

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

ZTE

ZTE CORPORATION

中興通訊股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00763)

(Debt Stock Code: 85046)

2026 FIRST QUARTERLY REPORT

The Company and all the members of the Board of Directors confirm that all the information contained in this information disclosure is true, accurate and complete and that there is no false and misleading statement or material omission in this information disclosure.

This announcement is published simultaneously in the Mainland in accordance with the Rules Governing Listing of Stocks on The Shenzhen Stock Exchange and in Hong Kong in accordance with the disclosure obligations under Rule 13.09(2), Rule 37.47B and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions set out in Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

§1 IMPORTANT

1.1 The Board of Directors, the Directors and senior management of ZTE Corporation (“ZTE” or the “Company”) warrant that the contents of this quarterly report are true, accurate and complete without false information, misleading statements or material omissions, and collectively and individually accept responsibility therefor.

1.2 This quarterly report has been considered and approved at the Twenty-fifth Meeting of the Tenth Session of the Board of Directors of the Company held on 24 April 2026. All Directors have attended the meeting in person.

1.3 Mr. Xu Ziyang, Legal Representative of the Company, Ms. Li Ying, Chief Financial Officer of the Company and Ms. Wang Xiuhong, Head of Finance Division of the Company, hereby declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The financial statements contained in this quarterly report are unaudited. The financial

information contained in this quarterly report has been prepared in accordance with PRC Accounting Standards for Business Enterprises.

1.5 All monetary amounts set out in this quarterly report are expressed in RMB.

1.6 This quarterly report is published in both Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

§2 MAJOR FINANCIAL DATA

2.1 Major accounting data and financial indicators of the Company and its subsidiaries (the “Group”)

Statement on retrospective adjustments to or restatement of accounting data for the previous year by the Company because of changes in accounting policies and rectification of accounting errors

Applicable N/A

| Item | The reporting period (Three months ended 31 March 2026) | Same period last year (Three months ended 31 March 2025) | Increase/decrease for the reporting period compared with the same period last year |
|--|--|---|--|
| Operating revenue (RMB in thousands) | 34,988,057 | 32,968,196 | 6.13% |
| Net profit attributable to shareholders of the listed company (RMB in thousands) | 1,310,444 | 2,453,172 | (46.58%) |
| Net profit after extraordinary items attributable to shareholders of the listed company (RMB in thousands) | 936,176 | 1,956,700 | (52.16%) |
| Net cash flows from operating activities (RMB in thousands) | (1,978,648) | 1,851,253 | (206.88%) |
| Basic earnings per share (RMB/share) | 0.27 | 0.51 | (47.06%) |
| Diluted earnings per share (RMB/share) | 0.27 | 0.51 | (47.06%) |
| Weighted average return on net assets (%) | 1.72% | 3.38% | Decreased by 1.66 percentage points |

Notes: As the RMB3,584 MILLION USD SETTLED ZERO COUPON CONVERTIBLE BONDS DUE 2030 issued by the Company have given rise to 129,726 thousand shares of potentially dilutive ordinary shares for the three months ended 31 March 2026, diluted earnings per share has been calculated on the basis of basic earnings per share taking into account the said factor.

| Item | As at the end of the reporting period (31 March 2026) | As at the end of last year (31 December 2025) | Increase/decrease as at the end of the reporting period compared with the end of last year |
|--|--|--|--|
| Total assets (RMB in thousands) | 225,724,240 | 217,739,375 | 3.67% |
| Owners' equity attributable to shareholders of the listed company (RMB in thousands) | 76,814,128 | 75,425,601 | 1.84% |

2.2 Extraordinary gains or losses items and amounts

Unit: RMB in thousands

| Extraordinary item | Amount Three months ended 31 March 2026 |
|---|---|
| Gain from disposal of non-current assets | 8,607 |
| Gains or losses from fair value change arising from financial assets and financial liabilities and gains or losses from disposal of financial assets and financial liabilities held by non-financial enterprises, excluding the effective-value protection hedge business relating to the ordinary business | 246,286 |
| Other gains other than income from VAT refund on software products, refund of handling charge for personal tax and VAT add-on deductibles | 41,420 |
| Net of other non-operating income and expenditure other than the above | (41,741) |
| Other gains or losses falling under the definition of extraordinary gain or loss | 186,295 |
| Less: Effect of income tax | 66,130 |
| Effect of non-controlling interest (after tax) | 469 |
| Total | 374,268 |

The Group recognised extraordinary items of gain or loss in accordance with provisions under the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuer of Securities — Extraordinary Items”. The following item, which is set out in the provisions as extraordinary item, has been categorised as recurring items:

Unit: RMB in thousands

| Item | Three months ended 31 March 2026 | Reasons |
|--|--|---|
| Investment gain and gain from fair-value change of Shenzhen ZTE Capital Management Company Limited (“ZTE Capital”) | (16,351) | Business with the scope of operation of ZTE Capital |

2.3 Substantial changes in key financial data and financial indicators of the Group and the reasons thereof

Unit: RMB in thousands

| Balance sheet | | | | |
|---|------------------|---------------------|----------|---|
| Item | 31 March 2026 | 31 December 2025 | Change | Analysis of reasons for changes |
| Prepayments | 1,970,699 | 1,443,440 | 36.53% | Attributable mainly to the increase in prepayment of purchase fees for the period |
| Other non-current financial assets | 2,431,943 | 1,792,620 | 35.66% | Attributable mainly to the increase in financial instruments with a maturity of more than one year for the period |
| Non-current liabilities due within one year | 11,734,522 | 7,900,409 | 48.53% | Attributable mainly to the increase in long-term loans due within one year for the period |
| Deferred tax liabilities | 63,061 | 107,910 | (41.56%) | Attributable mainly to the decrease in taxable temporary differences from fair-value changes for the period |

| Income Statement | | | | |
|--|---|---|---------------|--|
| Item | Three months Ended 31 March 2026 | Three months Ended 31 March 2025 | Change | Analysis of reasons for changes |
| Finance costs | 340,974 | (340,005) | 200.28% | Attributable mainly to the exchange loss due to exchange rate fluctuations for the period versus gain for the same period last year and the decrease in the net interest income for the period |
| Other income | 372,808 | 805,220 | (53.70%) | Attributable mainly to the decrease in other income related to daily operating activities for the period |
| Investment income | 405,786 | 3,750 | 10,720.96% | Attributable mainly to the profits generated by associates and joint ventures for the period versus loss for the same period last year and the increase in gain on settlement of derivative contracts for the period |
| Gains from changes in fair values | (80,653) | 152,214 | (152.99%) | Attributable mainly to the loss on end-of-period fair-value remeasurement of derivative contracts for the period versus gain for the same period last year |
| Credit impairment losses (loss indicated by negative value) | (153,227) | (117,240) | 30.70% | Attributable mainly to the increase in receivable impairment provision for the period |
| Asset impairment losses (loss indicated by negative value) | (239,326) | (80,064) | 198.92% | Attributable mainly to the increase in inventory impairment provision for the period |
| Gains from asset disposal | 8,607 | - | / | Attributable mainly to the gain from disposal of non-current assets for the period |
| Non-operating income | 5,758 | 16,642 | (65.40%) | Attributable mainly to the decrease in non-operating income for the period |
| Non-operating expenses | 47,499 | 1,189 | 3,894.87% | Attributable mainly to the increase in non-operating loss for the period |
| Income tax | 184,003 | 464,274 | (60.37%) | Attributable mainly to the decrease in profit for the period |
| Effective portion of hedge instruments | 4,295 | (27) | 16,007.41% | Attributable mainly to the gain on end-of-period fair-value remeasurement of hedging instruments for the period versus loss for the same period last year |
| Exchange differences on translation of foreign operations and others | 63,623 | (35,708) | 278.18% | Attributable mainly to the gain on translation of statements in foreign currency due to exchange rate fluctuations for the period versus loss for the same period last year |

| Income Statement(Continued) | | | | |
|--|---|---|---------------|---|
| Item | Three months Ended 31 March 2026 | Three months Ended 31 March 2025 | Change | Analysis of reasons for changes |
| Other comprehensive income attributable to non-controlling interests, net of tax | (74) | (157) | 52.87% | Attributable mainly to the decrease in loss on translation of statements in foreign currencies of subsidiaries due to exchange rate fluctuation for the period |
| Cash Flow Statement | | | | |
| Item | Three months Ended 31 March 2026 | Three months Ended 31 March 2025 | Change | Analysis of reasons for changes |
| Net cash flows from operating activities | (1,978,648) | 1,851,253 | (206.88%) | Attributable mainly to the decrease in cash received from sale of goods or rendering of services and the increase in cash paid for the purchase of goods and labour services for the period |
| Net cash flows from investing activities | (5,689,949) | (1,383,661) | (311.22%) | Attributable mainly to the increase in net outflows from fixed deposits for the period |
| Net cash flows from financing activities | 2,704,475 | 4,909,628 | (44.91%) | Attributable mainly to the decrease in net borrowings for the period |
| Effect of changes in foreign exchange rate on cash and cash equivalents | (70,783) | (11,252) | (529.07%) | Attributable mainly to the increase in loss on translation due to exchange rate fluctuation for the period |

§3 SHAREHOLDER INFORMATION

3.1 Total number of shareholders and shareholdings of top 10 shareholders and top 10 holders of shares that were not subject to lock-up of the Company as at the end of the reporting period

As at 31 March 2026, all shares held by the top 10 shareholders of the Company were shares not subject to lock-up, namely the shareholdings of the top 10 shareholders and the shareholdings of the top 10 shareholders not subject to lock-up were identical, the details of which are set out as follows:

| Total number of shareholders | | | | | | |
|--|--|-----------------------------|--|--------------------|---|---|
| As at 31 March 2026 | There were 630,598 shareholders in total (comprising 630,314 holders of A shares and 284 holders of H shares). | | | | | |
| Shareholdings of the top 10 shareholders | | | | | | |
| Name of shareholders | Nature of shareholders | Percentage of shareholdings | Number of shares held as at the end of the reporting period (shares) | Class of shares | Number of shares held subject to lock-up (shares) | Number of shares pledged, marked or frozen (shares) |
| 1. Zhongxingxin Telecom Company Limited (“Zhongxingxin”) | Domestic general corporation | 20.09% | 958,940,400 2,038,000 ^{Note1} | A share H share | - | Nil |
| 2. HKSCC Nominees Limited ^{Note2} | Foreign shareholder | 15.73% | 752,419,722 | H share | - | Unknown |
| 3. Hong Kong Securities Clearing Company Limited ^{Note3} | Foreign corporation | 1.14% | 54,577,719 | A share | - | Nil |
| 4. Central Huijin Asset Management Co., Ltd. | State-owned corporation | 0.88% | 42,171,534 | A share | - | Nil |
| 5. Hunan Telecom Industry Group Company Limited | State-owned corporation | 0.87% | 41,516,065 | A share | - | Nil |
| 6. Hexie Health Insurance Co., Ltd.– Wanneng Product | Others | 0.81% | 38,796,600 | A share | - | Nil |
| 7. ICBC Limited– Huatai Pinebridge CSI 300 Traded Open-ended Index Securities Investment Fund | Others | 0.54% | 25,925,685 | A share | - | Nil |
| 8. ICBC Limited– Guotai CSI All Share Communication Equipment Traded Open-ended Index Securities Investment Fund | Others | 0.50% | 23,853,373 | A share | - | Nil |
| 9. Shanxi Communications Services Co., Ltd. | State-owned corporation | 0.40% | 19,073,940 | A share | - | Nil |
| 10. CCB Limited– eFund CSI 300 Traded Open-ended Index Securities Investment Fund By Way of Promotion | Others | 0.38% | 18,024,285 | A share | - | Nil |
| Descriptions of any connected party relationships or concerted actions among the above shareholders | Zhongxingxin was neither a connected party nor a concerted action of any of the top 10 shareholders. Save for the above, the Company is not aware of any connected party relationships or concerted party relationships among the top 10 shareholders. | | | | | |
| Description of involvement in financing and securities lending businesses of top 10 shareholders (if any) | N/A | | | | | |

Note 1: 2,038,000 H shares in the Company held by Zhongxingxin were held by HKSCC Nominees Limited as nominee.

Note 2: Shares held by HKSCC Nominees Limited represented the sum of shares held in the accounts of the H shareholders of the Company traded on the trading platform of HKSCC Nominees Limited. To avoid repetition in counting, 2,038,000 H shares in the Company held by Zhongxingxin have been excluded from the number of shares held HKSCC Nominees Limited.

Note 3: Shares held by Hong Kong Securities Clearing Company Limited represented the sum of A shares in the Company purchased through Shenzhen Hong Kong Stock Connect (Northbound).

Loan-out of stocks under securities refinancing by shareholders holding 5% shares or above, top 10 shareholders and top 10 holders of shares not subject to lock-up

Applicable N/A

Change compared to the previous period as a result of loan-out / return under securities refinancing by top 10 shareholders and top 10 holders of shares not subject to lock-up

Applicable N/A

3.2 The Company had no preferential shares.

§4 QUARTERLY FINANCIAL STATEMENTS

ZTE CORPORATION BALANCE SHEET

RMB in thousands

| Asset | 31 March 2026 | | 31 December 2025 | |
|--|-----------------------------|------------------------|---------------------------|----------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Audited) | Company (Audited) |
| Current assets: | | | | |
| Currency cash | 28,834,201 | 11,553,796 | 33,751,116 | 20,157,122 |
| Trading financial assets | 20,072,058 | 18,577,345 | 17,396,415 | 17,352,525 |
| Derivative financial assets | 247,210 | 228,891 | 235,612 | 229,125 |
| Trade receivables | 24,848,541 | 47,329,061 | 21,670,066 | 44,303,372 |
| Factored trade receivables | 8,962 | 8,962 | 9,070 | 9,070 |
| Receivable financing | 2,160,173 | 1,617,678 | 3,039,968 | 2,423,862 |
| Prepayments | 1,970,699 | 44,244 | 1,443,440 | 50,348 |
| Other receivables | 2,124,717 | 33,495,296 | 2,392,560 | 33,711,594 |
| Inventories | 51,959,114 | 15,026,751 | 47,017,122 | 16,850,693 |
| Contract assets | 6,287,976 | 3,061,312 | 5,881,166 | 2,594,216 |
| Non-current assets due within one year | 513,996 | - | 510,698 | - |
| Other current assets | 10,237,650 | 3,707,216 | 10,586,629 | 3,684,282 |
| Total current assets | <u>149,265,297</u> | <u>134,650,552</u> | <u>143,933,862</u> | <u>141,366,209</u> |
| Non-current assets: | | | | |
| Debt investment | 32,974,476 | 23,880,029 | 31,081,323 | 22,239,348 |
| Long-term receivables | 1,206,025 | 3,896,652 | 1,198,005 | 3,996,767 |
| Factored long-term receivables | 3,585 | 3,585 | 3,628 | 3,628 |
| Investment in associates and joints | 2,619,612 | 18,816,796 | 2,578,282 | 19,136,136 |
| Other non-current financial assets | 2,431,943 | 2,406,008 | 1,792,620 | 1,736,221 |
| Investment properties | 94,577 | - | 94,577 | - |
| Property, plant and equipment | 13,240,586 | 5,079,296 | 13,421,946 | 5,260,455 |
| Construction in progress | 840,484 | 394,493 | 798,207 | 381,304 |
| Right-of-use assets | 1,538,772 | 443,219 | 1,534,289 | 474,301 |
| Intangible assets | 5,957,091 | 2,190,572 | 6,016,651 | 2,187,369 |
| Development costs | 2,430,759 | 445,620 | 2,112,171 | 420,844 |
| Deferred tax assets | 5,114,310 | 2,471,554 | 5,165,677 | 2,543,299 |
| Other non-current assets | 8,006,723 | 4,526,023 | 8,008,137 | 4,557,307 |
| Total non-current assets | <u>76,458,943</u> | <u>64,553,847</u> | <u>73,805,513</u> | <u>62,936,979</u> |
| Total assets | <u>225,724,240</u> | <u>199,204,399</u> | <u>217,739,375</u> | <u>204,303,188</u> |

Legal Representative: Xu Ziyang

Chief Financial Officer: Li Ying

Head of Finance Division: Wang Xiuhong

ZTE CORPORATION
BALANCE SHEET(CONTINUED)

RMB in thousands

| Liabilities and shareholders' equity | 31 March 2026 | | 31 December 2025 | |
|---|-----------------------------|------------------------|---------------------------|----------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Audited) | Company (Audited) |
| Current liabilities: | | | | |
| Short-term loans | 4,467,077 | - | 3,628,665 | - |
| Bank advances on factored trade receivables | 8,962 | 8,962 | 9,070 | 9,070 |
| Derivative financial liabilities | 145,786 | 126,023 | 179,247 | 151,713 |
| Bills payable | 18,405,115 | 17,924,568 | 15,270,429 | 14,984,696 |
| Trade payables | 23,305,330 | 40,646,131 | 18,766,840 | 47,231,428 |
| Contract liabilities | 13,977,116 | 12,046,696 | 15,600,702 | 12,913,242 |
| Employee benefits payable | 12,300,084 | 6,304,176 | 15,084,210 | 7,602,792 |
| Taxes payable | 1,430,084 | 178,395 | 1,128,338 | 112,792 |
| Other payables | 2,611,288 | 8,761,278 | 2,828,768 | 8,996,237 |
| Provisions | 1,679,954 | 569,227 | 1,584,443 | 554,110 |
| Non-current liabilities due within one year | 11,734,522 | 4,051,151 | 7,900,409 | 4,982,861 |
| Total current liabilities | 90,065,318 | 90,616,607 | 81,981,121 | 97,538,941 |
| Non-current liabilities: | | | | |
| Long-term loans | 43,213,146 | 32,398,322 | 45,712,509 | 31,857,556 |
| Bank advances on factored long-term trade receivables | 3,585 | 3,585 | 3,628 | 3,628 |
| Bonds payable | 8,722,722 | 8,722,722 | 7,809,677 | 7,809,677 |
| Lease liabilities | 1,108,606 | 438,021 | 940,369 | 306,496 |
| Long-term employee benefits payable | 139,786 | 139,786 | 141,685 | 141,685 |
| Deferred income | 1,593,965 | 158,734 | 1,638,224 | 166,588 |
| Deferred tax liabilities | 63,061 | - | 107,910 | - |
| Other non-current liabilities | 3,776,571 | 2,003,542 | 3,763,011 | 1,989,766 |
| Total non-current liabilities | 58,621,442 | 43,864,712 | 60,117,013 | 42,275,396 |
| Total liabilities | 148,686,760 | 134,481,319 | 142,098,134 | 139,814,337 |
| Shareholders' equity: | | | | |
| Share capital | 4,783,535 | 4,783,535 | 4,783,535 | 4,783,535 |
| Other equity instruments | 126,956 | 126,956 | 126,956 | 126,956 |
| Capital reserves | 27,474,428 | 27,328,685 | 27,474,428 | 27,328,685 |
| Other comprehensive income | (2,605,262) | 424,536 | (2,673,180) | 408,601 |
| Special reserve | 131,555 | 93,630 | 121,392 | 83,893 |
| Surplus reserves | 3,053,523 | 2,391,767 | 3,053,523 | 2,391,767 |
| Retained profits | 43,849,393 | 29,573,971 | 42,538,947 | 29,365,414 |
| Total equity attributable to shareholders of the parent | 76,814,128 | 64,723,080 | 75,425,601 | 64,488,851 |
| Non-controlling interests | 223,352 | - | 215,640 | - |
| Total shareholders' equity | 77,037,480 | 64,723,080 | 75,641,241 | 64,488,851 |
| Total liabilities and shareholders' equity | 225,724,240 | 199,204,399 | 217,739,375 | 204,303,188 |

ZTE CORPORATION INCOME STATEMENT

RMB in thousands

| Item | Three months ended 31 March 2026 | | Three months ended 31 March 2025 | |
|---|----------------------------------|----------------|----------------------------------|------------------|
| | Consolidated | Company | Consolidated | Company |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| 1. Operating revenue | 34,988,057 | 35,150,140 | 32,968,196 | 35,258,197 |
| Less: Operating costs | 25,094,779 | 32,623,097 | 21,669,542 | 31,000,299 |
| Taxes and surcharges | 260,351 | 73,509 | 296,502 | 74,499 |
| Selling and distribution costs | 2,018,281 | 1,287,538 | 2,302,224 | 1,331,343 |
| Administrative expenses | 1,137,211 | 536,506 | 943,882 | 744,436 |
| Research and development costs | 4,906,482 | 1,540,060 | 5,946,993 | 1,864,757 |
| Finance costs | 340,974 | 643,417 | (340,005) | (338,865) |
| Including: Interest expense | 724,968 | 576,780 | 1,228,744 | 507,147 |
| Interest income | 808,378 | 542,396 | 1,600,397 | 670,108 |
| Add: Other income | 372,808 | 10,726 | 805,220 | 33,580 |
| Investment income | 405,786 | 1,957,793 | 3,750 | 612,545 |
| Including: Gains from investment in associates and joint ventures | 119,014 | 117,747 | (19,141) | (18,542) |
| Losses from derecognition of financial assets at amortised cost | (44,936) | (36,253) | (82,713) | (60,481) |
| Gains from changes in fair values | (80,653) | 4,107 | 152,214 | 36,242 |
| Credit impairment losses | (153,227) | (115,502) | (117,240) | (95,989) |
| Asset impairment losses | (239,326) | 14,331 | (80,064) | (101,495) |
| Gains from asset disposal | 8,607 | 8,607 | - | - |
| 2. Operating profit | <u>1,543,974</u> | <u>326,075</u> | <u>2,912,938</u> | <u>1,066,611</u> |
| Add: Non-operating income | 5,758 | 2,181 | 16,642 | 560,061 |
| Less: Non-operating expenses | 47,499 | 17,847 | 1,189 | 11,684 |
| 3. Total profit | <u>1,502,233</u> | <u>310,409</u> | <u>2,928,391</u> | <u>1,614,988</u> |
| Less: Income tax | 184,003 | 101,851 | 464,274 | 88,446 |
| 4. Net profit | <u>1,318,230</u> | <u>208,558</u> | <u>2,464,117</u> | <u>1,526,542</u> |
| Analysed by continuity of operations | | | | |
| Net profit from continuing operations | 1,318,230 | 208,558 | 2,464,117 | 1,526,542 |
| Analysed by ownership | | | | |
| Attributable to shareholders of the parent | 1,310,444 | 208,558 | 2,453,172 | 1,526,542 |
| Non-controlling interests | 7,786 | - | 10,945 | - |
| 5. Other comprehensive income, net of tax | 67,844 | 15,935 | (35,892) | (345) |
| Other comprehensive income attributable to shareholders of the parent, net of tax | 67,918 | 15,935 | (35,735) | (345) |
| Other comprehensive income that cannot be reclassified to profit or loss | | | | |
| Change arising from the re-measurement of defined benefit plans | - | - | - | - |
| Other comprehensive income that will be reclassified to profit and loss | | | | |
| Effective portion of hedge instruments | 4,295 | 4,295 | (27) | (27) |
| Exchange differences on translation of foreign operations and others | 63,623 | 11,640 | (35,708) | (318) |
| | <u>67,918</u> | <u>15,935</u> | <u>(35,735)</u> | <u>(345)</u> |
| Other comprehensive income attributable to non-controlling interests, net of tax | (74) | - | (157) | - |
| 6. Total comprehensive income | <u>1,386,074</u> | <u>224,493</u> | <u>2,428,225</u> | <u>1,526,197</u> |
| Attributable to shareholders of the parent | 1,378,362 | 224,493 | 2,417,437 | 1,526,197 |
| Attributable to non-controlling interests | 7,712 | - | 10,788 | - |
| 7. Earnings per share (RMB/share) | | | | |
| (1) Basic earnings per share | RMB0.27 | | RMB0.51 | |
| (2) Diluted earnings per share | RMB0.27 | | RMB0.51 | |

ZTE CORPORATION CASH FLOW STATEMENT

RMB in thousands

| Item | Three months ended 31 March 2026 | | Three months ended 31 March 2025 | |
|--|----------------------------------|------------------------|----------------------------------|------------------------|
| | Consolidated (Unaudited) | Company (Unaudited) | Consolidated (Unaudited) | Company (Unaudited) |
| 1. Cash flows from operating activities | | | | |
| Cash received from sale of goods or rendering of services | 33,574,651 | 34,040,911 | 35,027,194 | 41,919,473 |
| Refunds of taxes | 2,301,781 | 1,901,871 | 2,063,594 | 1,308,364 |
| Other cash received in relation to operating activities | 719,623 | 157,970 | 998,719 | 183,688 |
| Sub-total of cash inflows from operating activities | <u>36,596,055</u> | <u>36,100,752</u> | <u>38,089,507</u> | <u>43,411,525</u> |
| Cash paid for goods and services | 24,381,556 | 38,901,759 | 21,485,262 | 36,060,213 |
| Cash paid to and on behalf of employees | 9,330,930 | 2,751,027 | 10,643,696 | 3,467,640 |
| Cash paid for various types of taxes | 1,350,706 | 177,583 | 2,477,521 | 480,455 |
| Other cash paid in relation to operating activities | 3,511,511 | 1,929,988 | 1,631,775 | 2,171,380 |
| Sub-total of cash outflows from operating activities | <u>38,574,703</u> | <u>43,760,357</u> | <u>36,238,254</u> | <u>42,179,688</u> |
| Net cash flows from operating activities | <u>(1,978,648)</u> | <u>(7,659,605)</u> | <u>1,851,253</u> | <u>1,231,837</u> |
| 2. Cash flows from investing activities | | | | |
| Cash received from sale of investments | 21,512,784 | 23,708,446 | 31,061,631 | 30,260,949 |
| Cash received from return on investment | 704,435 | 255,993 | 493,514 | 1,699,739 |
| Net cash received from the disposal of property, plant and equipment, intangible assets and other long-term assets | 4,626 | 165,532 | 4,400 | 207,672 |
| Net cash received from the disposal of subsidiaries and other operating units | - | - | - | - |
| Other cash received in relation to investing activities | - | 13,290 | - | 2,142,822 |
| Sub-total of cash inflows from investing activities | <u>22,221,845</u> | <u>24,143,261</u> | <u>31,559,545</u> | <u>34,311,182</u> |
| Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets | 1,107,496 | 365,210 | 1,178,057 | 389,189 |
| Cash paid for acquisition of investments | 26,804,298 | 25,699,414 | 31,765,149 | 34,658,222 |
| Net cash paid for the acquisition of subsidiaries and other business units | - | - | - | - |
| Other cash paid in relation to investing activities | - | 3,839 | - | 2,178,875 |
| Sub-total of cash outflows from investing activities | <u>27,911,794</u> | <u>26,068,463</u> | <u>32,943,206</u> | <u>37,226,286</u> |
| Net cash flows from investing activities | <u>(5,689,949)</u> | <u>(1,925,202)</u> | <u>(1,383,661)</u> | <u>(2,915,104)</u> |
| 3. Cash flows from financing activities | | | | |
| Cash received from capital injection | - | - | - | - |
| Including: Capital injection into subsidiaries by minority shareholders | - | - | - | - |
| Cash received from borrowings | 26,431,695 | 19,498,218 | 33,772,748 | 24,869,126 |
| Other cash received in relation to financing activities | - | 4,611,572 | - | 8,929,901 |
| Sub-total of cash inflows from financing activities | <u>26,431,695</u> | <u>24,109,790</u> | <u>33,772,748</u> | <u>33,799,027</u> |
| Cash repayment of borrowings | 23,188,184 | 18,812,718 | 28,350,370 | 23,346,051 |
| Cash payments for distribution of dividends, profits and for interest expenses | 361,630 | 252,684 | 405,652 | 237,676 |
| Including: Distribution of dividends and profits by subsidiaries to minority shareholders | - | - | 27,710 | - |
| Other cash paid in relation to financing activities | 177,406 | 2,540,396 | 107,098 | 8,657,108 |
| Sub-total of cash outflows from financing activities | <u>23,727,220</u> | <u>21,605,798</u> | <u>28,863,120</u> | <u>32,240,835</u> |
| Net cash flows from financing activities | <u>2,704,475</u> | <u>2,503,992</u> | <u>4,909,628</u> | <u>1,558,192</u> |
| 4. Effect of changes in foreign exchange rate on cash and cash equivalents | <u>(70,783)</u> | <u>(43,823)</u> | <u>(11,252)</u> | <u>(244)</u> |
| 5. Net increase/(decrease) in cash and cash equivalents | <u>(5,034,905)</u> | <u>(7,124,638)</u> | <u>5,365,968</u> | <u>(125,319)</u> |
| Add: Balance of cash and cash equivalents at the beginning of the period | 25,482,400 | 14,340,671 | 28,026,417 | 15,604,627 |
| 6. Balance of cash and cash equivalents at the end of the period | <u>20,447,495</u> | <u>7,216,033</u> | <u>33,392,385</u> | <u>15,479,308</u> |

By Order of the Board
Fang Rong
Chair

Shenzhen, the PRC
24 April 2026

As at the date of this announcement, the Board of Directors of the Company comprises executive director, Xu Ziyang; non-executive directors, Fang Rong, Yan Junwu, Zhu Weimin, Zhang Hong; independent non-executive directors, Zhuang Jiansheng, Wang Qinggang, Tsui Kei Pang; and employee director, Li Miaona.