LX Technology Group Limited
凌雄科技集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2436)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of LX Technology Group Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**", "**us**" or "**our**") for the six months ended 30 June 2026 (the "**Period**"), together with comparative figures for the corresponding period in 2025. These unaudited condensed consolidated results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

FINANCIAL SUMMARY

The gross profit of the Group for the Period was approximately RMB180.8 million (for the six months ended 30 June 2025: RMB101.9 million), representing an increase of approximately 77.4% as compared to the corresponding period in 2025.

The net profit for the Period was approximately RMB20.6 million (for the six months ended 30 June 2025: approximately RMB4.9 million), representing an increase of approximately 319.8% as compared to the corresponding period in 2025.

The adjusted profit for the Period was approximately RMB46.4 million (for the six months ended 30 June 2025: approximately RMB18.6 million), representing an increase of approximately 149.0% as compared to the corresponding period in 2025.

The adjusted EBITDA (a non-IFRS measure) for the Period was approximately RMB217.2 million (for the six months ended 30 June 2025: RMB194.1 million), representing an increase of approximately 11.9% as compared to the corresponding period in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a leading device lifecycle management ("**DLM**") solution provider in the People's Republic of China (the "**PRC**"). We are committed to delivering high-quality device recycling, device subscription and information technology ("**IT**") technical subscription services to our customers, while continuously evolving our business model in response to changing market demand and technological development.

The Group continued to make significant progress in the first half of 2026, with the rapid development of our DLM solutions business relating to computing power infrastructure becoming a key growth driver of the Group. Against the backdrop of the accelerating adoption of artificial intelligence ("**AI**"), increasing demand for computing power and the continuous expansion of AI-related applications, the Group has strategically expanded its computing power offerings, which are progressively becoming an increasingly important component of our business portfolio. The strong development of the relevant business has enabled the Group to capture new market opportunities beyond traditional personal computer-related businesses, while contributing to higher growth potential and improved overall profit margins. The Group estimates that its computing power infrastructure-related products and services generated revenue of approximately RMB614.8 million, accounting for approximately 57% of the Group's total revenue for the six months ended 30 June 2026.

The Group's business underwent active and continuous optimisation during the Period. We remained focused on refining our business mix, allocating resources towards businesses with stronger growth prospects and higher value-added potential, and enhancing operational efficiency across our existing businesses. Through the ongoing optimisation of our product and service offerings, customer structure and internal processes, the Group has strengthened its ability to respond swiftly to market changes and improve the quality and sustainability of its earnings.

Our Business Model

Our DLM solutions directly tackle the weaknesses of enterprises' management of devices. With the aim to transform enterprises' management of devices through services covering major phases of IT device lifecycle, our revenue from DLM solutions during the Period was primarily generated from the following service categories:

- *Device recycling business.* We purchase de-commissioned IT devices and accessories from enterprises for use in our device subscription services after refurbishment or sale through our proprietary quotation platform. We typically target large-scale enterprises as upstream suppliers of de-commissioned IT devices and accessories. The device recycling business provides us with a stable source of de-commissioned devices and accessories.

- *Device subscription services.* Our device subscription services primarily include selecting IT devices (including brand-new devices and de-commissioned devices after refurbishment) and accessories suitable for users, assembling devices, pre-installing device configurations and customising system settings. We offer tailor-made short-term and long-term device subscription services to satisfy our customers' needs for diverse business scenarios.

- *IT technical subscription services.* We offer IT technical subscription services primarily coupled with device subscription services and, to a lesser extent, on a standalone basis, primarily including solving problems in IT devices and keeping devices on the cutting edge of technology through system upgrades. We typically target small and medium enterprises for our subscription services.

Device recycling business

For the Period, the Group's revenue from device recycling business amounted to approximately RMB755.5 million, representing a decrease of approximately 10.9% as compared to approximately RMB848.1 million for the same period in 2025.

The following table sets forth certain of our key operating data for the periods indicated:

	Six months ended 30 June		
	2026	2025	*Growth Rate*
Number of devices sold *(device)*	**192,310**	424,710	*-54.7%*
Number of device recycling customers	**1,973**	1,570	*25.7%*
Average revenue per device recycling customer *(RMB)*	**382,905**	540,206	*-29.1%*
Average sales value *(RMB/device)*	**969**	1,513.5	*-36.0%*

Note: Operating data was calculated based on whole unit IT devices, exclusive of individual/spare parts and accessories.

Device subscription business

For the Period, the Group's revenue from device subscription business amounted to approximately RMB214.7 million, representing an increase of approximately 11.9% as compared to approximately RMB191.9 million for the same period in 2025.

The following table sets forth our revenue generated from subscription services with, and total device subscription volume from brand-new devices and second-hand devices, respectively, for the periods indicated:

	Six months ended 30 June		
	2026	2025	*Growth Rate*
Revenue from device subscription services *(RMB'000)*	**214,668**	191,914	*11.9%*
— Brand-new devices	**173,355**	154,945	*11.9%*
— Second-hand devices	**41,313**	36,969	*11.8%*
Total device subscription volume *(device)*	**3,412,960**	3,475,364	*-1.8%*
— Brand-new devices	**2,909,544**	2,803,650	*3.8%*
— Second-hand devices	**503,416**	671,714	*-25.1%*
Total number of devices available for subscription	**640,723**	624,210	*2.6%*

IT technical subscription services

For the Period, the Group's revenue from IT technical subscription services amounted to approximately RMB113.2 million, representing a significant increase of approximately 47.7% as compared to approximately RMB76.6 million for the same period in 2025.

The following table sets forth our revenue generated from the long-term and short-term IT technical subscription services, respectively, for the periods indicated:

	Six months ended 30 June		
	2026	2025	
	(RMB'000)	*(RMB'000)*	*Growth Rate*
Revenue from IT technical subscription services	**113,158**	76,633	*47.7%*
— Long-term subscriptions	**75,450**	59,608	*26.6%*
— Short-term subscriptions	**37,708**	17,025	*121.5%*

Future Outlook

The rapid development of the computing power market presents significant opportunities for the Group. The advancement of generative AI, large language models, intelligent applications and other AI technologies is driving an unprecedented increase in demand for computing power, while enterprises across different industries are accelerating their digital transformation and AI adoption. This trend is expected to continue to underpin demand for high-performance computing resources, flexible computing solutions and related technical services. In particular, the growing need for accessible and scalable computing capacity creates substantial opportunities for service providers capable of integrating computing hardware, technical expertise and flexible service models. The Group believes that its experience in DLM, technical services and subscription-based business models provides a solid foundation for developing its computing power products and services offerings and capturing the growing demand for AI-driven computing infrastructure.

Looking ahead, the Group will continue to place greater emphasis on the development of its computing power business, actively capture opportunities arising from the rapid growth of AI and computing demand, and further optimise its business portfolio and operational structure. At the same time, the Group will continue to enhance its service capabilities, strengthen customer engagement and improve operational efficiency, with a view to achieving higher-quality growth, improving profitability and creating sustainable long-term value for the Shareholders (as defined below) and other stakeholders of the Company.

FINANCIAL REVIEW

Revenue

The Group's revenue comes from three service lines: (i) device recycling income; (ii) device subscription services; and (iii) IT technical subscription services. The following table sets out the breakdown of revenue by service lines during the indicated periods:

	Six months ended 30 June				*Growth*
	2026		2025		*Rate*
	RMB'000	*%*	*RMB'000*	*%*	*%*
Revenue					
Device recycling income	**755,472**	**69.7**	848,124	76.0	*-10.9*
Device subscription services	**214,668**	**19.8**	191,914	17.2	*11.9*
— Long-term device subscription	**173,944**	**16.0**	168,450	15.1	*3.3*
— Short-term device subscription	**40,724**	**3.8**	23,464	2.1	*73.6*
IT technical subscription services	**113,158**	**10.5**	76,633	6.8	*47.7*
Total	**1,083,298**	**100**	1,116,671	100	*-3.0*

For the Period, the total revenue of the Group was approximately RMB1,083.3 million (30 June 2025: approximately RMB1,116.7 million), representing a slight decrease of approximately 3.0% as compared with the same period in 2025, mainly attributable to the strategic shift of focus to segments with higher profit margin and growth potential.

Device recycling income

The decrease in device recycling income during the Period, as compared with the same period in 2025, was mainly due to the decrease in engagement in recycling of tablet computers and mobile phones. Revenue generated from such activities decreased from approximately RMB413.8 million for the six months ended 30 June 2025 to approximately RMB54.6 million for the Period, as the Group shifted its focus towards IT devices and accessories with higher profit margins and growth potential.

The following table sets forth a breakdown of our revenue of the device recycling business by major types of IT devices during the periods indicated:

	Six months ended 30 June				Growth
	2026		2025		Rate
	RMB'000	*%*	*RMB'000*	*%*	*%*
Tablet computers and mobile phones	**54,618**	**7.2**	413,813	48.8	*-86.8*
Laptop computers and other IT devices	**700,854**	**92.8**	434,311	51.2	*61.4*
Total	**755,472**	**100**	848,124	100	*-10.9*

Revenue from device subscription services

The increase in revenue from device subscription services during the Period, as compared with the same period in 2025 was mainly due to the expansion of our computing power infrastructure subscription offerings led by the growing demand of customers with the needs for dedicated and scalable computing capacity for their AI and other computing-intensive applications.

Revenue from IT technical subscription services

The significant increase in revenue from IT technical subscription services during the Period, as compared with the same period in 2025 was primarily attributable to the growth of our computing power related technical subscription service offerings.

Revenue by geographical locations

The following table sets forth a breakdown of our revenue by geographical location in absolute amounts and as a percentage of our revenue during the periods indicated:

	Six months ended 30 June			
	2026		2025	
	RMB'000	*%*	*RMB'000*	*%*
Shenzhen	**819,017**	**75.6**	893,391	80.0
Shanghai	**76,267**	**7.0**	95,070	8.5
Wuhan	**22,097**	**2.0**	20,498	1.8
Beijing	**60,146**	**5.6**	52,570	4.7
Guangzhou	**38,387**	**3.6**	22,068	2.0
Others[1]	**67,384**	**6.2**	33,074	3.0
Total	**1,083,298**	**100.0**	1,116,671	100.0

Note:

(1) Others mainly include Chengdu, Xiamen, Nanjing, Zaozhuang, Jingmen and Hong Kong.

Cost of Sales

Our cost of sales consists primarily of (i) costs of inventories sold; (ii) depreciation and amortisation, which primarily include depreciation of equipment for subscription; (iii) staff costs, representing salaries and welfare for our business operation personnel; and (iv) others, mainly representing costs related to short-term device subscription services such as rentals for venue and wages for temporary staff. Our cost of sales was approximately RMB902.5 million for the Period (30 June 2025: approximately RMB1,014.8 million). The decrease in cost of sales during the Period as compared to the same period in 2025 was in line with the decrease in our revenue and was mainly attributable to the decrease in cost of inventory sold from approximately RMB818.6 million for the six months ended 30 June 2025 to approximately RMB702.0 million for the Period.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service line for the periods indicated:

	Six months ended 30 June			
	2026		2025	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Device recycling income	**48,183**	**6.4**	4,396	0.5
Device subscription services	**65,248**	**30.4**	51,700	26.9
IT technical subscription services	**67,352**	**59.5**	45,798	59.8
Total	**180,783**	**16.7**	101,894	9.1

Our gross profit represents our revenue less our cost of sales. For the Period, our gross profit was approximately RMB180.8 million, representing a substantial increase of approximately 77.4% as compared with approximately RMB101.9 million for the same period in 2025, primarily attributable to the rapid expansion of the Group's computing power infrastructure-related device lifecycle management solutions business, which has higher profit margins and has become an increasingly significant contributor to the Group's revenue and profitability. The gross profit margin of the Group increased from approximately 9.1% for the six months ended 30 June 2025 to approximately 16.7% for the Period.

Device recycling business

We recorded gross profit of approximately RMB48.2 million for the Period as compared with approximately RMB4.4 million for the corresponding period in 2025 in our device recycling business. Our gross profit margin of device recycling business was approximately 6.4% for the Period as compared to approximately 0.5% for the six months ended 30 June 2025. The improvement in gross profit and gross profit margin of the device recycling business segment was primarily attributable to a favourable change in the product mix within the segment, as the Group continued to focus on higher-value and higher-margin products and solutions, resulting in an increased contribution from such products to the segment's overall revenue and profitability during the Period.

Device subscription services

The gross profit of device subscription services increased from approximately RMB51.7 million for the six months ended 30 June 2025 to approximately RMB65.2 million for the Period, primarily attributable to the expansion of product offerings for subscriptions towards computing power infrastructure which has higher profit margin. Our gross profit margin of device subscription services increased from approximately 26.9% for the six months ended 30 June 2025 to approximately 30.4% for the Period. The average monthly utilisation rates of our major types of devices for subscription increased from approximately 88.8% for the six months ended 30 June 2025 to approximately 91.9% for the Period.

IT technical subscription services

The gross profit of IT technical subscription services increased from approximately RMB45.8 million for the six months ended 30 June 2025 to approximately RMB67.4 million for the Period. Our gross profit margin of IT technical subscription services slightly decreased from approximately 59.8% for the six months ended 30 June 2025 to approximately 59.5% for the Period.

Other Income

Other income decreased by approximately 73.6% from approximately RMB13.1 million for the six months ended 30 June 2025 to approximately RMB3.4 million for the Period as we received less government subsidies during the Period.

Distribution and selling expenses

The distribution and selling expenses slightly increased by approximately 0.9% from approximately RMB62.1 million for the six months ended 30 June 2025 to approximately RMB62.6 million for the Period, owing to the increase in share-based payment by approximately RMB0.7 million. Our distribution and selling expenses as a percentage of revenue increased from approximately 5.6% for the six months ended 30 June 2025 to approximately 5.8% for the Period.

Administrative Expenses

The administrative expenses decreased by approximately 9.4% from approximately RMB42.5 million for the six months ended 30 June 2025 to approximately RMB38.5 million for the Period, primarily due to the decrease in professional fees and share-based payment by approximately RMB2.3 million and RMB1.5 million, respectively. Our administrative expenses as a percentage of revenue decreased from approximately 3.8% for the six months ended 30 June 2025 to approximately 3.6% for the Period.

Research and Development Expenses

The research and development expenses increased by approximately 16.3% from approximately RMB9.0 million for the six months ended 30 June 2025 to approximately RMB10.5 million for the Period, primarily due to the increase in share-based payment by approximately RMB2.1 million. Our research and development expenses as a percentage of revenue increased from approximately 0.8% for the six months ended 30 June 2025 to approximately 1.0% for the Period.

Finance Costs

The finance costs increased by approximately 19.4% from approximately RMB25.0 million for the six months ended 30 June 2025 to approximately RMB29.8 million for the Period, as we secured more borrowings for the Period for working capital due to the business expansion of the Group.

Income Tax Credit

For the Period, we recorded income tax credit of approximately RMB6.4 million as compared to approximately RMB0.8 million for the six months ended 30 June 2025.

Profit and Total Comprehensive Income Attributable to the Owners of the Company for the Period

We recorded profit and total comprehensive income attributable to the owners of the Company of approximately RMB21.1 million for the Period as compared to approximately RMB5.7 million for the six months ended 30 June 2025, primarily due to the increase in gross profit during the Period as discussed above.

Adjusted Profit

The adjusted profit (a non-International Financial Reporting Standard ("**IFRS**") measure) for the Period was approximately RMB46.4 million as compared to approximately RMB18.6 million for the six months ended 30 June 2025.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")

The adjusted EBITDA (a non-IFRS measure) for the Period increased by approximately 11.9% from approximately RMB194.1 million for the six months ended 30 June 2025 to approximately RMB217.2 million for the Period.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted profit and adjusted EBITDA (non-IFRS measures) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such measures provide useful information to the shareholders of the Company (the "**Shareholder(s)**"), potential investors of the Company and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management to evaluate our operating performance and formulate business plans. However, our adjusted profit and adjusted EBITDA (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

We define adjusted profit as profit plus share-based payment expenses, and foreign exchange changes. We define adjusted EBITDA as profit plus finance costs, interest income, income tax credit, depreciation of property, plant and equipment and right-of-use of assets, amortisation of intangible assets, share-based payment expenses and foreign exchange changes.

A reconciliation of these non-IFRS financial measures to the nearest IFRS performance measures is provided below:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Reconciliation of profit for the period and adjusted profit (a non-IFRS measure)		
Profit for the period	**20,603**	4,908
Non-IFRS measure:		
Adjusted profit		
Add:		
Share-based payments expenses	**10,928**	9,585
Foreign exchange loss	**14,895**	4,152
Non-IFRS measure:		
Adjusted profit	**46,426**	18,645
Reconciliation of profit for the period and adjusted EBITDA (a non-IFRS measure)		
Profit for the period	**20,603**	4,908
Add:		
Income tax credit	**(6,449)**	(823)
Finance costs	**29,845**	25,000
Interest income	**(536)**	(1,014)
Depreciation of property, plant and equipment and right-of-use assets	**143,313**	147,752
Amortisation of intangible assets	**4,569**	4,569
Non-IFRS measure:		
EBITDA	**191,345**	180,392
Add:		
Share-based payment expenses	**10,928**	9,585
Foreign exchange loss	**14,895**	4,152
Non-IFRS measure:		
Adjusted EBITDA	**217,168**	194,129

Current Assets

As at 30 June 2026, the current assets of the Group were approximately RMB1,295.2 million, representing an increase of approximately 26.5% as compared with approximately RMB1,023.8 million as at 31 December 2025. As at 30 June 2026, the current ratio (current assets divided by current liabilities) of the Group was approximately 1.1 times (31 December 2025: approximately 1.3 times).

Property, Plant and Equipment and Right-of-Use Assets

Our property, plant and equipment and right-of-use assets of the Group primarily consist of leased properties, equipment for subscription, office equipment, motor vehicles and lease improvement. The property, plant and equipment and right-of-use assets increased from approximately RMB721.6 million as at 31 December 2025 to approximately RMB1,015.2 million as at 30 June 2026, as we purchased more equipment during the Period.

Inventories

Our inventories primarily consist of (i) de-commissioned IT devices such as laptops, monitors, tablet computers acquired via and held for sale under our device recycling business; and (ii) device components and accessories. The inventories increased from approximately RMB121.9 million as at 31 December 2025 to approximately RMB325.1 million as at 30 June 2026, mainly due to the increase in demand in disposal of decommissioned IT devices from upstream suppliers close to the end of the Period.

Trade and Lease Receivables

Our trade and lease receivables represent receivables from customers for (i) operating lease relating to device subscription services; and (ii) contracts with customers relating to device recycling business and IT technical subscription services. The trade and lease receivables decreased from approximately RMB139.9 million as at 31 December 2025 to approximately RMB131.7 million as at 30 June 2026 which was in line with the decrease in revenue during the Period.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments increased from approximately RMB95.1 million as at 31 December 2025 to approximately RMB305.5 million as at 30 June 2026, primarily due to the increase in advances to suppliers and value-added tax receivables as at 30 June 2026.

Trade Payables

Trade payables represent procurements payable to suppliers for the purchase of IT devices. As at 30 June 2026, trade payables amounted to approximately RMB156.9 million, representing an increase of approximately RMB32.4 million as compared with approximately RMB124.5 million as at 31 December 2025, as we purchased more IT devices which was in line with the increase in our inventories as at 30 June 2026.

Other Payables and Accruals

Other payables primarily consist of (i) accrued staff costs and retirement benefit scheme contributions; (ii) advance from leasing customers under device subscription services; (iii) other tax payables; (iv) secured and other deposits received; (v) accrued expenses; and (vi) others.

As at 30 June 2026, other payables and accruals amounted to approximately RMB79.7 million, representing a decrease of approximately RMB3.0 million as compared with approximately RMB82.7 million as at 31 December 2025 as we recorded decrease in accrued staff costs and retirement benefit scheme contributions as at 30 June 2026.

LIQUIDITY AND CAPITAL RESOURCES

During the Period, our cash requirements are principally funded by cash generated from operations and other debt financings.

Bank Balances and Cash

Our bank balance and cash consist of our bank balances and cash and restricted deposits. Our bank balance and cash amounted to approximately RMB354.6 million as at 30 June 2026 (31 December 2025: approximately RMB481.7 million). The decrease in bank balance and cash were mainly attributable to the funding for expansion in business operation relating to computing power infrastructure and share buy-back during the Period. As at 30 June 2026, the Group's cash and cash equivalents were denominated in Renminbi, Hong Kong dollars and United States dollars.

Bank and Other Borrowings

As at 30 June 2026, we had bank borrowings with a carrying amount of approximately RMB1,048.4 million (as at 31 December 2025: approximately RMB507.3 million) and other borrowings of approximately RMB357.0 million (as at 31 December 2025: approximately RMB327.9 million), such borrowings comprise (i) approximately RMB1,399.0 million (as at 31 December 2025: approximately RMB819.2 million) of unsecured and guaranteed bank and other borrowings; and (ii) approximately RMB6.4 million (as at 31 December 2025: approximately RMB16.0 million) of secured and guaranteed bank and other borrowings.

All of our bank and other borrowings were subject to fixed interest rate. For the Period, the effective interest rates of the Group's borrowings ranged from 3.0% to 8.7% per annum (as at 31 December 2025: 3.1% to 8.7% per annum). Our borrowings were all denominated in Renminbi and carried borrowing terms ranging from one year to three years.

Gearing Ratio

The calculation of gearing ratio is based on total debt for the Period divided by total equity for the respective year and multiplied by 100.0%. The gearing ratio as at 30 June 2026 was 196.7% (as at 31 December 2025: 112.0%).

Significant Investments Held, Material Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Future Plans for Material Investments and Capital Assets

The Group has no future plan for material investments or capital assets during the Period. However, the Group will continue to identify new opportunities for business development.

Contingent Liabilities and Commitments

We did not have any material contingent liabilities as at 30 June 2026.

Foreign Exchange Risk

The Group conducts its business with most of the transactions settled in Renminbi, while a smaller portion is settled in Hong Kong dollars and US dollars. The Group will continue to keep track of the foreign exchange risk and take prudent measures and actions to mitigate exchange risk where necessary. The Group currently has not adopted any foreign currency hedging policies.

Employees and Remuneration Policy

As at 30 June 2026, the Group had 969 full-time employees (as at 31 December 2025: 950 full-time employees). We recognise the importance of talents for sustainable business growth and competitive advantages. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives. For the Period, the remuneration for our employees, but excluding the Directors' remunerations, were approximately RMB82.8 million (for the six months ended 30 June 2025: approximately RMB86.6 million).

We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. We also strive to create a multiple-incentive mechanism and a friendly working environment to realise our employees' full potential.

In recognition of the contributions of our employees and to incentivise them to further promote our development, the Group also adopted LX Brothers Employee Incentive Plan and Beauty Bear Employee Incentive Plan. For details, please refer to section headed "D. Employee Incentive Plans" in Appendix IV to the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

No event has taken place subsequent to 30 June 2026 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of the Shareholders. The Group has adopted the code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

Save for the deviation for reasons set out below, the Group has applied the principles of good corporate governance and complied with the Corporate Governance Code during the Period.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Hu Zuoxiong ("**Mr. Hu**") is performing these two roles. Mr. Hu is responsible for the overall management, operation and strategic development of our Group and has been instrumental to our growth and business operation since establishment of the Group in November 2004. Taking into account the continuation of management and the implementation of our business strategies, the Directors (including the independent non-executive Directors) consider it is most suitable for Mr. Hu to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. The Board comprises four executive Directors (including Mr. Hu) and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a combined code (the "**Code**") of conduct for securities transactions by the Directors which comprises a comprehensive "Code of Conduct for Securities Transactions by Directors" and the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules.

Upon specific enquiry, all Directors confirmed that they have complied with the Code during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, the Company bought back a total of 3,888,600 Shares on the Stock Exchange at an aggregate consideration of approximately HK$78.1 million (the "**Shares Bought Back**") to create higher value to the Shareholders. Particulars of the Shares Bought Back are as follows:

Month of buy back	No. of Shares bought back	Price paid per Share		Aggregate consideration
		Highest	Lowest	
		(HKD)	*(HKD)*	*(HKD million)*
April	**918,900**	15.31	13.21	13.8
May	**1,378,500**	23.96	15.29	27.7
June	**1,591,200**	26.08	20.18	36.6

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Period. As at 30 June 2026, the Company hold 3,888,600 treasury shares.

REVIEW OF INTERIM RESULTS

The Company established the Audit Committee in compliance with the Corporate Governance Code. The Audit Committee reviewed the unaudited consolidated interim financial statements for the Period, and discussed with the management of the Company the accounting principles and practices adopted by the Group.

INTERIM DIVIDEND

The Board has resolved not to distribute any interim dividend for the Period (30 June 2025: nil).

PUBLICATION OF INTERIM RESULTS AND 2026 INTERIM REPORT

This announcement is published on the respective websites of the Company (www.bearrental.com) and the Stock Exchange (http://www.hkexnews.hk). The 2026 interim report will be made available on the respective websites of the Company and the Stock Exchange as and when appropriate.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
REVENUE	*4*	**1,083,298**	1,116,671
Cost of sales		**(902,515)**	(1,014,777)
GROSS PROFIT		**180,783**	101,894
Other income	*5*	**3,444**	13,050
Other gains and losses		**(29,161)**	33,266
Reversal of impairment losses/(impairment losses) under expected credit loss model, net of reversal		**1,552**	(5,492)
Distribution and selling expenses		**(62,632)**	(62,102)
Administrative expenses		**(38,528)**	(42,531)
Research and development expenses		**(10,469)**	(9,000)
Finance costs	*6*	**(29,845)**	(25,000)
Share of loss of an associate		**(990)**	—
PROFIT BEFORE TAX	*7*	**14,154**	4,085
Income tax credit	*8*	**6,449**	823
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**20,603**	4,908
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**21,066**	5,655
Non-controlling interests		**(463)**	(747)
		20,603	4,908
EARNINGS PER SHARE	*10*		
— Basic *(RMB)*		**0.07**	0.02
— Diluted *(RMB)*		**0.06**	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment and right-of-use assets		**1,015,249**	721,561
Goodwill		**21,204**	21,204
Intangible assets		**8,225**	12,794
Deposits paid for acquisition of property, plant and equipment and intangible assets		**33,950**	9,534
Other receivables, deposits and prepayments		**8,176**	5,994
Restricted deposits		**12,338**	10,120
Deferred tax assets		**16,744**	11,364
Investment in an associate		**4,297**	5,287
Total non-current assets		**1,120,183**	797,858
Current assets			
Inventories		**325,082**	121,949
Trade and lease receivables	*11*	**131,707**	139,893
Other receivables, deposits and prepayments		**297,283**	89,087
Financial assets at fair value through profit and loss ("**FVTPL**")		**198,850**	201,301
Restricted deposits		**8,087**	11,087
Cash and cash equivalents		**334,188**	460,477
Total current assets		**1,295,197**	1,023,794
Current liabilities			
Trade payables, other payables and accruals	*12*	**236,587**	207,181
Tax liabilities		**99**	52
Borrowings		**927,561**	555,331
Lease liabilities		**6,431**	5,507
Contract liabilities		**30,923**	3,219
Total current liabilities		**1,201,601**	771,290

	As at 30 June 2026 *RMB'000* (unaudited)	As at 31 December 2025 *RMB'000* (audited)
Net current assets	**93,596**	252,504
Total assets less current liabilities	**1,213,779**	1,050,362
Non-current liabilities		
Borrowings	**477,851**	279,833
Lease liabilities	**18,443**	20,874
Deferred tax liabilities	**2,937**	4,250
Total non-current liabilities	**499,231**	304,957
NET ASSETS	**714,548**	745,405
Capital and reserves		
Share capital	**3,158**	3,158
Reserves	**706,678**	742,772
	709,836	745,930
Non-controlling interests	**4,712**	(525)
TOTAL EQUITY	**714,548**	745,405

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

LX Technology Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 10 January 2022 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") effective from 24 November 2022. The respective addresses of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and principal place of business is 501, 5th Floor, Cuilin Building, 10 Kaifeng Road, Maling District, Meilin Street, Futian District, Shenzhen, China.

The Company is an investment holding company and the Company and its subsidiaries (collectively, referred to as the "**Group**") are engaged in device recycling business, provision of device subscription services and information technology ("**IT**") technical subscription services.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements ("**Interim Financial Information**") have been prepared in accordance with International Accounting Standard 34 issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Interim Financial Information does not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's 2025 annual consolidated financial statements for the year ended 31 December 2025 ("**2025 Annual Report**"). The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in 2025 Annual Report.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION AND REVENUE

Segment Information

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's segment revenue and the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Specifically, the Group's reportable segments under IFRS 8 Operating Segments are as follows:

(1) Device recycling business

(2) Device subscription services

For the six months ended 30 June 2026

	Device recycling business *RMB'000* **(unaudited)**	**Device subscription services** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**
Device recycling income			
— Mobile devices	**54,618**	**—**	**54,618**
— Non-mobile devices	**700,854**	**—**	**700,854**
Device subscription services			
— Short-term device subscription	**—**	**40,724**	**40,724**
— Long-term device subscription	**—**	**173,944**	**173,944**
IT technical subscription services	**—**	**113,158**	**113,158**
	755,472	**327,826**	**1,083,298**

Note: The Group recorded RMB614.8 million in revenue from computing power infrastructure-related products and services, accounting for over 56.8% of total revenue for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB3.9 million).

For the six months ended 30 June 2025

	Device recycling business *RMB'000* (unaudited)	Device subscription services *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Device recycling income			
— Mobile devices	413,813	—	413,813
— Non-mobile devices	434,311	—	434,311
Device subscription services			
— Short-term device subscription	—	23,464	23,464
— Long-term device subscription	—	168,450	168,450
IT technical subscription services	—	76,633	76,633
	848,124	268,547	1,116,671

Geographical information

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2026	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
PRC	**1,041,629**	1,103,867	**1,076,990**	763,795
Hong Kong	**41,669**	12,804	**5,935**	6,585
	1,083,298	1,116,671	**1,082,925**	770,380

In presenting the geographical information, the revenue information is based on the locations of the customers while the non-current assets information is based on the location of assets and excludes other receivables, deposits and prepayments, restricted deposits and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A	**125,304**	N/A*

Note: Revenue from customer A is derived from device recycling business. During the six months ended 30 June 2026 and 2025, no other customers contributed over 10% of the total revenue of the Group.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the six months ended 30 June 2025.

Revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Type of goods or services		
Device recycling income	**755,472**	848,124
IT technical subscription services	**113,158**	76,633
Short-term device subscription	**40,724**	23,464
Total	**909,354**	948,221
Timing of revenue recognition		
At a point in time	**755,472**	848,124
Over time	**153,882**	100,097
	909,354	948,221

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Device recycling income	**755,472**	848,124
Device subscription services	**153,882**	100,097
Revenue from contracts with customers	**909,354**	948,221
Lease income from device subscription services	**173,944**	168,450
Total revenue	**1,083,298**	1,116,671

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**536**	1,014
Government subsidies *(note)*	**15**	9,524
Compensation income from customers	**2,856**	2,387
Sundry income	**37**	125
	3,444	13,050

Note: Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

6. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on borrowings	**29,230**	24,618
Interest expenses on lease liabilities	**615**	382
	29,845	25,000

7. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Directors' emoluments	**3,832**	2,785
Depreciation of property, plant and equipment and right-of-use assets	**143,313**	147,752
Amortization of intangible assets	**4,569**	4,569
Gain on disposal of property, plant and equipment	**(35)**	(135)
Write-down of inventories	**3,446**	2,735
Cost of inventories recognised as an expense	**600,059**	801,226

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	**126**	8
Hong Kong Profits Tax	**118**	—
Deferred tax	**(6,693)**	(831)
	(6,449)	(823)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% to the six months ended 30 June 2026 and 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The income tax provision of the subsidiaries operating in the PRC has been calculated at the tax rate of 25% on the taxable income for the reporting period, except for LX Shenzhen and certain subsidiaries, based on the existing legislation, interpretations and practices in respect thereof.

LX Shenzhen, a major operating entity of the Group in the PRC, was qualified as "High and New Technology Enterprises" in October 2017 which was subsequently renewed in November 2023 with a valid period of three years, and therefore LX Shenzhen is entitled to a preferential income tax rate of 15% for the six months ended 30 June 2026 and 2025. The latest approval for LX Shenzhen enjoying this tax benefit was obtained in November 2023 for the financial years of 2024, 2025 and the portion of the financial year 2026 up to the certificate's expiry in November 2026.

Certain subsidiaries in the PRC were qualified as "Small Low-profit Enterprise". From 1 January 2022 to 31 December 2022, the first RMB1 million of profits of qualifying corporation are taxed 2.5%, and profits between RMB1 million and RMB3 million are taxed at 5%. From 1 January 2023 to 31 December 2027, the profits no more than RMB3 million are taxed at 5%.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year ("**Super Deduction**"). LX Shenzhen has claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2026 and 2025.

9. DIVIDEND

No dividend was declared or paid by the Company since its incorporation in respect of the six months ended 30 June 2026 and 2025, nor any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**21,066**	5,655

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share		
Effect of dilutive potential ordinary shares:	**308,055,437**	308,378,399
— Share options and share awards	**24,871,008**	21,353,356
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**332,926,445**	329,731,755

11. TRADE AND LEASE RECEIVABLES

	As at 30 June 2026 *RMB'000* **(unaudited)**	As at 31 December 2025 *RMB'000* (audited)
Trade and lease receivables		
— third parties	**154,349**	163,409
— related parties	**—**	678
	154,349	164,087
Less: allowance for expected credit losses	**(22,642)**	(24,194)
	131,707	139,893

The following is an ageing analysis of trade and lease receivables, net of allowance for expected credit losses, presented based on the revenue recognition dates at the end of each reporting period:

	As at 30 June 2026 *RMB'000* **(unaudited)**	As at 31 December 2025 *RMB'000* (audited)
Within 3 months	**117,134**	126,668
More than 3 months but within 6 months	**5,188**	3,837
More than 6 months but within 1 year	**6,193**	3,250
Over 1 year	**3,192**	6,138
	131,707	139,893

Note: The Group has receivables from its related parties at the end of reporting period for providing device subscription services, IT technical subscription services and device recycling income.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2026 *RMB'000* **(unaudited)**	As at 31 December 2025 *RMB'000* (audited)
Trade payables	**156,899**	124,487
Other payables and accruals		
Accrued staff costs and retirement benefit scheme contributions	**27,328**	39,570
Advance from leasing customers under device subscription service	**26,300**	24,058
Other tax payables	**7,209**	6,173
Secured and other deposits received	**12,154**	6,953
Accrued expenses	**6,697**	5,940
	79,688	82,694
	236,587	207,181
Represented by:		
— third parties	**236,587**	206,628
— related parties *(note)*	**—**	553
	236,587	207,181

Note: The Group has payable to its related parties at the end of reporting period for purchase of IT equipment, certain operating expenses, including marketing and promotion services.

The credit period on trade payables ranges from 0 to 90 days. The ageing analysis of the Group's trade payables presented based on the invoice dates at the end of reporting period are as follows:

	As at 30 June 2026 *RMB'000* **(unaudited)**	As at 31 December 2025 *RMB'000* (audited)
Within 6 months	**127,412**	101,521
6–12 months	**6,629**	537
Over 1 year	**22,858**	22,429
	156,899	124,487

By order of the Board
LX Technology Group Limited
Hu Zuoxiong
Chairman

Shenzhen, the PRC, 27 August 2026

As at the date of this announcement, the Board comprises Mr. Hu Zuoxiong as Chairman and executive Director, Mr. Chen Xiuwei, Mr. Cao Weijun and Ms. Chen Shuang as executive Directors, and Ms. Xu Nailing, Mr. Yao Zhengwang and Mr. Zou Shenghe as independent non-executive Directors.