addition to the debut of Qira at CES 2026, other new products launch included enhanced Lenovo Aura Edition experiences with smarter, and targeted AI-power innovations. In smartphone, the introduction of two premium smartphones—Motorola *razr* fold, the Group's first book-style foldable phone, and Motorola *signature*, establishing a new ultra-premium franchise —was met with positive market feedback, highlighting strong demand for differentiated design, innovation, and user experience.

Infrastructure Solutions Group

The Infrastructure Solutions Group (ISG) delivered record revenue and accelerated AI growth in Q3 FY25/26. ISG delivered record quarterly revenue of US\$5.2 billion, up 31 percent year-on-year. Growth was driven by record CSP revenue from an expanding customer base, ongoing Enterprise and SMB transformation. ISG reported an operating loss of US\$11 million, representing a sequential improvement of US\$21 million. Operating performance is expected to continue to improve and achieve breakeven by the end of FY25/26.

In the third quarter, ISG deployed a restructuring program, incurring a one-time charge of US\$285 million. This initiative is a critical step to realign the cost structure by streamlining the product portfolio, upskilling the workforce, and driving sustained productivity improvements. With this program, ISG is expected to accelerate the return to profitability in the next fiscal year and deliver annualized net savings of more than US\$200 million through FY28/29.

ISG remains well-positioned to capture long-term growth opportunities, particularly as AI demand shifts from training to inferencing. The AI infrastructure market opportunity is expected to triple by 2028, driven by continued hyperscale training buildouts and accelerating inference adoption across both CSP and Enterprise and SMB segments— supported by sustained investment in AI-ready infrastructure and IT modernization.

In the third fiscal quarter, the AI server business achieved high double-digit year-on-year revenue growth, supported by a robust pipeline, and the deployment of the rack-scale solution based on the NVIDIA GB300 NVL72 design. Neptune liquid-cooling revenue grew 300 percent year-on-year, reflecting strong customer adoption and reinforcing ISG's leadership in energy-efficient, next-generation infrastructure.

² Non-PC adjacencies include services, visuals, accessories, PCSD software and tablets.

At Tech World 2026 @CES, Lenovo expanded ISG's portfolio of AI-optimized inferencing systems designed to turn trained models into real-time business outcomes, strengthening its competitive position in high-growth enterprise AI infrastructure. The launch of a gigawatt-scale AI factory program, built on a fully liquid-cooled, next-generation architecture, is accelerating hybrid AI adoption at scale. In parallel, Lenovo's Neptune liquid-cooling deployment with Formula 1 reinforced ISG's long-term value creation as customers scale increasingly complex AI and data workloads.

Solutions & Services Group

The Solutions & Services Group (SSG) delivered another strong quarter, with revenue growing 18 percent year-on-year in Q3 FY25/26, marking SSG's nineteenth consecutive period of double-digit year-on-year revenue growth. Operating margin expanded to 22.5 percent, near a historical high, driving operating profit growth by 30 percent year-on-year. Managed Services and Project & Solutions revenue mix reached 59.9 percent.

A key growth factor driving SSG's strong momentum is the expanding revenue mix of Managed Services and Project & Solutions. Through these business segments, SSG is strategically positioned in the fastest growing areas in IT services industry, capturing a total addressable market of US\$360 billion³. In areas such as Digital Workplace Services, Hybrid Cloud, AI and Sustainability, SSG is growing twice faster than the market growth rate.

Support Services delivered solid double-digit revenue growth, driven by the adoption of premium-attached services and a resilient penetration rate. TruScale momentum accelerated across both DaaS and IaaS. SSG has secured its largest TruScale IaaS deal globally with Sharon AI, an Australia-based AI infrastructure provider. In DaaS, large-deal momentum continued, represented by Shiseido's deployment of thousands of Lenovo ThinkPad devices across eight Asia-Pacific markets, enhancing frontline productivity while offsetting two tons of CO₂. Project & Solution Services saw improved delivery and strong traction in AI-optimized portfolios and strategic partnerships. Lenovo and FIFA launched Football AI Pro, an AI-powered enterprise knowledge assistant built on Lenovo AI Factory, delivering real-time analytics at the FIFA World Cup 2026™.

Leveraging the Lenovo Hybrid AI Advantage™, SSG provides the architecture and governance for enterprise-grade deployment, while its xIQ AI native delivery platforms streamline telemetry, workflow coordination, and optimization across hybrid cloud and Digital Workplace environments. This approach accelerates customers' time to value and offers a secure, practical pathway to scaling enterprise AI adoption.

Geographic Performance

Lenovo operates across 180 markets, leveraging its diversified presence to deliver balanced growth globally. In the Q3 FY25/26, Asia Pacific, China, EMEA, and the Americas each contributed between 17 percent and 34 percent of consolidated revenue.

Asia Pacific (excluding China) delivered 8 percent year-on-year revenue growth, driven by broad-based momentum across all business groups. IDG strengthened market leadership on solid commercial demand, while smartphones expanded in Vietnam and Indonesia and a higher premium mix. ISG gained enterprise momentum on rising Neo-cloud deployments and storage penetration, and SSG scaled AI-driven solutions with notable TruScale wins across the geo.

China delivered resilient growth in Q3 FY25/26, with revenue up 15 percent year-on-year despite supply-chain pressures, supported AIPC penetration reaching near 20 percent. ISG benefited from strong Enterprise and SMB execution and solid CSP momentum underpinned by multi-year cloud demand visibility. SSG accelerated its solutions and as-a-service momentum, driven by expanding adoption of AI-driven offerings through the Lenovo Hybrid AI Advantage and TruScale demand.

In the Americas, revenue rose 25 percent year-on-year in Q3 FY25/26, driven by strong performance across IDG, ISG, and SSG. IDG extended market share gains on a commercial rebound, solid consumer demand, and continued e-commerce growth. ISG benefited from sustained demand for AI servers, HPC, and storage, while SSG advanced momentum through TruScale DaaS and IaaS.

³ Source: IDC, Gartner, and Canalys

EMEA revenue increased by 20 percent year-on-year in Q3 FY25/26, supported by accelerated momentum. The region sustained its #1 PC market position for the 15th consecutive quarter, while MBG delivered robust performance with double-digit shipment growth across key markets including Poland, the UK, Spain, and Portugal. SSG strengthened regional profitability through advanced support services and solid growth in DaaS and IaaS offerings.

Outlook and Strategic Highlights

Following a strong third-quarter performance and building on the strategic momentum from Tech World @CES, the Group is committed to execute with focused and disciplined strategy. Under the Hybrid AI framework, the Group is well positioned to drive sustained, profitable growth for our stakeholders with even greater resilience and execution strength. By leveraging its deep expertise and operational agility, the Group strives to navigate market volatility while delivering a consistent performance and shareholder returns.

FINANCIAL REVIEW

Results for the nine months ended December 31, 2025

	9 months ended December 31, 2025 (unaudited) US\$ million	9 months ended December 31, 2024 (unaudited) US\$ million	Year-on-year change
Revenue	61,486	52,093	18%
Gross profit	9,270	8,315	11%
Gross profit margin	15.1%	16.0%	(0.9) pts
Operating expenses	(6,894)	(6,482)	6%
Operating profit	2,376	1,833	30%
Other non-operating income/(expenses) – net	(441)	(530)	(17)%
Profit before taxation	1,935	1,303	48%
Profit for the period	1,566	1,338	17%
Profit attributable to equity holders of the Company	1,391	1,295	7%
Earnings per share attributable to equity holders of the Company			
Basic	US11.33 cents	US10.56 cents	US0.77 cents
Diluted	US10.10 cents	US10.06 cents	US0.04 cents

For the nine months ended December 31, 2025, the Group achieved total sales of approximately US\$61,486 million. When compared to the corresponding period of last year, gross profit margin eroded by 0.9 percentage points 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\$96 million to approximately US\$1,391 million. Basic and diluted earnings per share were US11.33 cents and US10.10 cents, representing an increase of US0.77 cents and US0.04 cents respectively. Net profit margin attributable to equity holders of the Company eroded by 0.2 percentage points to 2.3 percent.

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

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

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
Selling and distribution expenses	(2,977,823)	(2,657,049)
Administrative expenses	(2,207,575)	(2,108,387)
Research and development expenses	(1,742,513)	(1,644,312)
Other operating income/(expenses) – net	33,975	(72,470)
	(6,893,936)	(6,482,218)

Operating expenses for the period increased by 6 percent as compared with the corresponding period of last year. In the third quarter, ISG executed restructuring actions to accelerate portfolio optimization, workforce upskilling, and productivity and efficiency enhancements, resulting in restructuring charges of US\$285 million (2024/25: nil). These charges primarily comprised the impairment of intangible assets and construction-in-progress, and severance costs. Employee benefit costs increased by US\$467 million due to increase in headcount, severance costs, long-term incentive awards, performance-based bonus and sales commissions. Advertising and promotional expenses increased by US\$125 million for new product launch and special campaigns. The Group recorded fair value gain on derivative financial liabilities relating to warrants of US\$191 million (2024/25: nil). Fair value gain from strategic investments amounted to US\$246 million (2024/25: US\$41 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\$45 million (2024/25: US\$18 million).

Key expenses by nature comprise:

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
Depreciation of property, plant and equipment	(153,628)	(150,166)
Depreciation of right-of-use assets	(73,148)	(72,323)
Amortization of intangible assets, excluding internal use software	(72,314)	(122,621)
Impairment and write-off of intangible assets	(233,372)	(90,734)
Impairment and write-off of construction-in-progress	(3,258)	-
Write-off of property, plant and equipment	(23)	-
Employee benefit costs, including	(3,994,444)	(3,527,291)
- <i>long-term incentive awards</i>	(251,566)	(211,614)
- <i>severance and related costs</i>	(78,340)	-
Rental expenses	(12,896)	(9,912)
Net foreign exchange loss	(44,912)	(17,955)
Advertising and promotional expenses	(916,253)	(791,592)
Legal, professional and consulting expenses	(314,981)	(323,485)
Information technology expenses, including	(263,153)	(283,531)
- <i>amortization of internal use software</i>	(164,561)	(183,156)
Increase in loss allowance of trade receivables	(61,612)	(74,856)
Unused amounts of loss allowance of trade receivables reversed	26,988	21,915
Increase in loss allowance of lease receivables	(11,612)	(3,292)
Research and development related laboratory testing, services and supplies	(344,727)	(269,669)
(Loss)/gain on disposal of property, plant and equipment	(1,860)	38
Loss on disposal of intangible assets	(812)	(301)
Loss on disposal of construction-in-progress	(385)	(122)
Fair value gain on financial assets at fair value through profit or loss	245,623	40,761
Fair value gain on derivative financial liabilities relating to warrants	190,802	-
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	(855,217)	(829,709)
	(6,893,936)	(6,482,218)

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

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
Finance income	83,783	82,443
Finance costs	(515,776)	(592,121)
Share of losses of associates and joint ventures	(9,621)	(19,922)
	(441,614)	(529,600)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 13 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\$17 million, interest on notes of US\$39 million and factoring costs of US\$104 million, partly offset by increase in interest on convertible bonds of US\$75 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:

	9 months ended December 31, 2025		9 months ended December 31, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
	IDG	44,321,686	3,204,549	38,719,957
ISG	13,553,079	(128,408)	10,403,645	(72,000)
SSG	7,465,738	1,668,006	6,306,755	1,297,741
Total	65,340,503	4,744,147	55,430,357	4,043,959
Eliminations	(3,854,278)	(1,318,038)	(3,336,927)	(1,049,675)
	61,486,225	3,426,109	52,093,430	2,994,284

Unallocated:

Headquarters and corporate income/(expenses) – net	(1,413,618)	(1,205,161)
Depreciation and amortization	(279,789)	(342,665)
Impairment and write-off of intangible assets	(216,272)	(90,734)
Impairment of construction-in-progress	(3,137)	-
Finance income	74,958	65,379
Finance costs	(76,425)	(162,930)
Share of losses of associates and joint ventures	(12,505)	(18,253)
Loss on disposal of property, plant and equipment	(545)	(3,782)
Fair value gain on financial assets at fair value through profit or loss	241,336	39,610
Fair value gain on derivative financial liabilities relating to warrants	190,802	-
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	3,129	4,797
Consolidated profit before taxation	1,934,574	1,303,172

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocations to business groups, of US\$1,414 million (2024/25: US\$1,205 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase primarily arises from higher employee benefit costs, driven by performance-based bonus and severance costs associated with the restructuring. The increase also reflects higher advertising and promotional expenses, as well as a larger net foreign exchange loss compared to the corresponding period of last year.

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

	3 months ended December 31, 2025 (unaudited) US\$ million	3 months ended December 31, 2024 (unaudited) US\$ million	Year-on-year change
Revenue	22,204	18,796	18%
Gross profit	3,349	2,959	13%
Gross profit margin	15.1%	15.7%	(0.6) pts
Operating expenses	(2,401)	(2,271)	6%
Operating profit	948	688	38%
Other non-operating income/(expenses) – net	(130)	(171)	(24)%
Profit before taxation	818	517	58%
Profit for the period	648	701	(8)%
Profit attributable to equity holders of the Company	546	693	(21)%
Earnings per share attributable to equity holders of the Company			
Basic	US4.44 cents	US5.66 cents	US(1.22) cents
Diluted	US3.90 cents	US5.35 cents	US(1.45) cents

For the three months ended December 31, 2025, the Group achieved total sales of approximately US\$22,204 million. When compared to the corresponding period of last year, gross profit margin eroded by 0.6 percentage points 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 decreased by US\$147 million to approximately US\$546 million. Basic and diluted earnings per share were US4.44 cents and US3.90 cents, representing a decrease of US1.22 cents and US1.45 cents respectively. Net profit margin attributable to equity holders of the Company eroded by 1.2 percentage points to 2.5 percent.

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

	3 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000
Selling and distribution expenses	(1,059,293)	(953,731)
Administrative expenses	(729,019)	(710,930)
Research and development expenses	(637,727)	(620,789)
Other operating income/(expenses) – net	25,481	13,763
	<u>(2,400,558)</u>	<u>(2,271,687)</u>

Operating expenses for the period increased by 6 percent as compared with the corresponding period of last year. During the period, ISG executed restructuring actions to accelerate portfolio optimization, workforce upskilling, and productivity and efficiency enhancements, resulting in restructuring charges of US\$285 million (2024/25: nil). These charges primarily comprised the impairment of intangible assets and construction-in-progress, and severance costs. Employee benefit costs increased by US\$138 million due to increase in headcount, severance costs, long-term incentive awards and sales commissions. The Group recorded fair value gain on derivative financial liabilities relating to warrants of US\$186 million (2024/25: nil). Fair value gain from strategic investments amounted to US\$160 million (2024/25: US\$32 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\$15 million (2024/25: US\$9 million).

Key expenses by nature comprise:

	3 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000
Depreciation of property, plant and equipment	(51,863)	(49,696)
Depreciation of right-of-use assets	(25,361)	(24,407)
Amortization of intangible assets, excluding internal use software	(25,344)	(36,494)
Impairment and write-off of intangible assets	(216,272)	(23,682)
Impairment of construction-in-progress	(3,137)	-
Employee benefit costs, including	(1,366,190)	(1,227,865)
- <i>long-term incentive awards</i>	(89,324)	(72,872)
- <i>severance and related costs</i>	(54,783)	-
Rental expenses	(3,097)	(3,679)
Net foreign exchange loss	(14,930)	(8,625)
Advertising and promotional expenses	(311,724)	(314,377)
Legal, professional and consulting expenses	(121,394)	(120,766)
Information technology expenses, including	(86,894)	(84,590)
- <i>amortization of internal use software</i>	(53,498)	(63,015)
Increase in loss allowance of trade receivables	(22,734)	(25,837)
Unused amounts of loss allowance of trade receivables reversed	11,698	10,988
Increase in loss allowance of lease receivables	(3,429)	(493)
Research and development related laboratory testing, services and supplies	(155,639)	(112,118)
Gain/(loss) on disposal of property, plant and equipment	1,017	(1,103)
Loss on disposal of intangible assets	(681)	-
Loss on disposal of construction-in-progress	-	(122)
Fair value gain on financial assets at fair value through profit or loss	159,842	31,608
Fair value gain on derivative financial liabilities relating to warrants	186,201	-
Others	(350,627)	(280,429)
	(2,400,558)	(2,271,687)

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

	3 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000
Finance income	28,962	27,293
Finance costs	(158,628)	(192,614)
Share of losses of associates and joint ventures	(607)	(5,392)
	(130,273)	(170,713)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 18 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\$14 million and factoring costs of US\$41 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 December 31, 2025		3 months ended December 31, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit US\$'000
IDG	15,755,128	1,153,333	13,784,257	999,855
ISG	5,175,787	(10,853)	3,938,478	1,002
SSG	2,652,196	596,189	2,256,863	459,422
Total	23,583,111	1,738,669	19,979,598	1,460,279
Eliminations	(1,378,777)	(473,058)	(1,183,318)	(372,669)
	22,204,334	1,265,611	18,796,280	1,087,610

Unallocated:

Headquarters and corporate income/(expenses) – net	(493,925)	(465,748)
Depreciation and amortization	(93,387)	(108,984)
Impairment and write-off of intangible assets	(216,272)	(23,682)
Impairment of construction-in-progress	(3,137)	-
Finance income	27,534	19,841
Finance costs	(10,855)	(19,873)
Share of losses of associates and joint ventures	(4,239)	(3,997)
Gain/(loss) on disposal of property, plant and equipment	551	(3,396)
Fair value gain on financial assets at fair value through profit or loss	159,199	31,930
Fair value gain on derivative financial liabilities relating to warrants	186,201	-
Dividend income	904	3,290
Consolidated profit before taxation	818,185	516,991

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocations to business groups, of US\$494 million (2024/25: US\$466 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase primarily arises from higher employee benefit costs, driven by severance costs associated with the restructuring.

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 on convertible bonds, (vii) dilution gain on interest in an associate, (viii) restructuring charges, and (ix) one-time income tax credit; 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 on 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.
- (viii) Lenovo incurs restructuring charges that are primarily costs associated with restructuring plans which are related to employee separation from service and non-recurring costs for assets impairment. 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.
- (ix) Lenovo recognizes one-time income tax credit, which is non-recurring in nature. Some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

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.

Nine months ended December 31, 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	2,376,188	1,934,574	1,565,812	1,391,145
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(245,623)	(245,623)	(206,359)	(92,676)
Amortization of intangible assets resulting from mergers and acquisitions	49,020	52,569	41,057	41,057
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	(190,802)	(190,802)	(190,802)	(190,802)
Notional interest on convertible bonds	-	85,122	85,122	85,122
Dilution gain on interest in an associate	(432)	(432)	(432)	(432)
Restructuring charges	284,823	284,823	284,823	284,823
One-time income tax credit	-	-	(45,482)	(45,482)
Adjusted	2,290,418	1,937,475	1,550,983	1,489,999

Nine months ended December 31, 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	1,832,772	1,303,172	1,337,534	1,294,567
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(40,761)	(40,761)	(28,623)	(29,725)
Amortization of intangible assets resulting from mergers and acquisitions	112,766	116,315	94,203	94,203
Gain on deemed disposal of a subsidiary	(22,627)	(22,627)	(19,233)	(19,233)
Impairment and write-off of intangible assets	90,734	90,734	90,734	90,734
Notional interest on convertible bonds	-	14,337	14,337	14,337
One-time income tax credit	-	-	(282,000)	(282,000)
Adjusted	1,972,884	1,461,170	1,206,952	1,162,883

Three months ended December 31, 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	948,458	818,185	647,970	545,536
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(159,842)	(159,842)	(138,342)	(52,183)
Amortization of intangible assets resulting from mergers and acquisitions	16,195	17,378	13,586	13,586
Fair value gain on derivative financial liabilities relating to warrants	(186,201)	(186,201)	(186,201)	(186,201)
Notional interest on convertible bonds	-	28,831	28,831	28,831
Restructuring charges	284,823	284,823	284,823	284,823
One-time income tax credit	-	-	(45,482)	(45,482)
Adjusted	903,433	803,174	605,185	588,910

Three months ended December 31, 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	687,704	516,991	700,763	692,670
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(31,608)	(31,608)	(23,362)	(30,741)
Amortization of intangible assets resulting from mergers and acquisitions	28,698	29,881	26,053	26,053
Impairment of intangible assets	23,682	23,682	23,682	23,682
Notional interest on convertible bonds	-	4,837	4,837	4,837
One-time income tax credit	-	-	(282,000)	(282,000)
Adjusted	708,476	543,783	449,973	434,501

Capital Expenditure

The Group incurred capital expenditure of US\$1,366 million (2024/25: US\$899 million) during the nine months ended December 31, 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, equipment held for lease and plant and machinery.

Liquidity and Financial Resources

At December 31, 2025, total assets of the Group amounted to US\$52,632 million (March 31, 2025: US\$44,231 million), which were financed by equity attributable to owners of the Company of US\$7,072 million (March 31, 2025: US\$6,069 million), other non-controlling interests (net of put option written on non-controlling interests) of US\$774 million (March 31, 2025: US\$591 million), and total liabilities of US\$44,786 million (March 31, 2025: US\$37,571 million). At December 31, 2025, the current ratio of the Group was 0.96 (March 31, 2025: 0.93).

At December 31, 2025, bank deposits and cash and cash equivalents totaling US\$5,335 million (March 31, 2025: US\$4,817 million) analyzed by major currency are as follows:

	December 31, 2025	March 31, 2025
	%	%
US dollar	47.5	43.6
Renminbi	20.5	21.2
Japanese Yen	9.3	8.4
Euro	1.6	5.7
Australian dollar	0.2	1.2
Other currencies	20.9	19.9
Total	100.0	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At December 31, 2025, 66 percent (March 31, 2025: 68 percent) of cash are bank deposits, and 34 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	
				December 31, 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	150	-
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	
	December 31, 2025 US\$ million	March 31, 2025 US\$ million	December 31, 2025 US\$ million	March 31, 2025 US\$ million
Trade lines	6,710	6,200	4,529	4,370
Short-term money market facilities	3,628	3,194	43	62
Forward foreign exchange contracts	16,296	16,009	16,269	15,982

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at December 31, 2025 are as follows. Further details of borrowings are set out in Note 12 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 December 31, 2025 and March 31, 2025 are as follows:

	December 31, 2025 <i>US\$ million</i>	March 31, 2025 <i>US\$ million</i>
Bank deposits and cash and cash equivalents	5,335	4,817
Borrowings		
- Short-term loans	196	65
- Notes	2,052	3,015
- Convertible bonds	2,377	2,288
Net cash/(debt) position	710	(551)
Total equity	7,846	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 December 31, 2025, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US\$16,269 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

	<i>Note</i>	3 months ended December 31, 2025 (unaudited) US\$'000	9 months ended December 31, 2025 (unaudited) US\$'000	3 months ended December 31, 2024 (unaudited) US\$ '000	9 months ended December 31, 2024 (unaudited) US\$ '000
Revenue	2	22,204,334	61,486,225	18,796,280	52,093,430
Cost of sales		(18,855,318)	(52,216,101)	(15,836,889)	(43,778,440)
Gross profit		3,349,016	9,270,124	2,959,391	8,314,990
Selling and distribution expenses		(1,059,293)	(2,977,823)	(953,731)	(2,657,049)
Administrative expenses		(729,019)	(2,207,575)	(710,930)	(2,108,387)
Research and development expenses		(637,727)	(1,742,513)	(620,789)	(1,644,312)
Other operating income/(expenses) - net		25,481	33,975	13,763	(72,470)
Operating profit	3	948,458	2,376,188	687,704	1,832,772
Finance income	4(a)	28,962	83,783	27,293	82,443
Finance costs	4(b)	(158,628)	(515,776)	(192,614)	(592,121)
Share of losses of associates and joint ventures		(607)	(9,621)	(5,392)	(19,922)
Profit before taxation		818,185	1,934,574	516,991	1,303,172
Taxation	5	(170,215)	(368,762)	183,772	34,362
Profit for the period		647,970	1,565,812	700,763	1,337,534
Profit attributable to:					
Equity holders of the Company		545,536	1,391,145	692,670	1,294,567
Other non-controlling interests		102,434	174,667	8,093	42,967
		647,970	1,565,812	700,763	1,337,534
Earnings per share attributable to equity holders of the Company					
Basic	6(a)	US4.44 cents	US11.33 cents	US5.66 cents	US10.56 cents
Diluted	6(b)	US3.90 cents	US10.10 cents	US5.35 cents	US10.06 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended December 31, 2025 (unaudited) US\$'000	9 months ended December 31, 2025 (unaudited) US\$'000	3 months ended December 31, 2024 (unaudited) US\$'000	9 months ended December 31, 2024 (unaudited) US\$'000
Profit for the period	647,970	1,565,812	700,763	1,337,534
Other comprehensive (loss)/income:				
<u>Items that will not be reclassified to profit or loss</u>				
Remeasurements of post-employment benefit obligations, net of taxes	(3,375)	(2,192)	(1,110)	(1,063)
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	1,027	6,233	(4,450)	(9,792)
<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	39,772	(224,898)	342,109	217,989
- Reclassified to consolidated income statement	(47,023)	281,762	(123,285)	(128,413)
Currency translation differences	23,101	348,570	(686,762)	(685,850)
Other comprehensive income/(loss) for the period	13,502	409,475	(473,498)	(607,129)
Total comprehensive income for the period	661,472	1,975,287	227,265	730,405
Total comprehensive income attributable to:				
Equity holders of the Company	580,071	1,819,353	250,759	698,198
Other non-controlling interests	81,401	155,934	(23,494)	32,207
	661,472	1,975,287	227,265	730,405

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	December 31, 2025 (unaudited) US\$'000	March 31, 2025 (audited) US\$'000
Non-current assets			
Property, plant and equipment		2,211,820	2,026,280
Right-of-use assets		658,089	592,340
Construction-in-progress		450,323	282,309
Intangible assets		7,921,672	8,232,977
Interests in associates and joint ventures		319,027	315,704
Deferred income tax assets		3,408,620	3,055,905
Financial assets at fair value through profit or loss		1,838,542	1,464,384
Financial assets at fair value through other comprehensive income		53,296	45,382
Other non-current assets		333,150	311,448
		17,194,539	16,326,729
Current assets			
Inventories	7	9,076,551	7,923,804
Trade, lease and notes receivables	8(a)	14,070,144	10,506,610
Derivative financial assets		49,637	53,690
Deposits, prepayments and other receivables	9	6,439,876	4,223,658
Income tax recoverable		465,958	379,590
Bank deposits		114,268	88,607
Cash and cash equivalents		5,221,410	4,728,124
		35,437,844	27,904,083
Total assets		52,632,383	44,230,812

CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	December 31, 2025 (unaudited) US\$'000	March 31, 2025 (audited) US\$'000
Share capital	<i>14</i>	3,500,987	3,500,987
Reserves		3,570,579	2,568,000
		<hr/>	<hr/>
Equity attributable to owners of the Company		7,071,566	6,068,987
Other non-controlling interests		1,321,864	1,138,283
Put option written on non-controlling interests	<i>10(a)</i>	(547,353)	(547,353)
		<hr/>	<hr/>
Total equity		7,846,077	6,659,917
		<hr/>	<hr/>
Non-current liabilities			
Borrowings	<i>12</i>	4,429,549	4,337,806
Warranty provision	<i>10(b)</i>	162,721	159,400
Deferred revenue		1,901,304	1,628,942
Retirement benefit obligations		212,454	220,784
Deferred income tax liabilities		314,522	270,268
Derivative financial liabilities	<i>13</i>	100,768	241,778
Other non-current liabilities	<i>11</i>	774,568	717,784
		<hr/>	<hr/>
		7,895,886	7,576,762
		<hr/>	<hr/>
Current liabilities			
Trade and notes payables	<i>8(b)</i>	16,726,976	11,978,933
Derivative financial liabilities	<i>13</i>	102,903	197,196
Other payables and accruals	<i>10(a)</i>	16,179,512	13,904,384
Provisions	<i>10(b)</i>	964,755	852,593
Deferred revenue		1,877,817	1,565,459
Income tax payable		842,758	465,216
Borrowings	<i>12</i>	195,699	1,030,352
		<hr/>	<hr/>
		36,890,420	29,994,133
		<hr/>	<hr/>
Total liabilities		44,786,306	37,570,895
		<hr/>	<hr/>
Total equity and liabilities		52,632,383	44,230,812
		<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT

		9 months ended December 31, 2025 (unaudited) US\$'000	9 months ended December 31, 2024 (unaudited) US\$'000
	Note		
Cash flows from operating activities			
Net cash generated from operations	15(a)	4,539,895	2,943,310
Interest paid		(429,878)	(567,508)
Tax paid		(396,143)	(253,602)
Net cash generated from operating activities		<u>3,713,874</u>	<u>2,122,200</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(441,550)	(258,302)
Sale of property, plant and equipment		34,360	26,538
Acquisition of businesses, net of cash acquired		-	(1,537)
Interests acquired in associates		(4,247)	(8,365)
Deemed disposal of a subsidiary, net of cash disposed		-	(14,272)
Loans to an associate and a joint venture		(34,207)	(18,647)
Repayment of loan to an associate		12,087	19,283
Payment for construction-in-progress		(426,501)	(222,795)
Payment for intangible assets		(497,648)	(418,148)
Purchase of financial assets at fair value through profit or loss		(185,615)	(93,095)
Purchase of financial assets at fair value through other comprehensive income		-	(14)
Net proceeds from sale of financial assets at fair value through profit or loss		107,600	112,723
Net proceeds from disposal of interest in associates		4,144	-
Increase in bank deposits		(25,661)	(70,989)
Dividends received		3,682	5,250
Interest received		83,783	82,443
Net cash used in investing activities		<u>(1,369,773)</u>	<u>(859,927)</u>
Cash flows from financing activities	15(b)		
Capital contribution from other non-controlling interests		72,845	78,016
Distribution to other non-controlling interests		(3,506)	(7,288)
Purchase of shares by employee share trusts		(404,342)	(246,422)
Principal elements of lease payments		(81,376)	(91,936)
Dividends paid		(612,512)	(608,351)
Dividends paid to other non-controlling interests		(18,534)	(29,517)
Proceeds from warrants subscription		-	115,584
Proceeds from loans		10,289,362	13,646,690
Repayments of loans		(10,163,813)	(13,630,163)
Repayment of notes		(965,000)	-
Net cash used in financing activities		<u>(1,886,876)</u>	<u>(773,387)</u>
Increase in cash and cash equivalents		457,225	488,886
Effect of foreign exchange rate changes		36,061	(114,269)
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>5,221,410</u>	<u>3,934,448</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share capital (unaudited) US\$'000	Investment revaluation (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	–	–	–	–	–	–	–	1,391,145	174,667	–	1,565,812
Other comprehensive income/(loss)	–	6,233	–	–	56,864	367,303	–	(2,192)	(18,733)	–	409,475
Total comprehensive income for the period	–	6,233	–	–	56,864	367,303	–	1,388,953	155,934	–	1,975,287
Transfer to statutory reserve	–	–	–	–	–	–	21,813	(21,813)	–	–	–
Transfer of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income to retained earnings	–	10,988	–	–	–	–	–	(10,988)	–	–	–
Vesting of shares under long-term incentive program	–	–	243,835	(308,575)	–	–	–	–	–	–	(64,740)
Deferred tax in relation to long-term incentive program	–	–	–	183	–	–	–	–	–	–	183
Settlement of bonus through long-term incentive program	–	–	–	13,071	–	–	–	–	–	–	13,071
Share-based compensation	–	–	–	251,566	–	–	–	–	–	–	251,566
Purchase of shares by employee share trusts	–	–	(404,342)	–	–	–	–	–	–	–	(404,342)
Dividends paid	–	–	–	–	–	–	–	(612,512)	–	–	(612,512)
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	(18,534)	–	(18,534)
Capital contribution from other non-controlling interests	–	–	–	–	–	–	–	–	49,687	–	49,687
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	(3,506)	–	(3,506)
At December 31, 2025	3,500,987	(62,520)	(301,859)	(846,484)	(3,133)	(2,455,044)	524,401	6,715,218	1,321,864	(547,353)	7,846,077
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	–	–	–	–	–	–	–	1,294,567	42,967	–	1,337,534
Other comprehensive (loss)/income	–	(9,792)	–	–	89,576	(675,090)	–	(1,063)	(10,760)	–	(607,129)
Total comprehensive (loss)/income for the period	–	(9,792)	–	–	89,576	(675,090)	–	1,293,504	32,207	–	730,405
Transfer to statutory reserve	–	–	–	–	–	–	16,895	(16,895)	–	–	–
Deemed disposal of a subsidiary	–	–	–	–	–	15,219	(135)	–	(718)	–	14,366
Vesting of shares under long-term incentive program	–	–	238,661	(331,801)	–	–	–	–	–	–	(93,140)
Deferred tax in relation to long-term incentive program	–	–	–	9,824	–	–	–	–	–	–	9,824
Settlement of bonus through long-term incentive program	–	–	–	561	–	–	–	–	–	–	561
Share-based compensation	–	–	–	211,614	–	–	–	–	–	–	211,614
Purchase of shares by employee share trusts	–	–	(246,422)	–	–	–	–	–	–	–	(246,422)
Dividends paid	–	–	–	–	–	–	–	(608,351)	–	–	(608,351)
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	(29,517)	–	(29,517)
Capital contribution from other non-controlling interests	–	–	–	–	–	–	6,125	–	71,606	–	77,731
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	(7,288)	–	(7,288)
At December 31, 2024	3,500,987	(78,454)	(215,248)	(760,237)	131,719	(3,085,466)	207,419	5,875,366	1,112,237	(547,353)	6,140,970

1 General information and basis of preparation

The financial information relating to the year ended March 31, 2025 included in the FY2025/26 third quarter 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

	9 months ended December 31, 2025		9 months ended December 31, 2024	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	44,321,686	3,204,549	38,719,957	2,818,218
ISG	13,553,079	(128,408)	10,403,645	(72,000)
SSG	7,465,738	1,668,006	6,306,755	1,297,741
Total	65,340,503	4,744,147	55,430,357	4,043,959
Eliminations	(3,854,278)	(1,318,038)	(3,336,927)	(1,049,675)
	61,486,225	3,426,109	52,093,430	2,994,284
Unallocated:				
Headquarters and corporate income/(expenses) – net		(1,413,618)		(1,205,161)
Depreciation and amortization		(279,789)		(342,665)
Impairment and write-off of intangible assets		(216,272)		(90,734)
Impairment of construction-in-progress		(3,137)		-
Finance income		74,958		65,379
Finance costs		(76,425)		(162,930)
Share of losses of associates and joint ventures		(12,505)		(18,253)
Loss on disposal of property, plant and equipment		(545)		(3,782)
Fair value gain on financial assets at fair value through profit or loss		241,336		39,610
Fair value gain on derivative financial liabilities relating to warrants		190,802		-
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		3,129		4,797
Consolidated profit before taxation		1,934,574		1,303,172

(b) Analysis of revenue by geography

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
China	14,782,751	12,278,045
Asia Pacific (“AP”)	11,708,546	9,596,693
Europe-Middle East-Africa (“EMEA”)	14,635,698	12,778,167
Americas (“AG”)	20,359,230	17,440,525
	61,486,225	52,093,430

(c) Analysis of revenue by timing of revenue recognition

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
Point in time	58,709,026	49,917,873
Over time	2,510,848	1,990,492
Lease revenue	266,351	185,065
	61,486,225	52,093,430

(d) Other segment information

	IDG		ISG		SSG		Total	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
For the nine months ended December 31								
Depreciation and amortization	561,710	538,699	229,409	184,318	13,850	12,512	804,969	735,529
Finance income	7,633	13,579	206	2,234	986	1,251	8,825	17,064
Finance costs	255,888	249,243	181,498	178,148	1,965	1,800	439,351	429,191

(e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US\$6,204 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 December 31, 2025

	China US\$ million	AP US\$ million	EMEA US\$ million	AG US\$ million	Total US\$ million
Goodwill					
- IDG	935	477	305	1,576	3,293
- ISG	489	127	66	349	1,031
- SSG (Note)	N/A	N/A	N/A	N/A	609
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 US\$ million	AP US\$ million	EMEA US\$ million	AG US\$ million	Total 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 December 31, 2025 (March 31, 2025: nil).

3 Operating profit

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

	3 months ended December 31, 2025 US\$'000	9 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000	9 months ended December 31, 2024 US\$'000
Depreciation of property, plant and equipment	136,332	380,884	117,504	339,067
Depreciation of right-of-use assets	30,656	89,168	30,884	87,173
Amortization of intangible assets	214,743	614,706	228,270	651,954
Impairment and write-off of intangible assets	216,272	233,372	23,682	90,734
Impairment and write-off of construction-in-progress	3,137	3,258	-	-
Write-off of property, plant and equipment	-	23	-	-
Employee benefit costs, including	1,701,456	4,999,450	1,582,569	4,565,073
- long-term incentive awards	89,324	251,566	72,872	211,614
- severance and related costs	54,783	78,340	-	-
Rental expenses	3,210	16,228	1,282	11,085
(Gain)/loss on disposal of property, plant and equipment	(1,017)	1,860	1,103	(38)
Loss on disposal of intangible assets	681	812	-	301
Loss on disposal of construction-in-progress	-	385	122	122
Fair value gain on financial assets at fair value through profit or loss	(159,842)	(245,623)	(31,608)	(40,761)
Fair value gain on derivative financial liabilities relating to warrants	(186,201)	(190,802)	-	-
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)
	28,962	83,783	27,293	82,443

4 Finance income and costs

(a) Finance income

	3 months ended December 31, 2025 US\$'000	9 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000	9 months ended December 31, 2024 US\$'000
Interest on bank deposits	24,806	70,865	21,187	63,978
Interest on money market funds	4,156	12,918	1,359	6,631
Interest income on finance lease	-	-	4,747	11,834
	28,962	83,783	27,293	82,443

(b) Finance costs

	3 months ended December 31, 2025 US\$'000	9 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000	9 months ended December 31, 2024 US\$'000
Interest on bank loans and overdrafts	13,551	31,959	22,085	49,035
Interest on convertible bonds	34,649	102,566	9,338	27,851
Interest on notes	26,324	82,698	40,680	121,614
Interest on lease liabilities	5,738	16,891	4,307	10,634
Factoring costs	74,799	275,936	115,652	379,980
Interest on written put option liabilities	599	1,757	552	1,654
Others	2,968	3,969	-	1,353
	158,628	515,776	192,614	592,121

5 Taxation

The amount of taxation in the consolidated income statement represents:

	3 months ended December 31, 2025 US\$'000	9 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000	9 months ended December 31, 2024 US\$'000
Current tax				
Profits tax in Hong Kong S.A.R. of China	(10,870)	(33,898)	(25,195)	22,101
Taxation outside Hong Kong S.A.R. of China	461,958	702,833	213,637	440,970
Deferred tax				
Credit for the period	(280,873)	(300,173)	(372,214)	(497,433)
	170,215	368,762	(183,772)	(34,362)

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 December 31, 2025	9 months ended December 31, 2025	3 months ended December 31, 2024	9 months ended December 31, 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	(116,670,961)	(123,102,448)	(162,422,866)	(147,171,304)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,287,988,341	12,281,556,854	12,242,236,436	12,257,487,998
Profit attributable to equity holders of the Company used in calculating basic earnings per share	545,536	1,391,145	692,670	1,294,567

(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 nine months ended December 31, 2025 and 2024. Warrants were anti-dilutive for the three and nine months ended December 31, 2025. Put option written on non-controlling interests were anti-dilutive for the three and nine months ended December 31, 2025 and 2024.

	3 months ended December 31, 2025	9 months ended December 31, 2025	3 months ended December 31, 2024	9 months ended December 31, 2024
	US\$'000	US\$'000	US\$'000	US\$'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,287,988,341	12,281,556,854	12,242,236,436	12,257,487,998
Adjustment for long-term incentive awards	380,150,495	357,064,811	274,397,896	273,697,918
Adjustment for convertible bonds	2,220,882,398	2,150,353,424	583,994,205	573,849,546
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	14,889,021,234	14,788,975,089	13,100,628,537	13,105,035,462
	3 months ended December 31, 2025 US\$'000	9 months ended December 31, 2025 US\$'000	3 months ended December 31, 2024 US\$'000	9 months ended December 31, 2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	545,536	1,391,145	692,670	1,294,567
Adjustment for interest on convertible bonds, net of tax	34,649	102,566	7,797	23,256
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	580,185	1,493,711	700,467	1,317,823

7 Inventories

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Raw materials and work-in-progress	4,989,476	3,995,173
Finished goods	3,540,702	3,320,441
Service parts	546,373	608,190
	9,076,551	7,923,804

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

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

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Trade receivables	13,755,699	10,257,738
Lease receivables (Note)	249,305	188,330
Notes receivable	65,140	60,542
	14,070,144	10,506,610

Note: At December 31, 2025, non-current portion of lease receivables of US\$198,601,000 (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:

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
0 – 30 days	10,018,179	7,641,864
31 – 60 days	2,056,369	1,542,382
61 – 90 days	795,921	398,285
Over 90 days	1,074,810	839,886
	13,945,279	10,422,417
Less: loss allowance	(189,580)	(164,679)
Trade receivables – net	13,755,699	10,257,738

At December 31, 2025, trade receivables, net of loss allowance, of US\$1,041,648,000 (March 31, 2025: US\$879,681,000) were past due. The ageing of these receivables, based on due date, is as follows:

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Within 30 days	550,232	445,354
31 – 60 days	162,071	189,241
61 – 90 days	115,932	83,515
Over 90 days	213,413	161,571
	1,041,648	879,681

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

	Trade receivables US\$'000	Lease receivables US\$'000	Total US\$'000
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
Nine months ended December 31, 2025			
At the beginning of the period	164,679	2,425	167,104
Exchange adjustment	1,299	147	1,446
Increase in loss allowance recognized in profit or loss	61,612	11,612	73,224
Uncollectible receivables written off	(11,022)	-	(11,022)
Unused amounts reversed in profit or loss	(26,988)	-	(26,988)
At the end of the period	189,580	14,184	203,764

At December 31, 2025, included in the loss allowance of lease receivables are current portion of US\$5,234,000 (March 31, 2025: US\$1,504,000) and non-current portion of US\$8,950,000 (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:

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Trade payables	13,398,137	8,561,393
Notes payable	<u>3,328,839</u>	<u>3,417,540</u>
	<u>16,726,976</u>	<u>11,978,933</u>

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

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
0 – 30 days	7,628,119	4,527,503
31 – 60 days	3,395,761	2,465,757
61 – 90 days	1,609,439	898,452
Over 90 days	<u>764,818</u>	<u>669,681</u>
	<u>13,398,137</u>	<u>8,561,393</u>

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

9 Deposits, prepayments and other receivables

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

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Deposits	38,714	26,779
Other receivables	4,880,448	2,874,521
Prepayments	<u>1,520,714</u>	<u>1,322,358</u>
	<u>6,439,876</u>	<u>4,223,658</u>

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

10 Provisions, other payables and accruals

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

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Accruals	4,477,792	4,391,239
Allowance for billing adjustments (i)	3,107,282	2,152,336
Written put option liability (ii)	294,694	303,099
Other payables (iii)	8,196,116	6,962,738
Lease liabilities	<u>103,628</u>	<u>94,972</u>
	<u>16,179,512</u>	<u>13,904,384</u>

Notes:

- (i) Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.
- (ii)
 - Pursuant to the joint venture agreement entered into between the Company and Fujitsu Limited (“Fujitsu”), the Company and Fujitsu are respectively granted call and put options which entitle the Company to purchase from Fujitsu and Development Bank of Japan (“DBJ”), or Fujitsu and DBJ to sell to the Company, the 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together “FCCL”). Fujitsu currently owns 49% interest in FCCL. Both options are exercisable at December 31, 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\$271 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\$72 million). At December 31, 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 US\$'000	Environmental restoration US\$'000	Restructuring US\$'000	Total US\$'000
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)
	970,689	26,531	37,932	1,035,152
Long-term portion classified as non-current liabilities	(159,400)	(23,159)	-	(182,559)
At the end of the year	<u>811,289</u>	<u>3,372</u>	<u>37,932</u>	<u>852,593</u>
Nine months ended December 31, 2025				
At the beginning of the period	970,689	26,531	37,932	1,035,152
Exchange adjustment	11,411	(1,096)	671	10,986
Provisions made	655,226	18,595	54,783	728,604
Amounts utilized	(585,827)	(16,294)	(22,840)	(624,961)
	1,051,499	27,736	70,546	1,149,781
Long-term portion classified as non-current liabilities	(162,721)	(22,305)	-	(185,026)
At the end of the period	<u>888,778</u>	<u>5,431</u>	<u>70,546</u>	<u>964,755</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.

11 Other non-current liabilities

Details of other non-current liabilities are as follows:

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Deferred consideration (a)	25,072	25,072
Lease liabilities	323,592	269,828
Environmental restoration (Note 10(b))	22,305	23,159
Government incentives and grants received in advance (b)	118,774	98,350
Others	284,825	301,375
	<u>774,568</u>	<u>717,784</u>

Notes:

- (a) Pursuant to the joint venture agreement entered into with NEC Corporation, the Group is required to pay in cash to NEC Corporation deferred consideration. At December 31, 2025, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US\$25 million (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.

12 Borrowings

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Current liabilities		
Short-term loans (a)	195,699	65,364
Notes (b)	-	964,988
	<hr/> 195,699	<hr/> 1,030,352
Non-current liabilities		
Notes (b)	2,052,107	2,050,271
Convertible bonds (c)	2,377,442	2,287,535
	<hr/> 4,429,549	<hr/> 4,337,806
	<hr/> 4,625,248	<hr/> 5,368,158

Notes:

- (a) Majority of the short-term loans are denominated in United States dollars. At December 31, 2025, the Group has total revolving and short-term loan facilities of US\$6,478 million (March 31, 2025: US\$6,044 million) which has been utilized to the extent of US\$193 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	December 31, 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	895,702	895,032
July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	597,376	596,607
July 27, 2022	US\$563 million	10 years	6.536%	July 2032	559,029	558,632
					<hr/> 2,052,107	<hr/> 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	December 31, 2025	March 31, 2025
					US\$'000	US\$'000
August 26, 2022 (i)	US\$675 million	7 years	2.5%	August 2029	592,529	576,812
January 8, 2025 (ii)	US\$2,000 million	3 years	0%	January 2028	1,784,913	1,710,723
					2,377,442	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 at maturity.

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

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Within 1 year	195,699	1,030,352
Over 2 to 5 years	3,870,520	2,884,142
Over 5 years	559,029	1,453,664
	<hr/> 4,625,248	<hr/> 5,368,158

13 Derivative financial liabilities

	December 31, 2025 US\$'000	March 31, 2025 US\$'000
Current liabilities		
Foreign currency forward and option contracts	66,261	109,277
Warrants (Note)	<hr/> 36,642	<hr/> 87,919
	<hr/> 102,903	<hr/> 197,196
Non-current liabilities		
Warrants (Note)	<hr/> 100,768	<hr/> 241,778
	<hr/> 203,671	<hr/> 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 December 31, 2025, after recognizing fair value gain of US\$190,802,000 (March 31, 2025: fair value loss of US\$118,275,000), amounted to US\$137,410,000 (March 31, 2025: US\$329,697,000).

14 Share capital

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

15 Note to the consolidated cash flow statement

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

	9 months ended December 31, 2025 US\$'000	9 months ended December 31, 2024 US\$'000
Profit before taxation	1,934,574	1,303,172
Share of losses of associates and joint ventures	9,621	19,922
Finance income	(83,783)	(82,443)
Finance costs	515,776	592,121
Depreciation of property, plant and equipment	380,884	339,067
Depreciation of right-of-use assets	89,168	87,173
Amortization of intangible assets	614,706	651,954
Write-off of property, plant and equipment	23	-
Impairment and write-off of construction-in-progress	3,258	-
Impairment and write-off of intangible assets	233,372	90,734
Allowance/(reversal of allowance) for inventories	85,088	(71,575)
Increase in loss allowance of trade receivables	61,612	74,856
Unused amounts of loss allowance of trade receivables reversed	(26,988)	(21,915)
Increase in loss allowance of lease receivables	11,612	3,292
Share-based compensation	251,566	211,614
Loss/(gain) on disposal of property, plant and equipment	1,860	(38)
Loss on disposal of intangible assets	812	301
Loss on disposal of construction-in-progress	385	122
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	17,901	(42,360)
Fair value change on financial assets at fair value through profit or loss	(245,623)	(40,761)
Fair value gain on derivative financial liabilities relating to warrants	(190,802)	-
Dividend income	(3,682)	(5,250)
Increase in inventories	(1,225,039)	(2,413,493)
Increase in trade, lease and notes receivables, deposits, prepayments and other receivables	(5,493,355)	(2,687,681)
Increase in trade and notes payables, provisions, other payables and accruals	7,587,696	5,209,491
Effect of foreign exchange rate changes	10,511	(252,366)
 Net cash generated from operations	 4,539,895	 2,943,310

(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	December 31, 2025 US\$'000				March 31, 2025 US\$'000				
Short-term loans – current				195,699				65,364	
Notes – current								964,988	
Notes – non-current				2,052,107				2,050,271	
Convertible bonds – non-current				2,377,442				2,287,535	
Derivative financial liabilities relating to warrants – current				36,642				87,919	
Derivative financial liabilities relating to warrants					100,768			241,778	
– non-current									
Lease liabilities – current				103,628				94,972	
Lease liabilities – non-current				323,592				269,828	
				5,189,878				6,062,655	
Short-term loans – variable interest rates					184,809			36,415	
Short-term loans – fixed interest rates					10,890			28,949	
Notes – fixed interest rates					2,052,107			3,015,259	
Convertible bonds – fixed interest rates					2,377,442			2,287,535	
Derivative financial liabilities relating to warrants						137,410		329,697	
– non-interest bearing							427,220	364,800	
Lease liabilities – fixed interest rates							5,189,878	6,062,655	
Short-term loans current	Short-term loans current	Notes current	Notes non-current	Convertible bonds non-current	Derivative financial liabilities relating to warrants current	Derivative financial liabilities relating to warrants non-current	Lease liabilities current	Lease liabilities non-current	
USS'000	USS'000	USS'000	USS'000	USS'000	USS'000	USS'000	USS'000	USS'000	
								Total	
								USS'000	
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	10,289,362	-	-	-	-	-	-	-	10,289,362
Repayments of borrowings	(10,163,813)	(965,000)	-	-	-	-	-	-	(11,128,813)
Reclassification	-	-	-	-	-	-	68,105	(68,105)	-
Principal elements of lease payments	-	-	-	-	-	-	(81,376)	-	(81,376)
Foreign exchange adjustments	4,786	-	-	-	(396)	(1,089)	2,311	5,925	11,537
Other non-cash movements	-	12	1,836	89,907	(50,881)	(139,921)	19,616	115,944	36,513
Financing liabilities at December 31, 2025	195,699	-	2,052,107	2,377,442	36,642	100,768	103,628	323,592	5,189,878

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 326,320,464 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 nine months ended December 31, 2025. Details of these program and plan are set out in the 2025/26 Interim 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 nine months ended December 31, 2025. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Group and internal control and financial reporting matters. Currently, the Audit Committee comprises three independent non-executive directors and one non-executive director, including Mr. Woo Chin Wan Raymond, being the Chairman, Mr. Gordon Robert Halyburton Orr, Mr. Kasper Bo Roersted and Mr. Wong Wai Ming.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the nine months ended December 31, 2025, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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.

By Order of the Board
Yang Yuanqing
Chairman and Chief Executive Officer

February 12, 2026

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).