LENOVO GROUP: Q2 FINANCIAL RESULTS 2026/27

Lenovo delivers record Q2 performance, confident in long-term Hybrid AI opportunities

November 19, 2026 – **Lenovo Group Limited** (HKSE: 992) (ADR: LNVGY), together with its subsidiaries ('the Group'), today reported second quarter results for fiscal year 2026/27, demonstrating strong growth, a leap forward in profitability, and structural enhancements to the Group's business fundamentals.

Overall Group revenue for the second quarter reached an all-time high of US$30.2 billion, up 48% year-on-year. All business groups delivered record second-fiscal-quarter revenue while demonstrating strong profitability, with the Infrastructure Solutions Group (ISG) becoming an engine of hyper-growth with operating profit surpassing US$1 billion for the first time. Adjusted net income[1] was up 166% year-on-year to US$1.4 billion, with adjusted net margin improvements of two percentage points year-on-year. AI-related revenue[2] grew 79% year-on-year, surpassing the US$10 billion mark for the first time and accounting for 36% of total Group revenue in Q2.

Performance was underpinned by broad-based momentum across the Group's diversified portfolio and balanced growth across all sales geographies. Business fundamentals continued to strengthen as faster growth in higher-value segments reshaped the Group's profit mix. This diversification helps mitigate industry-wide cost pressures and exposure to device-demand cycles, supporting a more resilient and sustainable profitability profile.

The Group continues to maintain disciplined cash and capital management, balancing strong revenue growth and industry-wide higher component costs with controlled capital expenditure and credit risk controls for large AI infrastructure projects. In this quarter, it generated US$1.6 billion in operating cash flow and US$1.2 billion in free cash flow.

Market Outlook

Lenovo remains highly confident in the long-term growth opportunities across both infrastructure and devices. As AI shifts from training to inferencing, rapidly expanding real-world use cases are driving sustained compute demand across cloud, edge, and enterprise environments. Cloud Service Provider revenue for the Group grew nearly 170% year-on-year, and Enterprise & SMB infrastructure revenue was up 200% year-on-year. At the same time, AI democratization is creating new demand for intelligent, agent-enabled devices as well as new form factors, as more AI data and workloads are generated at the edge. With a full-stack Hybrid AI portfolio spanning devices, edge, infrastructure, solutions and services, Lenovo is uniquely positioned as a full-stack player to capture opportunities and value across the market, as well as extend its leadership.

Lenovo's Board of Directors declared an interim dividend of 9.0 HK cents per share.

Chairman and CEO quote – Yuanqing Yang:

"Lenovo delivered another exceptional quarter, where we have sustained strong growth, made a leap forward in profitability, and structurally enhanced our business fundamentals, together demonstrating the success of our transformation from a PC leader into a global full-stack compute leader. Now, the real-world AI adoption is booming, which will not only drive sustained growth in infrastructure demand but also unlock tremendous growth potential in the device market. With our Hybrid AI strategy, full-stack portfolio across Client-Edge-Cloud, as well as strong financial discipline and operational resilience, we are confident in sustaining this strong momentum and reaching US$100 billion in annual revenue as early as this fiscal year."

CFO quote – Winston Cheng:

"Our results this quarter demonstrate the strength of Lenovo's geographically diverse business and balanced customer mix, while marking further progress toward our long-term net-margin ambitions of more than 5%. This, combined with disciplined working-capital management and controlled capital expenditure, gives us the flexibility to invest in organic growth while maintaining strong liquidity, a resilient balance sheet and our investment-grade credit profile. Together, our operational excellence and financial discipline position Lenovo to capture long-term demand for AI compute and deliver sustainable, profitable growth."

Financial Highlights:

	Q2 FY 26/27 US$ millions	**Q2 FY 25/26** US$ millions	**Change**
Group Revenue	**30,238**	20,452	48%
Adjusted Net Income (profit attributable to equity holders – non-HKFRS) [1]	**1,361**	512	166%
R&D expense	**794**	581	37%

Q2 results:

Intelligent Devices Group (IDG):

- Revenue for IDG increased 15% year-on-year to record second fiscal quarter revenue of US$17.4 billion, with double-digit year-on-year revenue growth from PCs and smart devices.
- IDG's industry-leading operating margin was well maintained at 7.1%, despite a challenging market environment, reflecting the Group's operational excellence, supply chain resilience, and continued innovation.
- Global PC market share leadership was further strengthened, reaching 23.8% and extending Lenovo's lead over the #2 player to an all-time high of more than seven percentage points.
- The smartphone business delivered record second-quarter revenue, with double-digit year-on-year growth.

Infrastructure Solutions Group (ISG):

- ISG delivered the strongest quarter in its history in terms of both revenue and profit, with revenue reaching US$11.3 billion, up 178% year-on-year, and operating profit exceeding US$1 billion for the first time. Operating margin expanded to a record 9.6%.
- ISG strengthened its global market leadership in traditional server, ranking number one in global x86 server shipments for the first time with 16%[3] market share, up six percentage points year-on-year.
- Enterprise & SMB revenue grew 200% year-on-year. GPU server revenue grew more than 300% year-on-year, supported by a pipeline that grew 48% quarter-on-quarter to US$80 billion.
- In the first full quarter as part of the Lenovo Group, Infinidat delivered its best quarter ever – with the high-end storage portfolio expanding ISG's enterprise storage capabilities.

Solutions and Services Group (SSG):

- SSG delivered record quarterly revenue of US$3.1 billion, up 20% year-on-year, and surpassing US$3 billion for the first time. Operating margin expanded 3.7 percentage points to a record 26%.
- SSG is growing nearly 2x faster than the broader services market, an outperformance increasingly being driven by higher-value segments as enterprise AI-led offerings accelerate. Managed Services, Projects & Solutions reached a record 63% of SSG revenue, demonstrating the strength of SSG's tech-led, labor-light model.
- AI Services continued to deliver triple-digit year-on-year revenue growth, as SSG scaled repeatable AI-powered solutions and Lenovo IP across industries, with momentum in areas including retail, manufacturing and sports.

- AI Library is also scaling proven, validated use cases across industries and functions, helping customers move from AI experimentation to measurable business outcomes up to 24 times faster.

Corporate highlights

Achievements, announcements, and notable commitments over the past quarter include:

- Lenovo climbed 43 places to #153 on Fortune's annual Global 500 List, making it the highest ranking in the company's history and one of the most significant advances in recent years. The recognition underscores Lenovo's position as one of the world's 500 largest companies by revenue.
- Lenovo received the highest possible rating by Hang Seng Indexes company advancing from its AA+ rating of last year to AAA this year, as well as the highest Environmental, Social and Governance (ESG) scores for any company within the technology industry.
- The Group was named to TIME's World's Best Companies 2026 list for the first time, ranking no. 51 globally among leading companies worldwide. The ranking, developed by TIME in partnership with Statista, recognizes top-performing companies around the world based on three primary dimensions: employee satisfaction, revenue growth, and sustainability transparency. Lenovo achieved an overall score of 87.51, with its growth performance categorized as "Very High."
- For the third year in a row, Fast Company recognized Lenovo among its annual Best Workplaces for Innovators list. The Group was named as a finalist in both the Best Workplaces for Innovators: AI, Automation and Machine Learning Excellence and Best Workplaces for Innovators: North America categories.
- Lenovo has been recognized as a World's Top Disability Inclusive business through the Disability Index, the world's leading benchmarking tool for measuring and advancing disability inclusion in business.
- Tech World, Lenovo's annual global innovation event, will return to CES® 2027 in Las Vegas. Hosted at Sphere and part of the CES Keynote lineup, Tech World will bring together a visionary lineup of speakers and breakthrough innovations with a first-of-its-kind immersive technology and music experience.

[1] Note on adjusted net income: *Adjusted measure was defined as financial metric 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, impairment and write-off of intangible assets and property, plant and equipment, fair value change on derivative financial liabilities relating to warrants, notional interest on convertible bonds, and dilution gain on interest in an associate; and the corresponding income tax effects, if any.*

[2] Note on AI-related revenue: *AI Devices: PCs and Smartphones equipped with NPU; AI Servers: GPU Servers; AI Services: Services that enable customer to build, scale & manage AI.*

[3] *x86 server market share is calculated after excluding ODM Direct x86 server units from total x86 server market units.*

About Lenovo

Lenovo is a US$83 billion revenue global technology powerhouse, ranked #153 in the Fortune Global 500, and serving millions of customers every day in 180 markets. Guided by its **vision** of "Smarter Technology for All", Lenovo is executing a **Hybrid AI strategy** that spans Personal AI – one personal AI, multiple devices; and Enterprise AI – helping customers turn data into insights and value. This strategy is delivered through the Group's commitment to **world-class innovation** and a full-stack AI portfolio, including devices (PCs, workstations, smartphones, tablets, accessories), infrastructure solutions (server, storage, edge, high-performance computing and software defined infrastructure), as well as software, solutions, and services. With a global footprint spanning more than 20 research and development locations and a global supply chain that includes more than 30 manufacturing sites across 11 markets, Lenovo is widely recognized for its **operational excellence**. Lenovo is listed on the Hong Kong stock exchange under Lenovo Group Limited (HKSE: 992) (ADR: LNVGY). Learn more at www.lenovo.com and follow the latest news in our newsroom.

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FINANCIAL SUMMARY
For the quarter ended September 30, 2026
(in US$ millions, except per share data)

	Q2 FY26/27	Q2 FY25/26	Y/Y CHG
Revenue	30,238	20,452	48%
Gross profit	4,841	3,147	54%
Gross profit margin	16.0%	15.4%	0.6pts
Operating expenses	(4,958)	(2,504)	98%
R&D expenses (included in operating expenses)	(794)	(581)	37%
Expenses-to-revenue ratio	16.4%	12.2%	4.2 pts
Operating (loss)/profit	(117)	643	N/A
Other non-operating income/(expenses) – net	(276)	(149)	86%
(Loss)/profit before taxation	(393)	494	N/A
Taxation	(320)	(114)	181%
(Loss)/profit for the period	(713)	380	N/A
Non-controlling interests	73	(40)	N/A
Net (loss)/income ((Loss)/profit attributable to equity holders)	(640)	340	N/A
Adjusted net income (Profit attributable to equity holders – non-HKFRS)[1]	1,361	512	166%
(Loss)/earnings per share (US cents)			
Basic	(5.17)	2.77	N/A
Diluted	(5.17)	2.52	N/A