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)

FY2026/27 FIRST QUARTER RESULTS ANNOUNCEMENT

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 months ended June 30, 2026 together with comparative figures for the corresponding period of last year, as follows:

FINANCIAL HIGHLIGHTS

- Group revenue increased 43 percent year-on-year, reaching a record quarterly high of US$26.9 billion. Adjusted profit attributable to equity holders, excluding a non-cash fair value loss from the revaluation of warrants issued in 2025, notional interest on convertible bonds, and other non-cash items, grew to US$1,075 million, up 176 percent year-on-year, surpassing the US$1.0 billion milestone for the first time. Adjusted net profit margin reached 4.0 percent
- AI-related revenues increased 60 percent year-on-year representing 35 percent of Group revenue. All three Business Groups achieved record first fiscal quarter revenue, each with double-digit year-on-year growth
- IDG revenue rose to US$17.1 billion, up 27 percent year-on-year, with the operating margin stable at 7.1 percent. Global PC market share reached 24.2 percent, widening the Group's lead over the number two player and sustained its leadership across commercial and consumer segments. The smartphone business delivered record first fiscal quarter revenue
- ISG revenue reached a record quarterly high of US$8.5 billion, growing 98 percent year-on-year with the operating margin expanding to 9.1 percent. This performance was driven by broad-based growth in both CSP and Enterprise & SMB, underscoring the effectiveness of the Group's dual-engine strategy, ongoing transformation and disciplined execution. The AI server pipeline reached to US$54.0 billion, up 157 percent quarter-over-quarter, reflecting accelerating AI Cloud momentum and agentic AI transformation among enterprise customers
- SSG delivered record quarterly revenue of US$2.9 billion, up 28 percent year-on-year. Operating margin expanded to 24.2 percent. The revenue mix from Managed Services and Projects & Solutions reached a record 62.4 percent of SSG revenue, while TruScale Infrastructure-as-a-Service bookings delivered hypergrowth. AI services revenue grew at a triple-digit rate year-on-year
- At the FIFA World Cup, the Group deployed AI-powered technologies on an unprecedented scale. Enabled by proprietary innovations such as FIFA AI Pro, the Group enhanced experiences for more than 6 billion fans globally while supporting operations across all 104 matches, reinforcing its innovation leadership. The Group advanced to the global top 5 in the Gartner Global Supply Chain ranking, and reached a record high 153rd position in the Fortune Global 500, further strengthening its global brand presence

	3 months ended June 30, 2026 (unaudited) ***US$ million***	**3 months ended June 30, 2025 (unaudited)** ***US$ million***	**Year-on-year change**
Revenue	26,943	18,830	43%
Gross profit	4,452	2,774	60%
Gross profit margin	16.5%	14.7%	1.8 pts
Operating expenses, excluding fair value change on warrants and other non-cash items	(2,929)	(2,143)	37%
Operating profit before fair value change on warrants and other non-cash items	1,523	631	141%
Fair value change on warrants	(1,690)	152	N/A
Other non-cash items	186	2	N/A
Operating profit	19	785	(98)%
Other non-operating income/(expenses) - net	(199)	(163)	22%
(Loss)/profit before taxation	(180)	622	N/A
(Loss)/profit for the period	(478)	538	N/A
(Loss)/profit attributable to equity holders of the Company	(609)	505	N/A
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	US(5.04) cents	US4.12 cents	N/A
Diluted	US(5.04) cents	US3.65 cents	N/A
Non-HKFRS measures [1]			
Adjusted operating profit	1,523	631	141%
Adjusted profit before taxation	1,355	497	172%
Adjusted profit for the period	1,087	412	164%
Adjusted profit attributable to equity holders of the Company	1,075	389	176%
Adjusted basic earnings per share	US8.90 cents	US3.17 cents	181%
Adjusted diluted earnings per share	US7.39 cents	US2.68 cents	176%

[1] Non-HKFRS measures were defined as financial metrics that exclude fair value change on warrants and other non-cash items. Information is provided under "Use of non-HKFRS measures" section on pages 8 to 10.

BUSINESS REVIEW AND OUTLOOK

Group Highlights

For the first fiscal quarter ended June 30, 2026, the Group delivered its strongest quarter on record, with revenue reaching a record high of US$26.9 billion, up 43 percent year-on-year. The Group achieved double-digit year-on-year revenue growth in all three Business Groups, underpinned by accelerating AI-driven momentum across the entire product and services portfolio. AI-related revenues[1] increased 60 percent year-on-year, representing 35 percent of Group revenue.

Adjusted profit attributable to equity holders reached US$1,075 million, up 176 percent year-on-year and surpassing the US$1.0 billion milestone for the first time.

Reported net loss attributable to equity holders was US$609 million, primarily due to a non-cash fair value loss of US$1.7 billion arising from the revaluation of warrants issued in 2025, and US$30 million of notional interest on convertible bonds. The warrant revaluation largely reflects changes in the Group's share price and is expected to remain a non-cash accounting item through the end of fiscal year 2027/28.

Adjusted operating and net margins expanded to 5.7 percent and 4.0 percent respectively, supported by greater revenue scale and efficiency gains. The Group remains committed to expanding profitability through a clear strategy and a sustained focus on high-growth AI opportunities, while enhancing operating leverage to deliver greater shareholder value.

All three Business Groups delivered record first fiscal quarter revenue and operating profit, supported by strong double-digit year-on-year revenue growth across devices, infrastructure and services. IDG further strengthened its global PC leadership, widening its market share gap over the number two player, while maintaining resilient profitability despite ongoing component supply-demand imbalances and heightened market competition. The smartphone business delivered record first fiscal quarter revenue. ISG achieved record quarterly revenue, with both CSP and Enterprise & SMB nearly doubling revenue year-on-year. ISG's operating margin expanded to a record quarterly high, reflecting strong execution in converting accelerating demand from hyperscalers, AI Cloud providers and enterprise customers into expanding profits. SSG delivered another record quarter of revenue and a further expansion in operating margin, with the revenue mix from Managed Services and Projects & Solutions reaching a record high and underscoring continued progress in shifting toward higher-value, recurring revenue streams.

Under its Hybrid AI strategy and vision, the Group continued to make progress in innovation leadership and operational excellence, as reflected in several recent global recognitions and milestone events. As the sole official technology partner of the FIFA World Cup 26™, the Group deployed proprietary AI technologies and solutions on an unprecedented scale, enhancing match experiences for more than 6 billion fans globally and supporting 104 matches across 16 cities in 3 countries. By providing end-to-end technology, including more than 25,000 deployed and managed devices, and AI-powered innovations such as the FIFA AI Pro, Referee Camera and Intelligent Command Center, the Group achieved flawless execution, reinforcing its position as a global AI powerhouse.

The Group advanced to the global top 5 in the Gartner Global Supply Chain ranking, underscoring its operational excellence and its ability to turn supply chain challenges into opportunities. In addition, the Group reached a record-high 153rd position in the Fortune Global 500, rising 43 positions and further strengthening its global brand presence.

Performance by Business Group

Intelligent Devices Group (IDG)

IDG delivered record first fiscal quarter revenue of US$17.1 billion, up 27 percent year-on-year. Operating profit increased to US$1.2 billion, up 27 percent year-on-year, while the operating margin remained stable at

[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.

7.1 percent, despite rising commodity costs and heightened market competition. This reflects continued operational excellence, supply chain resilience and innovation. Non-PC adjacencies[2] delivered double-digit year-on-year revenue growth, further enhancing the overall revenue mix and supporting margin uplift.

Global PC market share reached 24.2 percent[3] in the first fiscal quarter, up 0.5 percentage points year-on-year. The Group further widened its lead over the number two player for the 10th consecutive quarter and sustained its leadership across commercial and consumer segments. Global AI PC market share reached a record first fiscal quarter high of 25.1 percent[4].

The smartphone business delivered record first fiscal quarter revenue with double digit year-on-year revenue growth. Premium offerings, including *Razr, Signature* and *Edge*, accounted for a record 37 percent of smartphone revenue. Despite intensified competition in a challenging operating environment, the smartphone business continued to drive innovation and growth, leveraging scale economies, premiumization, AI capabilities, an expanding software ecosystem, and diversified monetization streams.

While component supply-demand imbalances may continue to create near-term headwinds and market volatility, the Group is confident that its well-balanced geographical footprint, increasingly optimized portfolio and industry-leading supply chain will enable it to navigate this environment, continue to outperform market growth and protect profit margins.

Under its Personal AI strategy, the Group is scaling one of the industry's broadest device ecosystems, spanning PCs, smartphones, tablets, wearables, and other device categories. Over the past two years, the global installed base grew at a 12.4 percent CAGR, significantly outpacing the overall device market. With record market share gains, strong AI PC momentum, and continued premium smartphone growth, the Group is uniquely positioned to leverage its portfolio breadth and innovation leadership to realize its "One Personal AI, Multiple Devices" vision. Through its personal AI super-agent, (Qira in international markets and Tianxi in China), the Group is committed to delivering integrated AI experiences across devices.

Infrastructure Solutions Group (ISG)

ISG achieved exceptional quarterly results, with first-fiscal-quarter revenue reaching a record high of US$8.5 billion, up 98 percent year-on-year, reflecting broad-based strength across traditional compute, AI servers and storage portfolios. Operating profit rose to a record quarterly high of US$777 million, while the operating margin expanded to 9.1 percent, underpinned by solid execution that captured high-value opportunities in a dynamic environment.

The AI server pipeline reached US$54.0 billion, up 157 percent quarter-over-quarter, spanning hyperscaler, AI Cloud and enterprise AI opportunities. AI server revenue delivered triple-digit year-on-year growth across international markets, excluding the impact of international GPU sales in China in the prior-year quarter. Accelerating customer engagement and an expanding customer base continue to strengthen forward visibility.

Revenue in both CSP and Enterprise & SMB nearly doubled year-on-year, driven by accelerating AI infrastructure momentum, a rapidly expanding customer base, and enhanced go-to-market capabilities focused on efficiency, speed and execution.

The AI infrastructure industry is entering a new phase of growth, with the total addressable market expected to reach approximately US$1.3 trillion by 2030[5]. The Group's comprehensive portfolio, which captures both AI training and inferencing opportunities, together with its dual-engine strategy across CSP and Enterprise & SMB to address evolving customer demands, are key differentiators that underpin sustained growth and enable the Group to capture greater value.

In CSP, the Group is leveraging its unique ODM+ model and strategic partnerships with ecosystem leaders to scale, advancing GB300 deployments to capture growing AI demand, and accelerating Vera Rubin rack-scale solution readiness and time-to-market.

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[2] Non-PC adjacencies include services, visuals, accessories, PCSD software and tablets.
[3] Source: IDC
[4] Source: IDC
[5] Source: IDC

In Enterprise & SMB, AI adoption continued to accelerate, supported by higher-velocity execution, a scalable transactional model and simplified, pre-validated enterprise solutions designed to capture emerging AI inferencing opportunities. In the first fiscal quarter, the Enterprise & SMB business delivered record performance in both international markets and China, with accelerated profit growth and margin improvement.

The Group advanced its Global/Local strategy with the launch of the North Carolina Smart Campus, expanding its advanced infrastructure manufacturing capabilities and strengthening its large-scale development, and end-to-end service capabilities to capture growing demand from hyperscalers and enterprise customers.

Solutions and Services Group (SSG)

SSG delivered record quarterly revenue of US$2.9 billion, up 28 percent year-on-year. Operating profit increased 39 percent to US$697 million, while the operating margin expanded to a record 24.2 percent. AI services revenue grew by triple-digit year-on-year. This performance reflects SSG’s positioning to capture share in a fast-growing AI services market and to turn that opportunity into accelerated returns on investment for enterprise customers through validated solutions.

The revenue mix from Managed Services and Projects & Solutions expanded to a record 62.4 percent of SSG revenue. TruScale Infrastructure-as-a-Service bookings delivered hypergrowth, supported by AI Factory success across AI Cloud and enterprise customers. Projects & Solutions revenue growth accelerated, underpinned by a robust multi-quarter booking backlog and AI Library adoption.

AI is fundamentally expanding SSG's total addressable market, adding an incremental opportunity of more than US$200 billion in this fiscal year alone[6]. AI-led opportunities are also growing significantly faster than the broader market and are expected to nearly double by FY2029/30. Through its full-stack enterprise AI framework of validated solutions, SSG brings together infrastructure, platforms, services, and industry solutions to help customers move from AI experimentation into production.

With a focus on operationalizing AI for customers, the Group’s AI Factory solutions delivered hypergrowth, including success in both Enterprise and AI Cloud segments. For example, the Group expanded its engagement with a leading AI Cloud customer by combining AI Factory infrastructure, cooling, and deployment services. With AI Library, the Group is seeing repeat demand for outcome-led AI solutions such as smart warehousing, computer vision AI, and robotic inspection. The Group proved AI Library use cases at scale with FIFA, including solutions such as Referee Camera and the FIFA AI Pro.

Geographic Performance

The Group operates across 180 markets, leveraging its diversified presence to deliver balanced growth globally. In the first fiscal quarter, Asia Pacific (excluding China), China, EMEA and the Americas each contributed between 18 percent and 37 percent of consolidated revenue.

Asia Pacific (excluding China) delivered 28 percent year-on-year revenue growth. In IDG, the Group maintained its number one PC market position in the region. Motorola achieved double-digit year-on-year revenue growth and outperformed the broader market, supported by strong performances in Japan and Greater Asia Pacific. ISG also recorded enterprise customer wins with AI-ready liquid-cooled infrastructure offerings.

China delivered 25 percent year-on-year revenue growth. IDG maintained its number one PC market position and achieved strong revenue growth in both commercial and consumer segments. ISG continued to improve profitability, while its Enterprise & SMB business delivered record first fiscal quarter revenue in China. SSG delivered double-digit year-on-year revenue growth, with manufacturing remaining a leading solutions vertical.

EMEA delivered 53 percent year-on-year revenue growth. The Group maintained its number one PC market position in the region for the 17th consecutive quarter.

The Americas delivered 58 percent year-on-year revenue growth. In Latin America, Motorola delivered strong double-digit year-on-year revenue growth, while premium smartphone shipments increased several-fold. ISG

[6] Internal model based on Gartner, IDC, McKinsey, and Canalys etc.

further strengthened its manufacturing, deployment and end-to-end service capabilities in the region through the expanded North Carolina Smart Campus.

Outlook and Strategic Highlights

Looking ahead, the Group will continue to advance its Hybrid AI strategy to capture growth opportunities and expand profitability across devices, infrastructure, solutions and services. Amid ongoing component supply-demand imbalances, the Group's global scale, operational excellence, supply chain resilience, and leadership in innovation provide a solid foundation for further strengthening its competitiveness. The Group remains focused on converting its current momentum into sustained, multi-year margin expansion and long-term shareholder value.

In Personal AI, the Group is scaling one of the industry's broadest device ecosystems and expanding its installed base across multiple device categories. Through Qira in international markets and Tianxi in China, the Group is advancing its vision of "One Personal AI, Multiple Devices" and aims to orchestrate seamless AI experiences across its portfolio by leveraging its multi-OS and multi-silicon capabilities. The continued development of its AI and software ecosystem is expected to support further differentiation and monetization opportunities.

In Enterprise AI, the Group is expanding the Lenovo Hybrid AI Advantage™ through agentic AI and inferencing portfolios designed to improve AI economics, accelerate deployment and optimize performance across hybrid environments. By bringing together infrastructure, platforms, services and validated industry solutions, the Group aims to help customers move from AI experimentation into production.

By combining its scaled device ecosystem, differentiated AI infrastructure portfolio and tech-led services model with its capabilities in delivering end-to-end AI solutions, the Group is strengthening its position across the full AI value chain and building a stronger foundation for sustainable, profitable growth.

FINANCIAL REVIEW

Results for the three months ended June 30, 2026

	3 months ended June 30, 2026 (unaudited) *US$ million*	3 months ended June 30, 2025 (unaudited) *US$ million*	Year-on-year change
Revenue	**26,943**	18,830	43%
Gross profit	**4,452**	2,774	60%
Gross profit margin	**16.5%**	14.7%	1.8 pts
Operating expenses	**(4,433)**	(1,989)	123%
Operating profit	**19**	785	(98)%
Other non-operating income/(expenses) – net	**(199)**	(163)	22%
(Loss)/profit before taxation	**(180)**	622	N/A
(Loss)/profit for the period	**(478)**	538	N/A
(Loss)/profit attributable to equity holders of the Company	**(609)**	505	N/A
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	**US(5.04) cents**	US4.12 cents	N/A
Diluted	**US(5.04) cents**	US3.65 cents	N/A

For the three months ended June 30, 2026, the Group recorded total sales of approximately US$26,943 million. Compared with the corresponding period of last year, gross profit margin increased by 1.8 percentage points to 16.5 percent, primarily driven by improved profitability in the ISG business. Loss attributable to equity holders of the Company for the period was US$609 million, compared with profit attributable to equity holders of the Company of US$505 million for the corresponding period of last year. The loss was primarily attributable to the fair value loss of US$1,690 million on derivative financial liabilities relating to warrants recognized during the current period. Net loss margin attributable to equity holders of the Company was 2.3 percent, compared with a net profit margin attributable to equity holders of the Company of 2.7 percent for the corresponding period of last year. Basic and diluted loss per share were US5.04 cents, compared with basic and diluted earnings per share of US4.12 cents and US3.65 cents, respectively, for the corresponding period of last year.

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

Analysis of operating expenses by function for the three months ended June 30, 2026 and 2025 is as follows:

	3 months ended June 30, 2026 *US$'000*	3 months ended June 30, 2025 *US$'000*
Selling and distribution expenses	**(1,266,818)**	(955,293)
Administrative expenses	**(635,807)**	(677,121)
Research and development expenses	**(682,019)**	(524,201)
Other operating income/(expenses) – net	**(1,848,123)**	166,947
	(4,432,767)	(1,989,668)

Operating expenses for the period increased by 123 percent compared with the corresponding period of last year. The increase was mainly attributable to a fair value loss of US$1,690 million on derivative financial liabilities relating to warrants (2025/26: a fair value gain of US$152 million). The increase was also attributable to higher employee benefit costs, which increased by US$211 million due to higher headcount, increased sales commissions and higher long-term incentive awards. Advertising and promotional expenses increased by US$53 million, primarily attributable to special promotional campaigns, including FIFA World Cup-related marketing activities, and new product launches. Research and development related laboratory testing, services and supplies increased by US$68 million, reflecting the Group's continued investment in new product development. In addition, the Group recorded a net foreign exchange loss of US$126 million (2025/26: US$6 million), primarily due to currency fluctuations. The Group also recorded asset impairment and write-off charges of US$22 million during the period (2025/26: write-off charges of US$3 million). Partially offsetting these increases, fair value gains on strategic investments amounted to US$250 million (2025/26: US$21 million), reflecting changes in the value of the Group's investment portfolio.

Key expenses by nature comprise:

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
Depreciation of property, plant and equipment	**(52,252)**	(50,886)
Depreciation of right-of-use assets	**(25,161)**	(23,552)
Amortization of intangible assets, excluding internal use software	**(28,553)**	(22,813)
Impairment and write-off of intangible assets	**(21,832)**	(2,889)
Write-off of construction-in-progress	**(397)**	(121)
Write-off of property, plant and equipment	**-**	(23)
Employee benefit costs, including	**(1,445,132)**	(1,234,224)
- long-term incentive awards	***(103,849)***	*(79,915)*
- severance and related costs	***(10,689)***	*(5,000)*
Rental expenses	**(4,128)**	(5,156)
Net foreign exchange loss	**(126,070)**	(5,996)
Advertising and promotional expenses	**(361,113)**	(308,063)
Legal, professional and consulting expenses	**(96,675)**	(87,729)
Information technology expenses, including	**(81,416)**	(94,699)
- amortization of internal use software	***(50,855)***	*(56,300)*
Increase in loss allowance of trade receivables	**(26,869)**	(21,363)
Unused amounts of loss allowance of trade receivables reversed	**13,924**	5,105
Increase in loss allowance of lease receivables	**(797)**	(5,487)
Unused amounts of loss allowance of lease receivables reversed	**497**	-
Research and development related laboratory testing, services and supplies	**(146,596)**	(78,560)
Loss on disposal of property, plant and equipment	**(313)**	(568)
Loss on disposal of intangible assets	**-**	(52)
Fair value gain on financial assets at fair value through profit or loss	**250,083**	20,893
Fair value (loss)/gain on derivative financial liabilities relating to warrants	**(1,690,299)**	152,361
Impairment of interests in associates	**(23,272)**	-
Gain on disposal of interest in an associate	**-**	727
Others	**(566,396)**	(226,573)
	(4,432,767)	(1,989,668)

Other non-operating income/(expenses) – net for the three months ended June 30, 2026 and 2025 comprise:

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
Finance income	**25,315**	27,726
Finance costs	**(217,950)**	(186,563)
Share of losses of associates and joint ventures	**(6,488)**	(3,868)
	(199,123)	(162,705)

Finance income mainly represents interest income on bank deposits.

Finance costs for the period increased by 17 percent compared with the corresponding period of last year. The increase was mainly attributable to higher factoring costs of US$12 million, increased interest on bank loans and overdrafts of US$8 million, and increased interest on convertible bonds of US$2 million.

Share of losses of associates and joint ventures primarily represents operating losses arising from the principal business activities of the 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:

	3 months ended June 30, 2026		3 months ended June 30, 2025	
	Revenue	**Operating profit**	Revenue	Operating profit/(loss)
	US$'000	***US$'000***	*US$'000*	*US$'000*
IDG	**17,105,518**	**1,210,050**	13,459,338	950,430
ISG	**8,510,078**	**776,938**	4,290,149	(85,520)
SSG	**2,883,628**	**696,773**	2,257,718	500,772
Total	**28,499,224**	**2,683,761**	20,007,205	1,365,682
Eliminations	**(1,556,458)**	**(601,608)**	(1,177,336)	(393,160)
	26,942,766	**2,082,153**	18,829,869	972,522
Unallocated:				
Headquarters and corporate income/(expenses) – net		**(712,225)**		(414,434)
Depreciation and amortization		**(93,965)**		(93,901)
Finance income		**22,608**		23,349
Finance costs		**-**		(33,999)
Share of losses of associates and joint ventures		**(5,257)**		(3,588)
(Loss)/gain on disposal of property, plant and equipment		**(2)**		186
Fair value gain on financial assets at fair value through profit or loss		**239,822**		18,705
Fair value (loss)/gain on derivative financial liabilities relating to warrants		**(1,690,299)**		152,361
Impairment of interests in associates		**(23,272)**		-
Dividend income		**516**		903
Consolidated (loss)/profit before taxation		**(179,921)**		622,104

Headquarters and corporate income/(expenses) – net for the period comprised various corporate expenses of US$712 million (2025/26: US$414 million), after appropriate allocations to business groups, including employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase was primarily due to higher net foreign exchange losses, increased provisions for claims, and higher employee benefit costs driven by increased headcount and long-term incentive awards, compared with the corresponding period of last year.

Use of non-HKFRS measures

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 (loss)/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) mergers and acquisitions related charges, (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, and (vii) impairment of interests in associates; 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 (loss)/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 incurs cost related to its mergers and acquisitions, which it would not have otherwise incurred as part of its operations. The charges are direct expenses such as third-party professional and legal fees, and integration-related costs, as well as non-cash adjustments to the fair value of certain acquired assets. These charges related to mergers and acquisitions are inconsistent in amount and frequency and are significantly impacted by the timing and nature of the transactions. Management believes that eliminating such expenses for the purposes of calculating the non-HKFRS measure facilitates a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

(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 records impairment of interests in associates, 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.

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 measures to the most directly comparable HKFRS financial measures are included in the tables below.

Three months ended June 30, 2026

	Operating profit (unaudited) ***US$'000***	**(Loss)/profit before taxation (unaudited)** ***US$'000***	**(Loss)/profit for the period (unaudited)** ***US$'000***	**(Loss)/profit attributable to equity holders (unaudited)** ***US$'000***
As reported	**19,202**	**(179,921)**	**(477,592)**	**(608,600)**
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	**(250,083)**	**(250,083)**	**(213,873)**	**(95,450)**
Amortization of intangible assets resulting from mergers and acquisitions	**16,524**	**17,707**	**14,105**	**14,105**
Mergers and acquisitions related charges	**1,240**	**1,240**	**1,240**	**1,240**
Impairment and write-off of intangible assets and construction-in-progress	**22,229**	**22,229**	**22,229**	**22,229**
Fair value loss on derivative financial liabilities relating to warrants	**1,690,299**	**1,690,299**	**1,690,299**	**1,690,299**
Notional interest on convertible bonds	**-**	**30,201**	**30,201**	**30,201**
Impairment of interests in associates	**23,272**	**23,272**	**20,693**	**20,693**
Adjusted	**1,522,683**	**1,354,944**	**1,087,302**	**1,074,717**

Three months ended June 30, 2025

	Operating profit (unaudited) *US$'000*	Profit before taxation (unaudited) *US$'000*	Profit for the period (unaudited) *US$'000*	Profit attributable to equity holders (unaudited) *US$'000*
As reported	784,809	622,104	537,550	505,333
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(20,893)	(20,893)	(17,648)	(8,244)
Amortization of intangible assets resulting from mergers and acquisitions	16,458	17,641	13,825	13,825
Write-off of intangible assets, property, plant and equipment and construction-in-progress	3,033	3,033	3,033	3,033
Fair value gain on derivative financial liabilities relating to warrants	(152,361)	(152,361)	(152,361)	(152,361)
Notional interest on convertible bonds	-	27,817	27,817	27,817
Adjusted	631,046	497,341	412,216	389,403

Capital Expenditure

The Group incurred capital expenditure of US$374 million (2025/26: US$468 million) during the three months ended June 30, 2026, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The decrease in capital expenditure compared with the corresponding period of last year was mainly attributable to lower investments in patents and technology, partly offset by increased investments in assets under construction.

Liquidity and Financial Resources

At June 30, 2026, total assets of the Group amounted to US$70,112 million (March 31, 2026: US$57,129 million), which were financed by equity attributable to owners of the Company of US$7,213 million (March 31, 2026: US$7,635 million), other non-controlling interests (net of put option written on non-controlling interests) of US$955 million (March 31, 2026: US$809 million), and total liabilities of US$61,944 million (March 31, 2026: US$48,685 million). At June 30, 2026, the current ratio of the Group was 0.98 (March 31, 2026: 0.95).

At June 30, 2026, bank deposits and cash and cash equivalents totaling US$6,081 million (March 31, 2026: US$4,983 million) were denominated in the following major currencies:

	June 30, 2026	March 31, 2026
	%	%
US dollar	**49.4**	47.0
Renminbi	**21.1**	22.1
Japanese Yen	**5.5**	5.7
Euro	**4.8**	5.3
Australian dollar	**0.6**	0.5
Other currencies	**18.6**	19.4
Total	**100.0**	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At June 30, 2026, 75 percent (March 31, 2026: 75 percent) of the Group's cash was held in bank deposits, while 25 percent (March 31, 2026: 25 percent) was invested in investment-grade liquid money market funds.

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 enhance balance sheet efficiency.

The Group has the following banking facilities:

				Utilized amount at	
Type	**Date of agreement**	**Principal amount**	**Term**	**June 30, 2026**	March 31, 2026
		US$ million		***US$ million***	*US$ million*
Revolving loan facility	July 4, 2022	2,000	5 years	**-**	-
Revolving loan facility	April 30, 2026	300	1 year	**300**	N/A

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

	Total available amount at		**Utilized amount at**	
Credit facilities	**June 30, 2026**	March 31, 2026	**June 30, 2026**	March 31, 2026
	US$ million	*US$ million*	***US$ million***	*US$ million*
Trade lines	**9,200**	7,225	**7,829**	4,930
Short-term money market facilities	**3,885**	3,488	**180**	269
Forward foreign exchange contracts	**22,974**	17,678	**22,946**	17,651

In addition to the above facilities, the notes and convertible bonds issued by the Group and outstanding at June 30, 2026 were as follows. Further details of the Group's borrowings are set out in Note 12 to the Financial Information.

	Issue date	Principal amount	Term	Interest/coupon rate per annum	Due date	Use of proceeds
2030 Notes	November 2, 2020	US$900 million	10 years	3.421%	November 2, 2030	For repurchase of perpetual securities and previous Notes
2028 Notes	July 27, 2022	US$600 million	5.5 years	5.831%	January 27, 2028	For repayment of previous Notes and general corporate purposes
2032 Notes	July 27, 2022	US$563 million	10 years	6.536%	July 27, 2032	For financing of eligible projects under the Green Finance Framework
2029 Convertible Bonds	August 26, 2022	US$450 million	7 years	2.5%	August 26, 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 8, 2028	For repayment of existing debts and general corporate purposes
2033 Convertible Bonds	June 25, 2026	US$2,000 million	7 years	0%	June 25, 2033	For repayment of existing debts, share buy-back and general corporate purposes

The Group's net (debt)/cash position and gearing ratio as at June 30, 2026 and March 31, 2026 were as follows:

	June 30, 2026 ***US$ million***	March 31, 2026 *US$ million*
Bank deposits and cash and cash equivalents	**6,081**	4,983
Borrowings		
- Short-term loans	**483**	281
- Notes	**2,053**	2,053
- Convertible bonds	**3,724**	2,407
Net (debt)/cash position	**(179)**	242
Total equity	**8,168**	8,444
Gearing ratio (Borrowings divided by total equity)	**0.77**	0.56

The Group is confident that its available facilities are sufficient to meet the funding requirements of its operations and business development. The Group is in full compliance with all banking covenants.

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At June 30, 2026, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US$22,946 million (March 31, 2026: US$17,651 million). The Group's forward foreign exchange contracts are used either to hedge a percentage of future transactions which are highly probable, or as fair value hedges of 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.

CONSOLIDATED INCOME STATEMENT

	Note	**3 months ended June 30, 2026 (unaudited)** ***US$'000***	3 months ended June 30, 2025 (unaudited) *US$'000*
Revenue	*2*	**26,942,766**	18,829,869
Cost of sales		**(22,490,797)**	(16,055,392)
Gross profit		**4,451,969**	2,774,477
Selling and distribution expenses		**(1,266,818)**	(955,293)
Administrative expenses		**(635,807)**	(677,121)
Research and development expenses		**(682,019)**	(524,201)
Other operating income/(expenses) - net		**(1,848,123)**	166,947
Operating profit	*3*	**19,202**	784,809
Finance income	*4(a)*	**25,315**	27,726
Finance costs	*4(b)*	**(217,950)**	(186,563)
Share of losses of associates and joint ventures		**(6,488)**	(3,868)
(Loss)/profit before taxation		**(179,921)**	622,104
Taxation	*5*	**(297,671)**	(84,554)
(Loss)/profit for the period		**(477,592)**	537,550
(Loss)/profit attributable to:			
Equity holders of the Company		**(608,600)**	505,333
Other non-controlling interests		**131,008**	32,217
		(477,592)	537,550
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	*6(a)*	**US(5.04) cents**	US4.12 cents
Diluted	*6(b)*	**US(5.04) cents**	US3.65 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended June 30, 2026 (unaudited) *US$'000*	3 months ended June 30, 2025 (unaudited) *US$'000*
(Loss)/profit for the period	**(477,592)**	537,550
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations, net of taxes	**409**	1,183
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	**8,781**	1,640
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Fair value change on cash flow hedges from foreign exchange forward contracts, net of taxes		
- Fair value gain/(loss), net of taxes	**5,423**	(321,989)
- Reclassified to consolidated income statement	**(61,319)**	229,832
Currency translation differences	**226,653**	357,428
Other comprehensive income for the period	**179,947**	268,094
Total comprehensive (loss)/income for the period	**(297,645)**	805,644
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(423,028)**	761,384
Other non-controlling interests	**125,383**	44,260
	(297,645)	805,644

CONSOLIDATED BALANCE SHEET

	Note	**June 30, 2026 (unaudited)** *US$'000*	March 31, 2026 (audited) *US$'000*
Non-current assets			
Property, plant and equipment		**2,322,951**	2,323,913
Right-of-use assets		**643,670**	648,835
Construction-in-progress		**515,523**	546,072
Intangible assets		**8,926,017**	7,920,745
Interests in associates and joint ventures		**241,570**	266,950
Deferred income tax assets		**4,060,716**	3,761,785
Financial assets at fair value through profit or loss		**2,325,565**	2,030,501
Financial assets at fair value through other comprehensive income		**64,755**	49,648
Other non-current assets		**356,136**	378,349
		19,456,903	17,926,798
Current assets			
Inventories	*7*	**15,741,947**	11,720,885
Trade, lease and notes receivables	*8(a)*	**19,265,786**	14,502,738
Derivative financial assets		**167,070**	174,916
Deposits, prepayments and other receivables	*9*	**9,000,924**	7,429,782
Income tax recoverable		**398,705**	390,444
Bank deposits		**173,304**	96,369
Cash and cash equivalents		**5,907,477**	4,887,162
		50,655,213	39,202,296
Total assets		**70,112,116**	57,129,094

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**June 30, 2026 (unaudited) *US$'000***	March 31, 2026 (audited) *US$'000*
Share capital	*14*	**3,500,987**	3,500,987
Reserves		**3,712,372**	4,134,062
Equity attributable to owners of the Company		**7,213,359**	7,635,049
Other non-controlling interests		**1,501,704**	1,355,917
Put option written on non-controlling interests	*10(a)*	**(547,353)**	(547,353)
Total equity		**8,167,710**	8,443,613
Non-current liabilities			
Borrowings	*12*	**5,375,037**	3,862,595
Warranty provision	*10(b)*	**159,626**	169,547
Deferred revenue		**2,119,953**	1,969,201
Retirement benefit obligations		**202,006**	203,822
Deferred income tax liabilities		**373,964**	310,638
Derivative financial liabilities	*13*	**833,980**	45,182
Other non-current liabilities	*11*	**1,084,058**	766,920
		10,148,624	7,327,905
Current liabilities			
Trade and notes payables	*8(b)*	**24,397,551**	19,236,706
Derivative financial liabilities	*13*	**1,025,116**	99,239
Other payables and accruals	*10(a)*	**21,179,254**	17,279,079
Provisions	*10(b)*	**954,325**	945,068
Deferred revenue		**2,088,033**	1,987,839
Income tax payable		**1,266,441**	931,202
Borrowings	*12*	**885,062**	878,443
		51,795,782	41,357,576
Total liabilities		**61,944,406**	48,685,481
Total equity and liabilities		**70,112,116**	57,129,094

CONSOLIDATED CASH FLOW STATEMENT

	Note	**3 months ended June 30, 2026 (unaudited)** *US$'000*	3 months ended June 30, 2025 (unaudited) *US$'000*
Cash flows from operating activities			
Net cash generated from operations	*15(a)*	**718,340**	1,565,957
Interest paid		**(163,780)**	(166,086)
Tax paid		**(172,259)**	(180,787)
Net cash generated from operating activities		**382,301**	1,219,084
Cash flows from investing activities			
Purchase of property, plant and equipment		**(91,009)**	(91,849)
Sale of property, plant and equipment		**6,234**	4,471
Acquisition of businesses and subsidiaries, net of cash acquired	*15(c)*	**(427,330)**	-
Interests acquired in associates		**-**	(425)
Loans to an associate and a joint venture		**(27,799)**	(6,366)
Repayment of loan by an associate		**8,852**	5,485
Payment for construction-in-progress		**(115,183)**	(85,200)
Payment for intangible assets		**(168,018)**	(290,853)
Purchase of financial assets at fair value through profit or loss		**(67,455)**	(28,122)
Purchase of financial assets at fair value through other comprehensive income		**(4,426)**	-
Net proceeds from sale of financial assets at fair value through profit or loss		**55,069**	35,930
Net proceeds from disposal of interest in an associate		**171**	1,052
(Increase)/decrease in bank deposits		**(75,685)**	6,241
Dividends received		**873**	1,138
Interest received		**25,315**	27,726
Net cash used in investing activities		**(880,391)**	(420,772)
Cash flows from financing activities	*15(b)*		
Capital contribution from other non-controlling interests		**21,658**	14,460
Distribution to other non-controlling interests		**(717)**	(318)
Purchase of shares by employee share trusts		**(1,320)**	(97,306)
Principal elements of lease payments		**(30,355)**	(29,023)
Dividends paid to other non-controlling interests		**(537)**	(968)
Proceeds from issue of convertible bonds		**2,000,000**	-
Issuing cost of convertible bonds		**(21,000)**	-
Repurchase of convertible bonds		**(659,823)**	-
Proceeds from loans		**3,884,254**	4,331,121
Repayments of loans		**(3,688,641)**	(4,340,159)
Repayment of notes		**-**	(965,000)
Proceeds from factoring of operating lease receivables		**5,575**	-
Repayments of factored operating lease receivables		**(2,994)**	-
Repayments of payment service arrangement		**(1,436)**	-
Net cash generated from/(used in) financing activities		**1,504,664**	(1,087,193)
Increase/(decrease) in cash and cash equivalents		**1,006,574**	(288,881)
Effect of foreign exchange rate changes		**13,741**	65,197
Cash and cash equivalents at the beginning of the period		**4,887,162**	4,728,124
Cash and cash equivalents at the end of the period		**5,907,477**	4,504,440

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital (unaudited) *US$'000*	Investment revaluation reserve (unaudited) *US$'000*	Employee share trusts (unaudited) *US$'000*	Share-based compensation reserve (unaudited) *US$'000*	Hedging reserve (unaudited) *US$'000*	Exchange reserve (unaudited) *US$'000*	Other reserves (unaudited) *US$'000*	Retained earnings (unaudited) *US$'000*	Other non-controlling interests (unaudited) *US$'000*	Put option written on non-controlling interests (unaudited) *US$'000*	Total (unaudited) *US$'000*
At April 1, 2026	**3,500,987**	**(66,018)**	**(414,347)**	**(826,062)**	**104,479**	**(2,438,353)**	**524,401**	**7,249,962**	**1,355,917**	**(547,353)**	**8,443,613**
(Loss)/profit for the period	–	–	–	–	–	–	–	**(608,600)**	**131,008**	–	**(477,592)**
Other comprehensive income/(loss)	–	**8,781**	–	–	**(55,896)**	**232,278**	–	**409**	**(5,625)**	–	**179,947**
Total comprehensive income/(loss) for the period	–	**8,781**	–	–	**(55,896)**	**232,278**	–	**(608,191)**	**125,383**	–	**(297,645)**
Transfer to statutory reserves	–	–	–	–	–	–	**19,535**	**(19,535)**	–	–	–
Vesting of shares under long-term incentive program	–	–	**215,180**	**(426,760)**	–	–	–	–	–	–	**(211,580)**
Deferred tax in relation to long-term incentive program	–	–	–	**54,065**	–	–	–	–	–	–	**54,065**
Settlement of bonus through long-term incentive program	–	–	–	**12,307**	–	–	–	–	–	–	**12,307**
Share-based compensation	–	–	–	**103,849**	–	–	–	–	–	–	**103,849**
Purchase of shares by employee share trusts	–	–	**(1,320)**	–	–	–	–	–	–	–	**(1,320)**
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	**(537)**	–	**(537)**
Capital contribution from other non-controlling interests	–	–	–	–	–	–	–	–	**21,658**	–	**21,658**
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	**(717)**	–	**(717)**
Issue of convertible bonds	–	–	–	–	–	–	**493,760**	–	–	–	**493,760**
Repurchase of convertible bonds	–	–	–	–	–	–	**(46,090)**	**(403,653)**	–	–	**(449,743)**
At June 30, 2026	**3,500,987**	**(57,237)**	**(200,487)**	**(1,082,601)**	**48,583**	**(2,206,075)**	**991,606**	**6,218,583**	**1,501,704**	**(547,353)**	**8,167,710**
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	–	–	–	–	–	–	–	505,333	32,217	–	537,550
Other comprehensive income/(loss)	–	1,640	–	–	(92,157)	345,385	–	1,183	12,043	–	268,094
Total comprehensive income/(loss) for the period	–	1,640	–	–	(92,157)	345,385	–	506,516	44,260	–	805,644
Transfer to statutory reserves	–	–	–	–	–	–	20,698	(20,698)	–	–	–
Vesting of shares under long-term incentive program	–	–	98,177	(123,983)	–	–	–	–	–	–	(25,806)
Deferred tax in relation to long-term incentive program	–	–	–	6,749	–	–	–	–	–	–	6,749
Settlement of bonus through long-term incentive program	–	–	–	13,071	–	–	–	–	–	–	13,071
Share-based compensation	–	–	–	79,915	–	–	–	–	–	–	79,915
Purchase of shares by employee share trusts	–	–	(97,306)	–	–	–	–	–	–	–	(97,306)
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	(968)	–	(968)
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	(318)	–	(318)
At June 30, 2025	3,500,987	(78,101)	(140,481)	(826,977)	(152,154)	(2,476,962)	523,286	6,457,396	1,181,257	(547,353)	7,440,898

Notes

1 General information and basis of preparation

The financial information relating to the year ended March 31, 2026 included in the FY2026/27 first 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 will deliver the consolidated financial statements for the year ended March 31, 2026 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 and improvements to existing standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and improvements to existing standards.

- Amendments to HKFRS 9 and HKFRS 7, Amendments to the classification and measurement of financial instruments
- Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature-dependent electricity
- Annual improvements to HKFRS accounting standards — Volume 11

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

	3 months ended June 30, 2026		3 months ended June 30, 2025	
	Revenue	**Operating profit**	Revenue	Operating profit/(loss)
	US$'000	***US$'000***	*US$'000*	*US$'000*
IDG	**17,105,518**	**1,210,050**	13,459,338	950,430
ISG	**8,510,078**	**776,938**	4,290,149	(85,520)
SSG	**2,883,628**	**696,773**	2,257,718	500,772
Total	**28,499,224**	**2,683,761**	20,007,205	1,365,682
Eliminations	**(1,556,458)**	**(601,608)**	(1,177,336)	(393,160)
	26,942,766	**2,082,153**	18,829,869	972,522
Unallocated:				
Headquarters and corporate income/(expenses) – net		**(712,225)**		(414,434)
Depreciation and amortization		**(93,965)**		(93,901)
Finance income		**22,608**		23,349
Finance costs		**-**		(33,999)
Share of losses of associates and joint ventures		**(5,257)**		(3,588)
(Loss)/gain on disposal of property, plant and equipment		**(2)**		186
Fair value gain on financial assets at fair value through profit or loss		**239,822**		18,705
Fair value (loss)/gain on derivative financial liabilities relating to warrants		**(1,690,299)**		152,361
Impairment of interests in associates		**(23,272)**		-
Dividend income		**516**		903
Consolidated (loss)/profit before taxation		**(179,921)**		622,104

(b) Analysis of revenue by geography

	3 months ended June 30, 2026	3 months ended June 30, 2025
	US$'000	*US$'000*
China	**5,863,574**	4,675,698
Asia Pacific ("AP")	**4,772,692**	3,714,575
Europe-Middle East-Africa ("EMEA")	**6,397,595**	4,185,894
Americas ("AG")	**9,908,905**	6,253,702
	26,942,766	18,829,869

(c) Analysis of revenue by timing of revenue recognition

	3 months ended June 30, 2026	3 months ended June 30, 2025
	US$'000	*US$'000*
Point in time	**25,897,237**	17,926,582
Over time	**914,846**	828,872
Lease revenue	**130,683**	74,415
	26,942,766	18,829,869

(d) Other segment information

	IDG		ISG		SSG		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
For the three months ended June 30								
Depreciation and amortization	**214,643**	179,059	**51,864**	68,582	**4,260**	4,028	**270,767**	251,669
Finance income	**1,980**	4,067	**142**	21	**585**	289	**2,707**	4,377
Finance costs	**105,195**	92,081	**105,404**	59,883	**7,351**	600	**217,950**	152,564

(e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US$6,586 million (March 31, 2026: US$6,203 million). The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

At June 30, 2026

	China *US$ million*	**AP** *US$ million*	**EMEA** *US$ million*	**AG** *US$ million*	**Amounts pending allocation (a)** *US$ million*	**Total** *US$ million*
Goodwill (b)						
- IDG	**962**	**468**	**308**	**1,592**	**-**	**3,330**
- ISG	**496**	**121**	**65**	**349**	**289**	**1,320**
- SSG (c)	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**610**
Trademarks and trade names with indefinite useful lives						
- IDG	**182**	**55**	**125**	**480**	**-**	**842**
- ISG	**162**	**54**	**31**	**123**	**56**	**426**
- SSG (c)	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**58**

At March 31, 2026

	China *US$ million*	AP *US$ million*	EMEA *US$ million*	AG *US$ million*	Total *US$ million*
Goodwill					
- IDG	944	471	300	1,583	3,298
- ISG	490	122	65	349	1,026
- SSG (c)	N/A	N/A	N/A	N/A	609
Trademarks and trade names with indefinite useful lives					
- IDG	182	55	125	480	842
- ISG	162	54	31	123	370
- SSG (c)	N/A	N/A	N/A	N/A	58

Notes:

(a) Amounts pending allocation is attributable to the acquisition of Infinidat Ltd. ("Infinidat"), details of which are set out in Note 16. Management is in the process of determining the allocation to the appropriate cash generating units of the Group.

(b) At June 30, 2026, the balance comprises goodwill of US$315 million arising from the business combinations during the period, details of which are set out in Note 16. The Group has not finalized the fair value assessment of such balance.

(c) 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 June 30, 2026 (March 31, 2026: nil).

3 Operating profit

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

	3 months ended June 30, 2026 *US$'000*	3 months ended June 30, 2025 *US$'000*
Depreciation of property, plant and equipment	**129,845**	119,978
Depreciation of right-of-use assets	**30,291**	31,233
Amortization of intangible assets	**204,596**	194,359
Impairment and write-off of intangible assets	**21,832**	2,889
Write-off of construction-in-progress	**397**	121
Write-off of property, plant and equipment	**-**	23
Employee benefit costs, including	**1,814,404**	1,565,173
– long-term incentive awards	***103,849***	*79,915*
– severance and related costs	***11,424***	*5,000*
Rental expenses	**4,564**	6,003
Loss on disposal of property, plant and equipment	**313**	568
Loss on disposal of intangible assets	**-**	52
Fair value gain on financial assets at fair value through profit or loss	**(250,083)**	(20,893)
Fair value loss/(gain) on derivative financial liabilities relating to warrants	**1,690,299**	(152,361)
Impairment of interests in associates	**23,272**	-
Gain on disposal of interest in an associate	**-**	(727)

4 Finance income and costs

(a) Finance income

	3 months ended June 30, 2026 *US$'000*	3 months ended June 30, 2025 *US$'000*
Interest on bank deposits	**22,390**	23,363
Interest on money market funds	**2,925**	4,363
	25,315	27,726

(b) Finance costs

	3 months ended June 30, 2026 *US$'000*	3 months ended June 30, 2025 *US$'000*
Interest on bank loans and overdrafts	**19,882**	11,771
Interest on convertible bonds	**36,103**	33,599
Interest on notes	**26,296**	30,045
Interest on lease liabilities	**6,725**	4,390
Factoring costs	**117,132**	105,459
Interest on written put option liabilities	**638**	573
Others	**11,174**	726
	217,950	186,563

5 Taxation

The amount of taxation in the consolidated income statement represents:

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
Current tax		
Profits tax in Hong Kong S.A.R. of China	**20,048**	(36,807)
Taxation outside Hong Kong S.A.R. of China	**486,076**	165,680
Deferred tax		
Credit for the period	**(208,453)**	(44,319)
	297,671	84,554

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2025/26: 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 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/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 June 30, 2026	3 months ended June 30, 2025
Weighted average number of ordinary shares in issue	**12,404,659,302**	12,404,659,302
Adjustment for shares held by employee share trusts	**(326,807,892)**	(139,504,846)
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	**12,077,851,410**	12,265,154,456

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
(Loss)/profit attributable to equity holders of the Company used in calculating basic (loss)/earnings per share	**(608,600)**	505,333

(b) Diluted

The calculation of the diluted (loss)/earnings per share is based on the (loss)/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 (loss)/earnings per share is the weighted average number of ordinary shares, as used in the basic (loss)/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 (2025/26: four) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2025/26: long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds). Long-term incentive awards and convertible bonds were anti-dilutive for the three months ended June 30, 2026 and dilutive for the three months ended June 30, 2025. Warrants and put option written on non-controlling interests were anti-dilutive for the three months ended June 30, 2026 and 2025.

	3 months ended June 30, 2026	3 months ended June 30, 2025
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	**12,077,851,410**	12,265,154,456
Adjustment for long-term incentive awards	**-**	330,503,050
Adjustment for convertible bonds	**-**	2,150,353,424
Weighted average number of ordinary shares used as the denominator in calculating diluted (loss)/earnings per share	**12,077,851,410**	14,746,010,930

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
(Loss)/profit attributable to equity holders of the Company used in calculating basic (loss)/earnings per share	**(608,600)**	505,333
Adjustment for interest on convertible bonds, net of tax	**-**	33,599
(Loss)/profit attributable to equity holders of the Company used in calculating diluted (loss)/earnings per share	**(608,600)**	538,932

7 Inventories

	June 30, 2026 ***US$'000***	March 31, 2026 *US$'000*
Raw materials and work-in-progress	**9,961,612**	7,042,166
Finished goods	**5,203,905**	4,151,949
Service parts	**576,430**	526,770
	15,741,947	11,720,885

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

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

	June 30, 2026 ***US$'000***	March 31, 2026 *US$'000*
Trade receivables	**18,844,323**	14,134,149
Lease receivables (Note)	**340,174**	308,663
Notes receivable	**81,289**	59,926
	19,265,786	14,502,738

Note: At June 30, 2026, non-current portion of lease receivables of US$241,032,000 (March 31, 2026: US$228,660,000) is included in other non-current assets.

Customers are generally granted credit terms 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:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
0 – 30 days	**15,573,773**	12,340,792
31 – 60 days	**1,756,717**	1,051,467
61 – 90 days	**581,795**	355,763
Over 90 days	**1,143,303**	589,663
	19,055,588	14,337,685
Less: loss allowance	**(211,265)**	(203,536)
Trade receivables – net	**18,844,323**	14,134,149

At June 30, 2026, trade receivables, net of loss allowance, of US$1,054,658,000 (March 31, 2026: US$590,155,000) were past due. The ageing of these receivables, based on due date, is as follows:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Within 30 days	**633,123**	327,205
31 – 60 days	**194,957**	93,254
61 – 90 days	**89,013**	49,018
Over 90 days	**137,565**	120,678
	1,054,658	590,155

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

	Trade receivables	**Lease receivables**	**Total**
	US$'000	***US$'000***	***US$'000***
Year ended March 31, 2026			
At the beginning of the year	164,679	2,425	167,104
Exchange adjustment	1,395	100	1,495
Increase in loss allowance recognized in profit or loss	94,035	15,046	109,081
Uncollectible receivables written off	(11,242)	(1,821)	(13,063)
Unused amounts credited to profit or loss	(45,331)	(655)	(45,986)
At the end of the year	203,536	15,095	218,631
Three months ended June 30, 2026			
At the beginning of the period	**203,536**	**15,095**	**218,631**
Exchange adjustment	**28**	**102**	**130**
Increase in loss allowance recognized in profit or loss	**26,869**	**797**	**27,666**
Uncollectible receivables written off	**(5,244)**	**-**	**(5,244)**
Unused amounts credited to profit or loss	**(13,924)**	**(497)**	**(14,421)**
At the end of the period	**211,265**	**15,497**	**226,762**

At June 30, 2026, included in the loss allowance of lease receivables are current portion of US$6,631,000 (March 31, 2026: US$6,243,000) and non-current portion of US$8,866,000 (March 31, 2026: US$8,852,000).

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:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Trade payables	**18,698,692**	15,338,443
Notes payable	**5,698,859**	3,898,263
	24,397,551	19,236,706

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

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
0 – 30 days	**11,142,126**	9,551,590
31 – 60 days	**4,388,566**	3,685,844
61 – 90 days	**2,307,892**	1,494,616
Over 90 days	**860,108**	606,393
	18,698,692	15,338,443

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:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Deposits	**36,631**	36,037
Other receivables	**7,206,803**	5,744,849
Prepayments	**1,757,490**	1,648,896
	9,000,924	7,429,782

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:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Accruals	**5,630,434**	5,128,209
Allowance for billing adjustments (i)	**3,783,212**	3,166,899
Written put option liabilities (ii)	**288,845**	291,101
Other payables (iii)	**11,365,195**	8,582,853
Lease liabilities	**111,568**	110,017
	21,179,254	17,279,079

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 on June 30, 2026 and March 31, 2026. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

- During the year ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd ("ZJSB") acquired the 49% interest in a joint venture company ("JV Co") from Compal Electronics, Inc. The Company and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of the Group and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia"), which holds 99.31% interest in ZJSB, the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB.

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

  Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement entered into on January 11, 2022 whereby the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately US$74 million). On June 30, 2026 and March 31, 2026, 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.

  Subsequent to the reporting period, Yuan Jia notified the Group of its intention to exercise its put option and the Group is currently negotiating with Yuan Jia regarding the renewal of the existing agreement.

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, 2026				
At the beginning of the year	970,689	26,531	37,932	1,035,152
Exchange adjustment	9,333	(866)	709	9,176
Provisions made	851,276	26,035	54,783	932,094
Amounts utilized	(776,622)	(23,854)	(38,231)	(838,707)
	1,054,676	27,846	55,193	1,137,715
Long-term portion classified as non-current liabilities	(169,547)	(23,100)	-	(192,647)
At the end of the year	885,129	4,746	55,193	945,068
Three months ended June 30, 2026				
At the beginning of the period	**1,054,676**	**27,846**	**55,193**	**1,137,715**
Exchange adjustment	**(2,025)**	**(329)**	**95**	**(2,259)**
Provisions made	**198,881**	**6,269**	**-**	**205,150**
Amounts utilized	**(183,504)**	**(7,650)**	**(12,663)**	**(203,817)**
	1,068,028	**26,136**	**42,625**	**1,136,789**
Long-term portion classified as non-current liabilities	**(159,626)**	**(22,838)**	**-**	**(182,464)**
At the end of the period	**908,402**	**3,298**	**42,625**	**954,325**

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:

	June 30, 2026 *US$'000*	March 31, 2026 *US$'000*
Deferred consideration (a)	**25,072**	25,072
Lease liabilities	**294,493**	305,397
Environmental restoration (Note 10(b))	**22,838**	23,100
Government incentives and grants received in advance (b)	**136,039**	133,731
Others	**605,616**	279,620
	1,084,058	766,920

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 June 30, 2026, 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, 2026: 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

	June 30, 2026 *US$'000*	March 31, 2026 *US$'000*
Current liabilities		
Short-term loans (a)	**483,029**	280,678
Convertible bonds (c)	**402,033**	597,765
	885,062	878,443
Non-current liabilities		
Notes (b)	**2,053,318**	2,052,709
Convertible bonds (c)	**3,321,719**	1,809,886
	5,375,037	3,862,595
	6,260,099	4,741,038

Notes:

(a) Majority of the short-term loans are denominated in United States dollars. At June 30, 2026, the Group has total revolving and short-term loan facilities of US$6,185 million (March 31, 2026: US$5,488 million) which has been utilized to the extent of US$480 million (March 31, 2026: US$269 million).

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

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	June 30, 2026 US$'000	March 31, 2026 US$'000
November 2, 2020	US$900 million	10 years	3.421%	November 2, 2030	**896,144**	895,922
July 27, 2022	US$600 million	5.5 years	5.831%	January 27, 2028	**597,884**	597,628
July 27, 2022	US$563 million	10 years	6.536%	July 27, 2032	**559,290**	559,159
					2,053,318	2,052,709

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

Issue date	Outstanding principal amount	Term	Coupon rate per annum	Due date	June 30, 2026 US$'000	March 31, 2026 US$'000
August 26, 2022 (i)	US$450 million	7 years	2.5%	August 26, 2029	**402,033**	597,765
January 8, 2025 (ii)	US$2,000 million	3 years	0%	January 8, 2028	**1,835,491**	1,809,886
June 25, 2026 (iii)	US$2,000 million	7 years	0%	June 25, 2033	**1,486,228**	-
					3,723,752	2,407,651

(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$8.37 per share effective on August 8, 2026. During the period, approximately US$225 million in principal amount of the 2029 Convertible Bonds were purchased by the Company. At June 30, 2026, approximately US$450 million (March 31, 2026: US$675 million) in principal amount of the 2029 Convertible Bonds remained outstanding. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK$8.37 per share, the 2029 Convertible Bonds will be convertible into 421,385,398 shares.

The outstanding principal amount of the 2029 Convertible Bonds is repayable by the Company at maturity on August 26, 2029, unless previously redeemed, converted, or purchased and canceled. On August 26, 2026, the bondholders will have the right, at their option, to require the Company to redeem part or all of the 2029 Convertible Bonds at their principal amount, together with accrued but unpaid interest. As of June 30, 2026, the 2029 Convertible Bonds are classified as current liabilities because the redemption option is exercisable on August 26, 2026, which is within the next twelve months. Subsequent to the reporting period, the bondholders have not exercised the right. As the right lapsed 30 days prior to August 26, 2026, the 2029 Convertible Bonds will be reclassified as non-current liabilities next quarter.

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 exercise the conversion right 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$9.37 per share effective on August 8, 2026. Upon exercise of the conversion right, the conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK$9.37 per share, the 2028 Convertible Bonds will be convertible into 1,667,342,582 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.

(iii) On June 25, 2026, the Company completed the issuance of 7-Year US$2,000 million zero-coupon convertible bonds due in June 2033 ("the 2033 Convertible Bonds") to the bondholders. The proceeds were used to repay the existing debts, share buy-back and for general corporate purposes. The bondholder has the right, at any time after the sixth anniversary of the issue date up to 10th day prior to the maturity date, to exercise the conversion right to convert part or all of the outstanding principal amount of the 2033 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$36.70 per share, subject to adjustments. At any time after 40 days after the issue date and on or before the sixth anniversary of the issue date, bondholders may exercise their conversion rights only upon the occurrence of certain specified events. The conversion price was adjusted to HK$35.74 per share effective on August 8, 2026. Assuming full conversion of the 2033 Convertible Bonds at the conversion price of HK$35.74 per share, the 2033 Convertible Bonds will be convertible into 438,343,592 shares.

The liability and equity components of the 2033 Convertible Bonds on initial recognition are presented as follows:

	US$'000
Face value of the convertible bonds on the issue date	**2,000,000**
Less: transaction costs	**(21,000)**
Net proceeds	**1,979,000**
Less: equity component	**(493,760)**
Liability component on initial recognition	**1,485,240**

The outstanding principal amount of the 2033 Convertible Bonds is repayable by the Company upon the maturity of the 2033 Convertible Bonds on June 25, 2033 if not previously redeemed, converted or purchased and cancelled. On June 25, 2030, the bondholders will have the right, at the bondholders' option, to require the Company to redeem part or all of the 2033 Convertible Bonds at their principal amount.

At any time prior to the maturity date, the Company will have the right to redeem in whole, but not in part, the 2033 Convertible Bonds for the time being outstanding at their principal amount 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, 2028 Convertible Bonds and 2033 Convertible Bonds not exercised on maturity.

At June 30, 2026 and March 31, 2026, the Group's borrowings were repayable as follows:

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Within 1 year	**885,062**	878,443
Over 1 to 2 years	**2,433,375**	2,407,514
Over 2 to 5 years	**896,144**	895,922
Over 5 years	**2,045,518**	559,159
	6,260,099	4,741,038

13 Derivative financial liabilities

	June 30, 2026	March 31, 2026
	US$'000	*US$'000*
Current liabilities		
Foreign currency forward and option contracts	**71,997**	47,602
Warrants (Note)	**953,119**	51,637
	1,025,116	99,239
Non-current liabilities		
Warrants (Note)	**833,980**	45,182
	1,859,096	144,421

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$11.51 per share effective on August 8, 2026. 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.

After recognizing fair value loss of US$1,690,299,000 during the period (for the year ended March 31, 2026: fair value gain of US$230,423,000), the fair value of the warrant derivative liabilities amounted to US$1,787,099,000 as of June 30, 2026 (March 31, 2026: US$96,819,000).

14 Share capital

	June 30, 2026		March 31, 2026	
	Number of shares	*US$'000*	*Number of shares*	*US$'000*
Issued and fully paid:				
Voting ordinary shares:				
At the beginning and end of the period/year	**12,404,659,302**	**3,500,987**	12,404,659,302	3,500,987

15 Note to the consolidated cash flow statement

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

	3 months ended June 30, 2026 *US$'000*	3 months ended June 30, 2025 *US$'000*
(Loss)/profit before taxation	**(179,921)**	622,104
Share of losses of associates and joint ventures	**6,488**	3,868
Finance income	**(25,315)**	(27,726)
Finance costs	**217,950**	186,563
Depreciation of property, plant and equipment	**129,845**	119,978
Depreciation of right-of-use assets	**30,291**	31,233
Amortization of intangible assets	**204,596**	194,359
Write-off of property, plant and equipment	**-**	23
Write-off of construction-in-progress	**397**	121
Impairment and write-off of intangible assets	**21,832**	2,889
Impairment of interests in associates	**23,272**	-
Allowance/(reversal of allowance) for inventories	**154,782**	(3,778)
Increase in loss allowance of trade receivables	**26,869**	21,363
Unused amounts of loss allowance of trade receivables reversed	**(13,924)**	(5,105)
Increase in loss allowance of lease receivables	**797**	5,487
Unused amounts of loss allowance of lease receivables reversed	**(497)**	-
Share-based compensation	**103,849**	79,915
Loss on disposal of property, plant and equipment	**313**	568
Loss on disposal of intangible assets	**-**	52
Gain on disposal of interest in an associate	**-**	(727)
Fair value change on financial instruments	**(23,655)**	2,246
Fair value change on financial assets at fair value through profit or loss	**(250,083)**	(20,893)
Fair value loss/(gain) on derivative financial liabilities relating to warrants	**1,690,299**	(152,361)
Dividend income	**(873)**	(1,138)
Increase in inventories	**(4,128,922)**	(749,949)
Increase in trade, lease and notes receivables, deposits, prepayments and other receivables	**(6,221,042)**	(1,049,599)
Increase in trade and notes payables, provisions, other payables and accruals	**8,814,085**	2,292,092
Effect of foreign exchange rate changes	**136,907**	14,372
Net cash generated from operations	**718,340**	1,565,957

(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	**June 30, 2026** ***US$'000***	March 31, 2026 *US$'000*
Short-term loans – current	**483,029**	280,678
Notes – non-current	**2,053,318**	2,052,709
Convertible bonds – current	**402,033**	597,765
Convertible bonds – non-current	**3,321,719**	1,809,886
Derivative financial liabilities relating to warrants – current	**953,119**	51,637
Derivative financial liabilities relating to warrants – non-current	**833,980**	45,182
Lease liabilities – current	**111,568**	110,017
Lease liabilities – non-current	**294,493**	305,397
Other payables – current	**129,628**	8,447
Other payables – non-current	**14,754**	13,395
	8,597,641	5,275,113

Short-term loans – variable interest rates	**302,965**	270,979
Short-term loans – fixed interest rates	**180,064**	9,699
Notes – fixed interest rates	**2,053,318**	2,052,709
Convertible bonds – fixed interest rates	**3,723,752**	2,407,651
Derivative financial liabilities relating to warrants – non-interest bearing	**1,787,099**	96,819
Lease liabilities – fixed interest rates	**406,061**	415,414
Other payables – fixed interest rates	**24,498**	21,842
Other payables – non-interest bearing	**119,884**	-
	8,597,641	5,275,113

	Short-term loans current *US$'000*	**Notes current** *US$'000*	**Notes non-current** *US$'000*	**Convertible bonds current** *US$'000*	**Convertible bonds non-current** *US$'000*	**Derivative financial liabilities relating to warrants current** *US$'000*	**Derivative financial liabilities relating to warrants non-current** *US$'000*	**Lease liabilities current** *US$'000*	**Lease liabilities non-current** *US$'000*	**Other payables current** *US$'000*	**Other payables non-current** *US$'000*	**Total** *US$'000*
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	13,193,602	-	-	-	-	-	-	-	-	-	-	13,193,602
Repayments of borrowings	(12,985,189)	(965,000)	-	-	-	-	-	-	-	-	-	(13,950,189)
Reclassification	-	-	-	597,765	(597,765)	25,827	(25,827)	93,241	(93,241)	-	-	-
Principal elements of lease payments	-	-	-	-	-	-	-	(102,058)	-	-	-	(102,058)
Foreign exchange adjustments	6,901	-	-	-	-	(663)	(1,792)	834	1,639	(57)	(90)	6,772
Other non-cash movements	-	12	2,438	-	120,116	(61,446)	(168,977)	23,028	127,171	29	36	42,407
Proceeds from factoring of operating lease receivables	-	-	-	-	-	-	-	-	-	12,082	13,449	25,531
Repayments of factored operating lease receivables	-	-	-	-	-	-	-	-	-	(3,607)	-	(3,607)
Financing liabilities at March 31, 2026	280,678	-	2,052,709	597,765	1,809,886	51,637	45,182	110,017	305,397	8,447	13,395	5,275,113

	Short-term loans current *US$'000*	Notes non-current *US$'000*	Convertible bonds current *US$'000*	Convertible bonds non-current *US$'000*	Derivative financial liabilities relating to warrants current *US$'000*	Derivative financial liabilities relating to warrants non-current *US$'000*	Lease liabilities current *US$'000*	Lease liabilities non-current *US$'000*	Other payables current *US$'000*	Other payables non-current *US$'000*	Total *US$'000*
Financing liabilities at April 1, 2026	**280,678**	**2,052,709**	**597,765**	**1,809,886**	**51,637**	**45,182**	**110,017**	**305,397**	**8,447**	**13,395**	**5,275,113**
Proceeds from borrowings	**3,884,254**	**-**	**-**	**2,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**5,884,254**
Repayments of borrowings	**(3,688,641)**	**-**	**(659,823)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,348,464)**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**24,430**	**(24,430)**	**123,625**	**(2,305)**	**121,320**
Issuing cost of convertible bonds	**-**	**-**	**-**	**(21,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,000)**
Principal elements of lease payments	**-**	**-**	**-**	**-**	**-**	**-**	**(30,355)**	**-**	**-**	**-**	**(30,355)**
Foreign exchange adjustments	**6,738**	**-**	**-**	**-**	**(11)**	**(8)**	**179**	**(607)**	**(7)**	**(10)**	**6,274**
Equity component for issue of convertible bonds	**-**	**-**	**-**	**(493,760)**	**-**	**-**	**-**	**-**	**-**	**-**	**(493,760)**
Equity component for repurchase of convertible bonds	**-**	**-**	**449,743**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**449,743**
Other non-cash movements	**-**	**609**	**14,348**	**26,593**	**901,493**	**788,806**	**7,297**	**14,133**	**35**	**57**	**1,753,371**
Proceeds from factoring of operating lease receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,958**	**3,617**	**5,575**
Repayments of factored operating lease receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,994)**	**-**	**(2,994)**
Repayments of payment service arrangement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,436)**	**-**	**(1,436)**
Financing liabilities at June 30, 2026	**483,029**	**2,053,318**	**402,033**	**3,321,719**	**953,119**	**833,980**	**111,568**	**294,493**	**129,628**	**14,754**	**8,597,641**

(c) Cash outflow to acquire businesses and subsidiaries, net of cash acquired

	3 months ended June 30, 2026 ***US$'000***	3 months ended June 30, 2025 *US$'000*
Cash consideration paid	**447,585**	-
Less: cash and cash equivalents acquired	**(20,255)**	-
Net cash outflow – investing activities	**427,330**	-

16 Significant business combinations

During the period, the Group completed the following key business combination activities:

- On April 9, 2026, the Group completed the acquisition of the entire interests in Infinidat. Infinidat is principally engaged in the provision of high-performance enterprise storage solutions. The cash consideration of the acquisition was approximately US$410 million.

- On April 27, 2026, the Group completed the acquisition of the entire interests in Phoenix Technologies EMEA Limited ("Phoenix"). Phoenix is principally engaged in the design and development of firmware for computers and computing devices. The cash consideration of the acquisition was approximately US$50 million.

Set forth below is the preliminary calculation of goodwill arising from the business combinations:

	Infinidat *US$'000*	**Phoenix** *US$'000*	**Total** *US$'000*
Purchase consideration	**409,785**	**50,000**	**459,785**
Less: fair value of net identifiable assets attributable to the interest acquired	**(121,010)**	**(24,050)**	**(145,060)**
Goodwill	**288,775**	**25,950**	**314,725**

The major components of assets and liabilities arising from the business combinations are as follows:

	Infinidat *US$'000*	**Phoenix** *US$'000*	**Total** *US$'000*
Cash and cash equivalents	**20,255**	**-**	**20,255**
Property, plant and equipment	**5,196**	**19**	**5,215**
Right-of-use assets	**12,631**	**-**	**12,631**
Intangible assets	**143,972**	**27,000**	**170,972**
Deferred income tax assets less liabilities	**(30,810)**	**(2,569)**	**(33,379)**
Other non-current assets	**2,327**	**-**	**2,327**
Other non-current liabilities	**(14,115)**	**-**	**(14,115)**
Net working capital except cash and cash equivalents	**(18,446)**	**(400)**	**(18,846)**
Fair value of net identifiable assets acquired	**121,010**	**24,050**	**145,060**

For the three months ended June 30, 2026, revenue contributed by Infinidat and Phoenix was US$55 million and nil respectively. Infinidat contributed profit before taxation of US$2.1 million and Phoenix incurred loss before taxation of US$3.5 million to the Group during the period.

At June 30, 2026, the Group has not finalized the fair value assessments for net identifiable assets acquired (including intangible assets) from the business combinations. The relevant fair values of net identifiable assets stated above are on a provisional basis.

Acquisition-related costs of US$1.2 million are included in administrative expenses in the consolidated income statement and in operating cash flows in the consolidated cash flow statement.

CONVERTIBLE BONDS AND WARRANTS

Reference is made to the announcements of the Company dated July 23, 2026 in relation to the adjustment of conversion price of the US$2,000 million zero-coupon convertible bonds due 2033 (the "2033 Convertible Bonds"), the adjustment of conversion price of US$675 million 2.50% convertible bonds due 2029 (the "2029 Convertible Bonds"), the adjustment of conversion price of US$2 billion zero-coupon convertible bonds due 2028 (the "2028 Convertible Bonds") and the adjustment of exercise price of the warrants issued by the Company on January 8, 2025 (the "Warrants"). Reference is also made to the announcement of the Company dated November 20, 2025 in relation to, among other things, the declaration of a cash dividend of HK8.5 cents per share (the "Interim Dividend") and the announcement of the Company dated July 23, 2026 regarding, among other things, the approval by the shareholders of a cash dividend of HK33.7 cents per share (the "Final Dividend").

2033 Convertible Bonds

On June 25, 2026, the Company issued the 2033 Convertible Bonds to professional investors. Following the declaration of the Final Dividend, the initial conversion price of the 2033 Convertible Bonds of HK$36.70 per share was adjusted to HK$35.74 per share with effect from August 8, 2026.

As at the date of this announcement, the total outstanding principal amount of the 2033 Convertible Bonds is US$2,000,000,000. The maximum number of conversion shares issuable by the Company upon full conversion of the outstanding 2033 Convertible Bonds will be approximately 438,343,592 conversion shares, representing:

(a) an increase of 11,466,208 conversion shares (the "Additional 2033 CB Conversion Shares") from the 426,877,384 conversion shares convertible based on the initial conversion price of HK$36.70;

(b) approximately 3.53% of the existing issued shares of the Company as at the date of this announcement; and

(c) approximately 3.41% of the issued shares of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the 2033 Convertible Bonds (assuming there is no other change to the total number of shares of the Company in issue).

For the avoidance of doubt, pursuant to the terms and conditions of the 2033 Convertible Bonds, the 2033 Convertible Bonds are not convertible until June 25, 2032.

The Additional 2033 CB Conversion Shares will be issued and allotted by the Company pursuant to the general mandate granted to the Directors by the shareholders on July 17, 2025 under which, among other things, the Board may issue and allot up to 2,480,931,860 shares (the "2025 Share Issuance Mandate"). As at the date of this announcement, no portion of the 2025 Share Issuance Mandate has been utilized and it is expected that the 2025 Share Issuance Mandate is sufficient to cover the issue of the conversion shares upon full conversion of the 2033 Convertible Bonds, including the Additional 2033 CB Conversion Shares.

2029 Convertible Bonds

On August 26, 2022, the Company issued the 2029 Convertible Bonds, which are listed on the Stock Exchange, to professional investors. Following the declaration of the Interim Dividend and the Final Dividend, the conversion price of the 2029 Convertible Bonds was adjusted from HK$8.67 per share to HK$8.37 per share with effect from August 8, 2026.

On June 25, 2026, the Company repurchased and cancelled US$225,042,000 in aggregate principal amount of the 2029 Convertible Bonds. As at the date of this announcement, the total outstanding principal amount of the 2029 Convertible Bonds is US$449,958,000. The maximum number of conversion shares issuable by the Company upon full conversion of the outstanding 2029 Convertible Bonds will be approximately 421,385,398 conversion shares, representing:

(a) an increase of 14,580,810 conversion shares (the "Additional 2029 CB Conversion Shares") from the 406,804,588 conversion shares convertible based on the conversion price of HK$8.67;

(b) approximately 3.40% of the existing issued shares of the Company as at the date of this announcement; and

(c) approximately 3.29% of the issued shares of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the 2029 Convertible Bonds (assuming there is no other change to the total number of shares of the Company in issue).

The Additional 2029 CB Conversion Shares will be issued and allotted by the Company pursuant to the general mandate granted to the Directors by the shareholders on July 26, 2022 under which, among other things, the Board may issue and allot up to 2,408,341,122 shares (the "2022 Share Issuance Mandate"). As at the date of this announcement, no portion of the 2022 Share Issuance Mandate has been utilized and it is expected that the 2022 Share Issuance Mandate is sufficient to cover the issue of the conversion shares upon full conversion of the 2029 Convertible Bonds, including the Additional 2029 CB Conversion Shares.

2028 Convertible Bonds

On January 8, 2025, the Company issued the 2028 Convertible Bonds to Alat International Investments Company, a wholly-owned subsidiary of Alat Technologies Company. Following the declaration of the Interim Dividend and the Final Dividend, the conversion price of the 2028 Convertible Bonds was adjusted from HK$9.70 per share to HK$9.37 per share with effect from August 8, 2026.

As at the date of this announcement, the total outstanding principal amount of the 2028 Convertible Bonds is US$2,000,000,000. The maximum number of conversion shares issuable by the Company upon full conversion of the outstanding 2028 Convertible Bonds will be approximately 1,667,342,582 conversion shares ("2028 Conversion Shares"), representing:

(a) an increase of 56,724,026 conversion shares from the 1,610,618,556 conversion shares convertible based on the conversion price of HK$9.70;

(b) approximately 13.44% of the existing issued shares of the Company as at the date of this announcement; and

(c) approximately 11.85% of the issued shares of the Company as enlarged by the allotment and issue of the 2028 Conversion Shares upon full conversion of the 2028 Convertible Bonds (assuming there is no other change to the total number of shares of the Company in issue).

The 2028 Conversion Shares will be issued and allotted by the Company pursuant to the specific mandate granted to the Directors by the shareholders on September 12, 2024.

For the avoidance of doubt, pursuant to the terms and conditions of the 2028 Convertible Bonds, the 2028 Convertible Bonds are not convertible until January 8, 2028.

Warrants

On January 8, 2025, the Company issued 1,150,000,000 Warrants at the issue price of HK$1.43 per Warrant to Sureinvest Holdings Limited, an entity wholly owned by Mr. Yang Yuanqing (a connected person of the Company), Wisdom Summit Limited, the investment holding vehicle for certain management members of the Company, as well as certain independent professional investors.

Following the declaration of the Interim Dividend and the Final Dividend, the exercise price of the Warrants was adjusted from HK$11.92 per share to HK$11.51 per share with effect from August 8, 2026 .

The maximum number of shares issuable by the Company upon full exercise of the Warrants at the adjusted exercise price of HK$11.51 will be approximately 1,229,930,495 shares ("Warrant Shares"), representing:

(a) an increase of 42,304,657 warrant shares from the 1,187,625,838 warrant shares issuable upon exercise based on the exercise price of HK$11.92;

(b) approximately 9.92% of the existing issued shares of the Company as at the date of this announcement; and

(c) approximately 9.02% of the issued shares of the Company as enlarged by the full issuance of the Warrant Shares (assuming there is no other change to the total number of shares of the Company in issue).

The Warrant Shares will be issued and allotted by the Company pursuant to the specific mandate granted to the Directors by the shareholders on September 12, 2024.

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

Save as disclosed above and the respective trustee of the long-term incentive program and the employee share purchase plan of the Company purchased a total of 621,838 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 three months ended June 30, 2026. Details of these program and plan are set out in the 2025/26 Annual Report of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited financial results of the Group for the three months ended June 30, 2026. 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 three months ended June 30, 2026, 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"), and where appropriate, met the recommended best practices in the CG Code, with the exception that the roles of the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") have not been segregated as required by code provision C.2.1 of the CG Code.

The Board has reviewed the 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
LENOVO GROUP LIMITED
Yang Yuanqing
Chairman and Chief Executive Officer

August 13, 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 Dr. Muhammad Nasser A Aldawood; 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).