LENOVO GROUP: FIRST QUARTER FINANCIAL RESULTS 2025/26

Strong global performance driven by clear hybrid-AI strategy, investment in innovation, and operational excellence

August 14, 2025 – **Lenovo Group Limited** (HKSE: 992) (ADR: LNVGY), together with its subsidiaries ('the Group'), today announced strong first quarter results for the fiscal year 2025/26, reporting significant growth in overall group revenue and profit. Revenue grew 22% year-on-year to US$18.8 billion, with net income up 108% year-on-year to US$505 million. On a non-Hong Kong Financial Reporting Standards (non-HKFRS[1]) basis, net income grew by 22% year-on-year to US$389 million, adjusted for non-cash fair value gain on warrants[2].

All main business groups saw solid double-digit year-on-year revenue growth, with the PC business reporting particularly strong numbers following the highest year-on-year revenue growth rate in 15 consecutive quarters and an all-time high market share of 24.6%. The Group's diversified growth engines continue to grow, with non-PC revenue mix up nearly half a point year-on-year to 47%. All sales geographies delivered high to relatively high year-on-year revenue growth. The strong results reinforce Lenovo's ability and commitment to preserve competitiveness, maintain market share, and sustain profitability against the challenging external environment.

Three main strategic factors drove the results. First, the Group's firm execution of its hybrid AI vision sees it capitalizing on unprecedented AI opportunities. Second, a commitment to continuous investment in innovation, which saw R&D spending increase over 10% year-on-year, supporting the Group's progress towards long-term goals of building personal and enterprise AI twins. And third, its operational excellence, including a unique ODM+ manufacturing model, a balanced global sales footprint, and a 'Global/Local' model that combines global sourcing and resources with local delivery.

The combination of these factors gives the Group maximum flexibility and resilience to navigate through market cycles and geopolitical uncertainties. Looking ahead, Lenovo remains committed to delivering more breakthrough innovations for customers, generating higher returns for its shareholders, and creating lasting value for its stakeholders and communities around the world.

Chairman and CEO quote – Yuanqing Yang:

"By leveraging the resilience and flexibility of our supply chain and operational excellence, we overcame challenges brought by tariff volatility and the geopolitical landscape and achieved significant growth in both top and bottom lines. These record Q1 results underscore our ability to deliver on our promise to preserve competitiveness and continuously grow our business. Looking ahead, we will continue to firmly execute our hybrid AI strategy towards the vision of Smarter AI for all, relentlessly drive innovation in personal AI and enterprise AI products and solutions and consistently strengthen our operational competitiveness so that we can realize sustainable growth and profitability improvement."

Financial Highlights:

	Q1 FY 25/26 US$ millions	Q1 FY 24/25 US$ millions	Change
Group Revenue	**18,830**	**15,447**	22%
Pre-tax income	**622**	**313**	99%
Net Income (profit attributable to equity holders)	**505**	**243**	108%
Net Income (profit attributable to equity holders – non-HKFRS) [1]	**389**	**320**	22%
Basic earnings per share (US cents)	**4.12**	**1.99**	107%

Lenovo management encourages investors, analysts, and the public to focus on its non-HKFRS measures, which exclude the impact of non-cash items related to warrants and convertible bonds as part of Lenovo's strategic collaboration with Alat. Non-HKFRS offers a clearer view of the Group's core operational performance, as the non-cash items related to warrants and notional interest on convertible bonds are expected to persist through the end of fiscal year 2027/2028.

Intelligent Devices Group (IDG): Strong growth across the board, leading in personal AI

Q1 FY25/26 performance:

- Overall IDG revenue grew nearly 18% year-on-year to US$13.5 billion, with the PCs and smart devices business delivering 19% year-on-year revenue growth, the fastest pace in 15 quarters. All geographies achieved double-digit year-on-year revenue growth in PCs and smart devices.
- The PCs and smart devices business maintained its industry-leading profitability with an operating profit of more than 8% thanks to a strong performance from high-margin segments.
- PC market leadership was further reinforced with a record 24.6% market share, together with an increased lead over the number two player.
- AI PC penetration accelerated, accounting for more than 30% of all Lenovo PC shipments. Lenovo ranks #1 globally in the Windows AI PC segment with a 31% market share.
- Smartphone revenue grew over 14% year-on-year to US$2.2 billion, with sales volume outgrowing the market for eight consecutive quarters. In markets outside of China, smartphone market share reached a record high, with the success of the Razr phone seeing Motorola take the #1 position in foldables (flip and fold) with over 50% market share.
- Looking ahead, IDG will continue to build agent-native devices of various forms, while enriching the application ecosystem for AI super agent to boost agent user engagement. This will drive toward "One AI, Multiple Devices", positioning agent-native devices as the entry point for Personal AI.

Infrastructure Solutions Group (ISG): Sustained high growth, building long-term competitiveness

Q1 FY25/26 performance:

- ISG delivered strong revenue growth of up 36% year-on-year to US$4.3 billion through a strong execution of its CSP (Cloud Service Provider) and E/SMB (Enterprise and SMB) dual strategy.

- Increasing investments in AI infrastructure and R&D, as well as enhancing E/SMB competitiveness, even as profitability was impacted in the short-term.
- The AI infrastructure business revenue more than doubled year-on-year with a robust pipeline and a clear product roadmap ahead. Revenue from industry-leading liquid cooling solutions grew 30% year-on-year.
- Looking ahead, ISG is committed to investing in driving long-term growth and value through strategic market expansion, E/SMB business model transformation, AI infrastructure innovation and product development, to stay ahead of the AI curve and provide differentiated global competitiveness. The Group is confident that ISG will not only sustain mid-to-long-term growth, but also deliver stronger profitability returns.

Solutions and Services Group (SSG): High growth and high profitability, unleashing Lenovo hybrid AI Advantage

Q1 FY25/26 performance:

- SSG delivered another record quarter of revenue, up 20% year-on-year to US$2.3 billion – marking 17 consecutive quarters of year-on-year revenue growth.
- Operating margin was up 1.2 points year-on-year to over 22% - making SSG the key profit engine for the Group overall, thanks to its sustainable margin expansion.
- Support Services achieved double-digit year-on-year revenue growth by leveraging strong market demand for hardware and focusing on attaching premium services, e.g., Premium Care and Premier Support Plus.
- Managed services, and "as-a-Service" offerings, along with Projects and Solutions grew even faster with TruScale Infrastructure-as-a-service delivering triple-digit growth year-on-year in signings, and TruScale Device-as-a-service seeing double-digit growth for the quarter. Their combined mix increasing three points year-on-year to 58% of SSG's total revenue.
- AI-driven solutions have gained momentum, especially in manufacturing and supply chain sectors.
- Looking ahead, Lenovo will further build the Lenovo Hybrid AI Advantage framework as its key differentiator and will focus on Digital Workplace Solutions, Hybrid Cloud, and Sustainability solutions, while at the same time building simple and scalable AI-led vertical solutions to solve customers' most significant needs.

Corporate and ESG highlights

Lenovo published its FY2024/25 Environmental, Social and Governance Report in June 2025, key highlights included:

- Detailed progress towards the Group's 2030 emissions reduction targets, including reaffirming its long-term ambition to achieve net-zero greenhouse gas emissions by 2050.
- Environmental progress through participation in the circular economy, including the continuous use of closed-loop recycled materials in its products as well as sustainability services for customers.
- The Group's sustainability performance was recognized by 3rd parties such as EcoVadis (Platinum Medal), MSCI ESG Ratings (AAA), and CDP (A list in climate, water security and supplier engagement). The Group's governance and reporting was additionally recognized with a Gold Award from the Hong Kong Institute of Certified Public Accountants (HKICPA) for Best Corporate Governance and ESG.

Lenovo was recently ranked #8 in Gartner's Top 25 Global Supply Chain, with an ESG Score of 9/10. The ranking recognizes excellence in supply chain operations among global leaders across various industries, including pharmaceutical, automotive, FMCG, and technology. The prestigious Gartner ranking highlights companies that consistently demonstrate leadership in supply chain strategy and execution.

In July 2025 Lenovo climbed 52 spots on the Fortune Global 500 list. This achievement marks Lenovo's 16th year on the Global 500, highlighting it as one of the world's 500 largest companies by revenue, with its highest ranking in the Technology sector to date – placing 13th among the global technology industry.

[1] Non-HKFRS measure was adjusted by excluding net fair value changes on financial assets at fair value through profit or loss, amortization of intangible assets resulting from mergers and acquisitions, gain on deemed disposal of a subsidiary, impairment and write-off of intangible assets, property, plant and equipment and construction-in-progress, fair value change on derivative financial liabilities relating to warrants, and notional interest of convertible bonds; and the corresponding income tax effects, if any.

[2] Effects of warrant obligations will fluctuate positively or negatively in the coming quarters (through the end of FY27/28), primarily based on share price movements in the quarter. Lenovo encourages the market to focus on its underlying operational performance as reflected by non-HKFRS reporting.

About Lenovo

Lenovo is a US$69 billion revenue global technology powerhouse, ranked #196 in the Fortune Global 500, and serving millions of customers every day in 180 markets. Focused on a bold vision to deliver Smarter Technology for All, Lenovo has built on its success as the world's largest PC company with a full-stack portfolio of AI-enabled, AI-ready, and AI-optimized devices (PCs, workstations, smartphones, tablets), infrastructure (server, storage, edge, high performance computing and software defined infrastructure), software, solutions, and services. Lenovo's continued investment in world-changing innovation is building a more equitable, trustworthy, and smarter future for everyone, everywhere. Lenovo is listed on the Hong Kong stock exchange under Lenovo Group Limited (HKSE: 992) (ADR: LNVGY). To find out more visit https://www.lenovo.com, and read about the latest news via our StoryHub.

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FINANCIAL SUMMARY
For the quarter ended June 30, 2025
(in US$ millions, except per share data)

	Q1 FY25/26	Q1 FY24/25	Y/Y CHG
Revenue	18,830	15,447	22%
Gross profit	2,774	2,560	8%
Gross profit margin	14.7 %	16.6%	(1.9) pts
Operating expenses	(1,989)	(2,066)	(4)%
R&D expenses (included in operating expenses)	(524)	(476)	10%
Expenses-to-revenue ratio	10.6%	13.4%	(2.8) pts
Operating profit	785	494	59%
Other non-operating income/(expenses) – net	(163)	(181)	(10)%
Pre-tax income	622	313	99%
Taxation	(84)	(60)	42%
Profit for the period	538	253	112%
Non-controlling interests	(33)	(10)	218%
Profit attributable to equity holders	505	243	108%
Profit attributable to equity holders – non-HKFRS[1]	389	320	22%
Earnings per share (US cents)			
Basic	4.12	1.99	2.13
Diluted	3.65	1.92	1.73