LENOVO GROUP: SECOND QUARTER FINANCIAL RESULTS 2025/26

CEO Remarks

Lenovo delivers record Q2 performance – clear strategy, operational excellence, and relentless innovation mark significant progress in hybrid AI

Today I'm pleased to share that Lenovo has delivered another quarter of record performance. Capitalizing on the AI democratization trend, we have made significant progress in both Personal AI and Enterprise AI driven by our clear strategy, operational excellence and relentless innovation. The results reflect not only our strong performance today, but also our strengths to lead in the AI era.

Group: Record results driven by clear strategy and strong execution

First let's start at the group level. Last quarter, our group revenue reached an all-time high of $20.5 billion, growing at almost 15% year-on-year. Our profit grew even faster, with adjusted net income increasing more than 25% year-on-year. All business groups and all sales geographies delivered double-digit year-on-year revenue growth, while our AI related revenues reached 30% of the group total, increasing by 13 points year-on-year.

While uncertainties remain in the external environment, we are seeing positive signs of stabilization. We will continue to leverage our unique Global/Local model to navigate uncertainties, lead the industry with operational resilience, and capture the tremendous Hybrid AI opportunities.

We are seeing today's AI era unfold along a clear path. The first wave was marked by the emergence of large language models, which triggered massive demand for AI infrastructure and led to an explosion in cloud-based and training-intensive computing power. Now, as large language models become increasingly commoditized, user priorities are shifting toward personalization and private domain. This is accompanied by growing emphasis on efficiency, response speed, security/privacy, and sustainability. This evolution is steering AI development toward a more human- and enterprise-centric paradigm, unlocking substantial opportunities in AI devices of diverse form factors, hybrid infrastructure of public cloud, private cloud, on-prem data center and edge computing, as well as AI solutions and services tailored to diverse needs. This very trend – the democratization of AI, is now accelerating rapidly across both Personal AI and Enterprise AI.

Personal AI: Innovation strengthening market leadership, enriching ecosystem

In Personal AI, consumers are increasingly looking for AI outputs that are based on their own experiences, memories, behaviors and knowledge.

At Lenovo, we are addressing this demand for hyper-personalization by landing our vision of "One Personal AI, Multiple Devices". You will witness this firsthand at our upcoming Tech World on January 6, 2026, where we will launch our Personal AI super agent to the global market. It orchestrates across wearable and ambient devices to "see what you see, hear what you hear, and memorize what you have experienced". Furthermore, it leverages portable devices and personal trusted computing hubs, using personalized algorithms and models to continuously learn from your habits and anticipate your intentions, so that it can "think as you would think, and act as you would act", and ultimately becoming your Personal AI Twin. I invite you to join us for this spectacular event at Sphere in Las Vegas, in person or via live stream.

Our **IDG**, or Intelligent Device Group, acts as the core engine behind Lenovo's Personal AI strategy, as demonstrated by strong results from last quarter. It's revenue exceeded 15 billion USD with 12% year-on-year growth. PC market share exceeded 25% for the first time in our history, with sustained industry-leading profitability. Our AI PC leads the Windows AI PC category as global #1. We also achieved record high Motorola smartphone volumes last quarter. Our momentum in AI devices is particularly encouraging, with its revenue mix within IDG increasing by 17 points year-on-year to 36% now.

Enterprise AI: Unleashing Hybrid AI Advantage, from infrastructure to solutions & services

In Enterprise AI, the infrastructure market is undergoing an important shift – from AI training in public cloud to AI inferencing increasingly happening on-prem and at the edge. It's significant because, the scaling of infrastructure will potentially drive even higher growth of devices and applications, further expanding our total addressable market.

At Lenovo, we are driving our Enterprise AI strategy by helping businesses turn data and knowledge into insights and value. Specifically, we start with helping enterprises collect and process various types of data, organize it into knowledge. Leveraging the computing power of our hybrid infrastructure, we then apply AI models and AI agents to turn data and knowledge into insights and outcomes, or intelligent business processes. These are consolidated into repeatable, scalable solutions for horizontal functions or vertical industries, all supported by our full lifecycle services. Ultimately, our goal is to create Enterprise AI Twin for our enterprise customers.

ISG, or Infrastructure Solutions Group, is the key driver of Lenovo's hybrid infrastructure. Last quarter, its revenue grew 24% year-on-year to exceed $4 billion. We continued to execute our Cloud Services Provider (or CSP) and Enterprise SMB dual strategy. For CSP, the business not only delivered record fiscal Q2 revenue, but also demonstrated robust growth in AI infrastructure with a strong pipeline. For Enterprise SMB, we are optimizing and even rebuilding our business models, to better serve the distinct needs of enterprise and SMB customers. We are confident our infrastructure business will return to profitable growth soon.

SSG, or Solutions & Services Group, by leveraging the Lenovo Hybrid AI Advantage framework, strives to provide solutions and services for enterprises on their journey of intelligent

transformation. Last quarter, SSG achieved 18% year-on-year revenue growth – its 18th consecutive quarter of double-digit expansion, with an operating margin over 22%. Projects and Solutions and Managed Services revenue mix further advanced to almost 60% of SSG's total revenue. We are accelerating this business further, by unleashing the power of Lenovo Hybrid AI Advantage, combining the AI factory, AI services, and the AI library of repeatable, scalable AI solutions for selected vertical industries and horizontal functions.

Outlook & Conclusion

To conclude, we are proud of our record results, confident in our vision and strategy, and determined to capture the enormous opportunities ahead. It's our firm belief that by vigorously executing our Hybrid AI strategy, we will not only deliver sustainable long-term returns to our shareholders, but also make AI truly personalized for every individual and every enterprise, and eventually bring smarter AI to all.

*Read our earnings press release **here**.