

Smarter technology for all

Q4 and FY24/25 Earnings Announcement

May 22, 2025

Lenovo

Forward-Looking Statement

This presentation contains “forward-looking statements”, which are statements that refer to the expectations and plans for the future and include, without limitation, statements regarding Lenovo’s future results of operations, financial condition or business prospects as well as other statements based on projections, estimates and assumptions. In some cases, these statements can be identified by terms such as “expect,” “intend,” “plan,” “believe,” “estimate,” “may,” “will,” “should” and comparable words (including negative variants of such words). These forward-looking statements, reflect the current expectations and plans of the directors and management of Lenovo, which may not materialize or may change. Many risks, uncertainties and other factors, some of which are unpredictable and beyond Lenovo’s control, could affect the matters discussed in these forward-looking statements. These factors include, without limitation, economic and business conditions globally and in the countries where we operate, Lenovo’s ability to predict and respond quickly to market developments, consumer demand, pricing trends and competition; changes in applicable laws and regulations (including applicable tax and tariff rates). Any variance from the expectations or plans on which these forward-looking statements are based could cause Lenovo’s actual results or actions to differ materially from those expressed or implied in these statements. These forward-looking statements are not guarantees of future performance and you are cautioned not to place undue reliance on these statements. Lenovo undertakes no obligation to update any forward-looking statements in this presentation, whether as a result of new information or any subsequent change, development or event. All forward-looking statements in this presentation are qualified by reference to this paragraph.

Smarter technology for all

Yuanqing Yang

Chairman & CEO

May 22, 2025

Lenovo

One of the best years in Lenovo's history



Significant growth
in revenue & profit
all businesses healthy & strong



Significant progress
in personal AI & enterprise AI
building Hybrid AI leadership

Group:
**Strong revenue & profit increase,
full speed driving Hybrid AI**

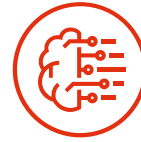
2024/25 Full Year Performance

- Revenue **\$69.1 billion**, up **21%** YTY
- Net income(non-HKFRS) **\$1,441 million**, up **36%** YTY
- Net income margin(non-HKFRS) **2.1%**, up **0.2pts** YTY
- All main businesses revenue double-digit YTY growth
- Non-PC revenue mix up **5pts** YTY to **47%**, record high
- All Geos revenue double-digit YTY growth

Group:

**Strong revenue & profit increase,
full speed driving Hybrid AI**

Opportunities & Sustainable growth



Hybrid AI creates huge opportunities for devices, infrastructure, solutions & services

- On-device/Edge AI maturing, accelerating PC and smartphone refresh cycle
- AI deployment in enterprises accelerating



Best positioned to navigate macro environment and realize “Smarter AI for all”

- **Operational Excellence:** E2E integrated global operating system, ODM+ model, Global/Local model
- **Relentless innovation:** R&D investment increase(+13% YTY), breakthrough in AI super agent



IDG Intelligent Devices Group: Market leadership strengthened, winning in personal AI

2024/25 Full Year Performance

- Revenue **\$50.5 billion**, up **13%** YTY
- Strong profitability, operating margin **7.2%**
- **PC**: revenue up **11%** YTY; market share **23.7%**, 3.6 pts higher than 2nd place; industry leading profitability; first-year AI PC reached volume target; new form factors(foldable, rollable, 2D/3D hybrid) setting market trends
- **Smartphone**: revenue up **27%** YTY, historic high; robust growth in AP(+179% YTY) & EMEA(+32% YTY); premium products(razr foldable) of high praise & commercial success
- **Tablet**: sales volume up **15%** YTY

IDG

Intelligent Devices Group:

**Market leadership
strengthened,
winning in personal AI**

Opportunities & Sustainable growth



Hybrid AI creating growth opportunities for device market

- AI PC momentum accelerating to represent majority of the PC market
- AI software and use cases evolving to generate more value to users
- AI driving smartphone/tablet market to resume growth



Lenovo driving AI devices innovation

- Develop products with personal AI super agent, deliver “One AI, Multiple Devices”
- Drive form factor & interaction model innovation
- Build AI-driven applications ecosystem

ISG

Infrastructure Solutions Group:

Hypergrowth, profitable 2nd half year, driving hybrid infrastructure

2024/25 Full Year Performance

- Revenue **\$14.5 billion**, record high, up **63%** YTY
- Significant operating margin improvement, 2 consecutive quarters of profitable growth
- CSP hypergrowth, revenue up **92%** YTY, achieving **\$10 billion**
- E/SMB revenue up **20%** YTY, record high
- AI server landed and grew fast
- Neptune liquid cooling solutions revenue fast growth(+68% YTY)

ISG

Infrastructure Solutions Group:
**Hypergrowth,
profitable 2nd half year,
driving hybrid infrastructure**

Opportunities & Sustainable growth



ICT market shifting to hybrid infrastructure

- Hybrid infrastructure supported by “Client-Edge-Cloud(hybrid)-Network” architecture
- Infrastructure market to grow at 18% in 2025
- AI compute & non-AI compute driving enterprise demand



Lenovo driving full stack infrastructure

- Execute the CSP+E/SMB strategy
- Simplify product portfolio
- Strengthen go-to-market capabilities
- Enhance operational resilience

A man with a beard and a woman are looking at a laptop screen. The man is wearing a red shirt and the woman is wearing a blue and white striped shirt. They are both smiling and appear to be working together. The background is blurred, showing what looks like an office environment.

SSG

Solutions & Services Group:
**High margin & high growth
transformation engine,
unleashing Lenovo Hybrid AI
Advantage**

2024/25 Full Year Performance

- Revenue **\$8.5 billion**, up **13%** YTY
- Operating margin **21.1%**
- Support Services solid growth
- Solutions & “as-a-Service” business revenue mix **58%**, up **4pts** YTY
- AI-driven solutions & services generated growth momentum

SSG

Solutions & Services Group:

High margin & high growth transformation engine, unleashing Lenovo Hybrid AI Advantage

Opportunities & Sustainable growth



Hybrid AI driving solutions & services demand growth

- IT services market expected growth at 4.6% in 2025
- New opportunities for AI-native solutions & services

Lenovo building Hybrid AI Advantage



- Build capabilities under Lenovo Hybrid AI Advantage framework
- Develop & enrich Hybrid AI solutions & services library

Group:

Revenue & net income both increased 20%+,
double-digit revenue growth across all businesses,
IDG +13%, ISG +63%, SSG +18%

2024/25 Q4 Performance

- **Group:** revenue grew **23%** YTY, double-digit growth across all main businesses; strong profit increase despite tariffs impact, net income(non-HKFRS) up **25%** YTY
- **IDG:** enlarged PC market leadership, smartphone revenue grew at **12pts** PTM, **#4** in outside of China market
- **ISG:** second consecutive quarter of hypergrowth with profitability, revenue up **63%** YTY
- **SSG:** revenue up **18%** YTY, operating margin **22.7%**

An aerial photograph of a large container ship sailing on a dark blue ocean. The ship is loaded with numerous colorful shipping containers (red, blue, and white) stacked on its deck. The ship is moving towards the bottom right, leaving a white wake behind it. The sky is visible in the top left corner, showing some white clouds. The text "Smarter AI for All" is overlaid in a large, white, sans-serif font across the middle of the image.

Smarter AI for All

Smarter technology for all

Winston Cheng

Chief Financial Officer

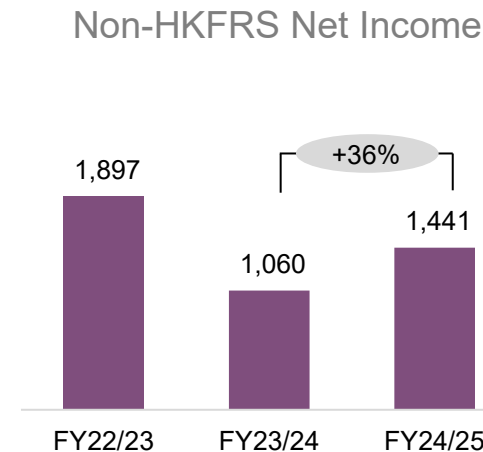
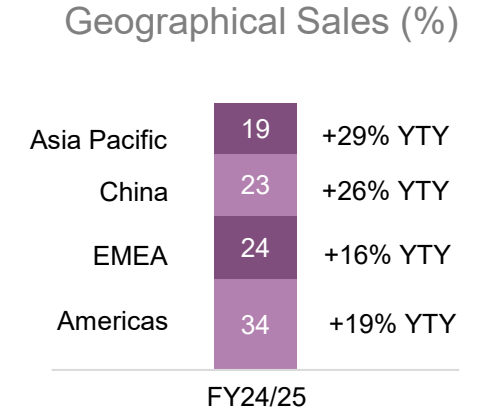
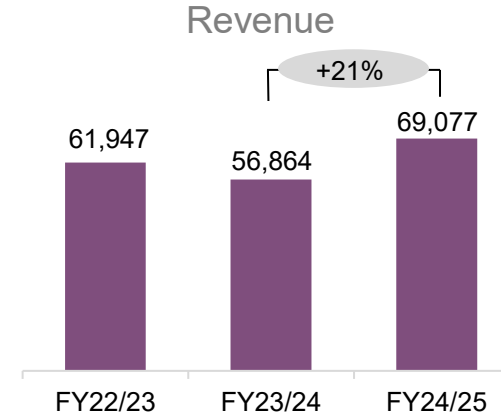
May 22, 2025

Lenovo

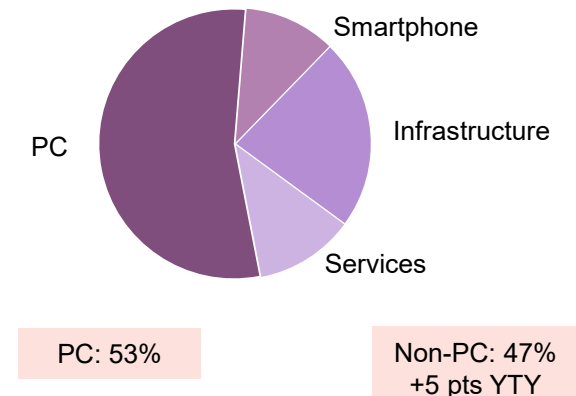
Record performance fueled by Hybrid AI

- Group revenue of \$69B, +21% YTY to second-highest ever; Non-HKFRS net profit of \$1.4B, up 36% YTY
- Double-digit sales growth across Business Groups; effective Hybrid AI strategy
- ISG reached 2 quarters of sustained profitability in a row for 2HFY
- Diversified growth engines: Record sales & profit expansion in smartphones and SSG
- Maintain global No.1 position in PC; Grew market share with industry-leading profitability
- R&D spending reached \$2.3B, up by \$261M YTY, to propel Hybrid AI innovations
- Strategic partnership with Alat approved; issuance of CBs and warrants completed²

Performances – FY24/25



Record-high Non-PC Revenue Contribution¹



1. Non-PC revenue includes revenues from SSG, ISG and non-PC part of IDG

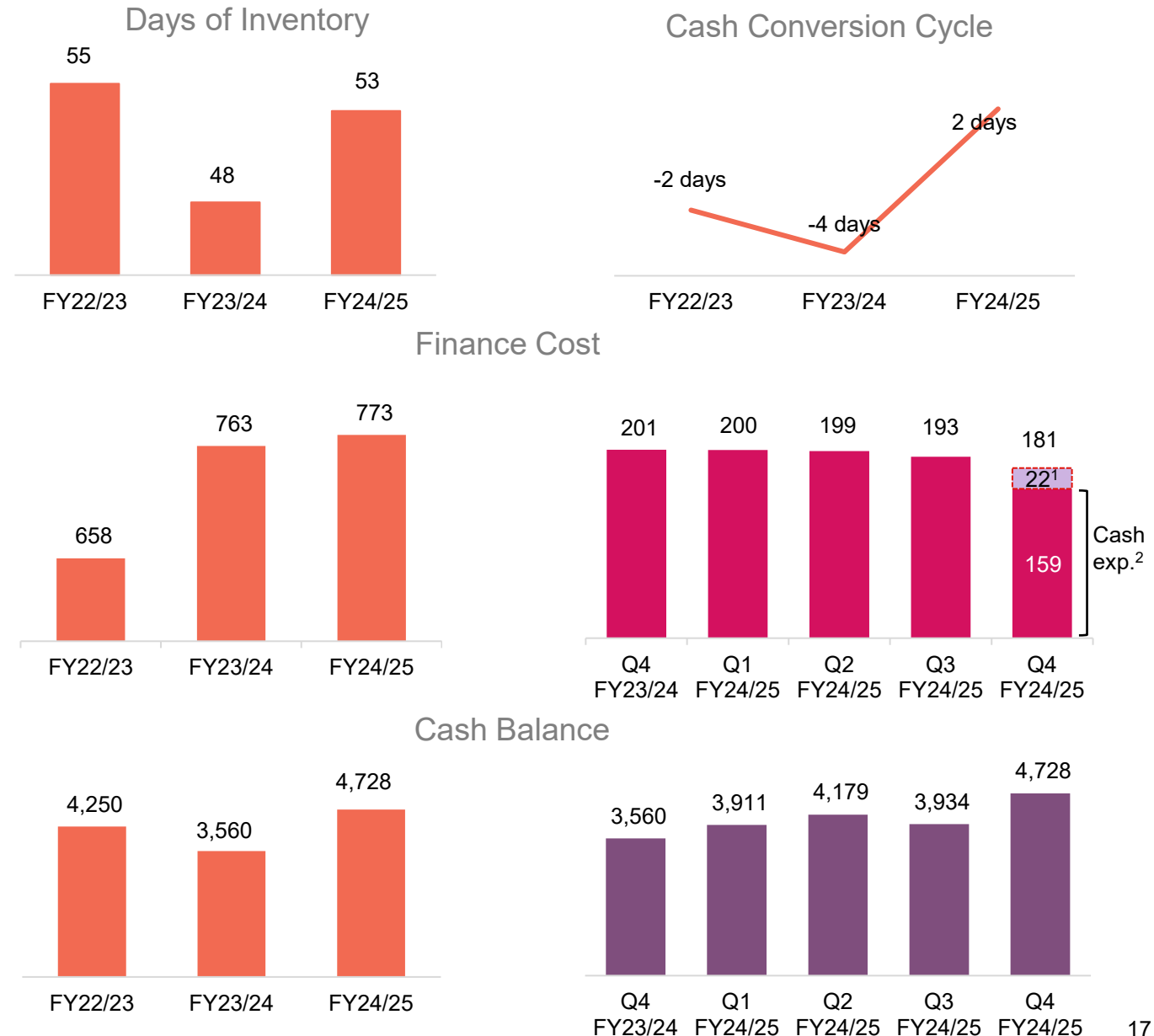
2. In January 2025, all necessary shareholder and regulatory approvals were obtained.

Robust Working Capital Management

- Net cash from operating activities reached \$1.1B, driving our cash balance to \$4.7B
- Finance costs reduced by 10% YTY in 4QFY24/25. This excluded non-cash, implied interest expenses on a new \$2B convertible bond, finance cost savings reached 20% YTY
- Inventory days increased by 5 days YTY with the cash conversion cycle at 2 days, due to a greater sales mix from ISG

1. For \$2B CB to Alat, the total interest recognized in Q4 is \$22M
 2. \$159m finance cost in Q4FY was mainly actual cash-based expenses, excluding the non-cash, implied interest as highlighted in footnote 1 and second bullet point

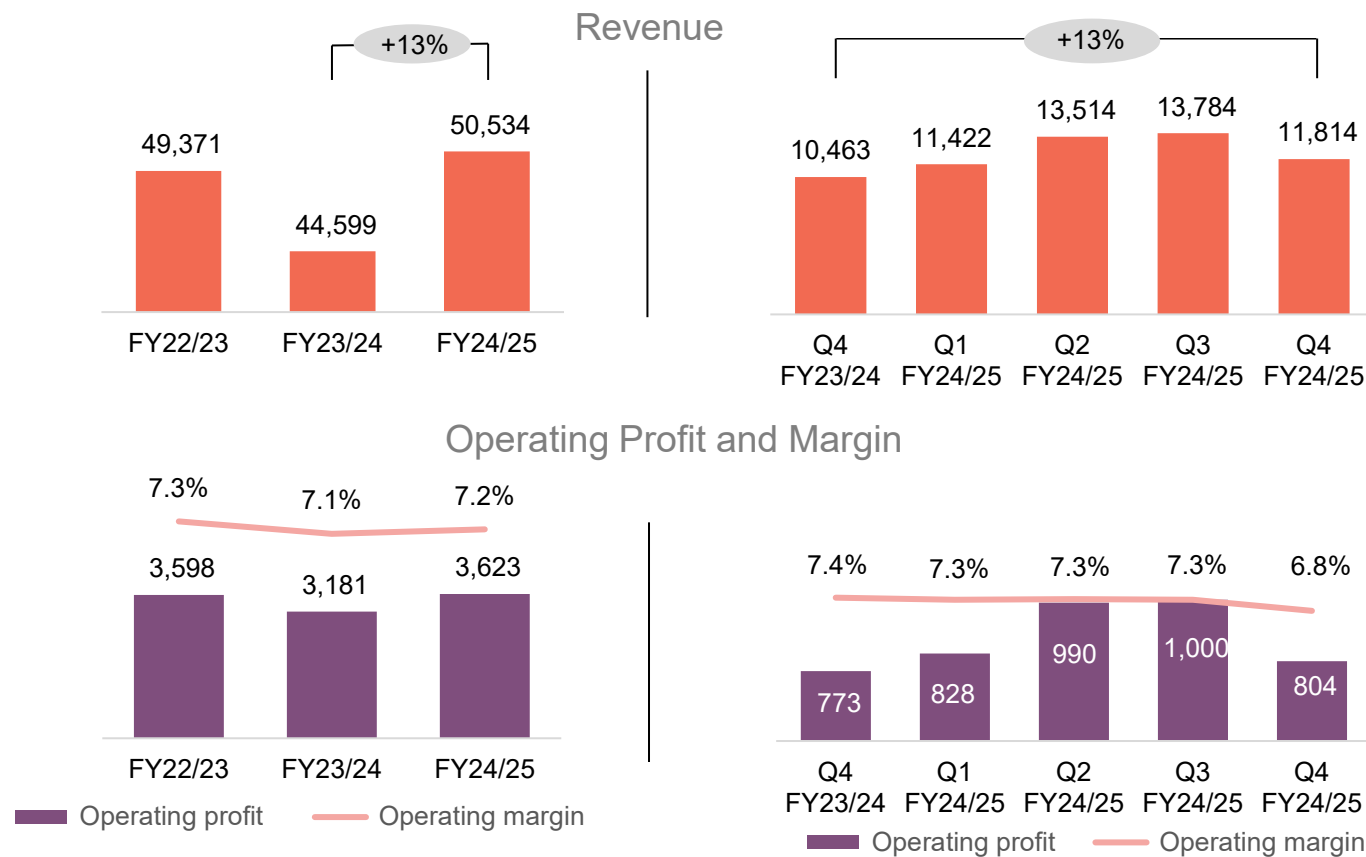
Performances



Intelligent Devices Group

- Annual revenue of \$51B, up by 13% YTY; industry-leading operating margin of 7.2%
- Global PC market share rose by 1pt YTY to 24%, widening our lead over our closest competitor
- PC: Premium-to-market PC growth across regions, #1 in China & Rest of the World
- Smartphones: Record sales and market share¹ with rising profit contribution; No.4 globally (excl. PRC) in Q4 revenue²
- Lenovo's 5-feature AI PCs³ captured 16% of PRC notebook shipments in Q4; WW AI PC penetration to exceed 30% in 2025⁴
- Broadened partnerships with leading LLMs will harness Lenovo's proprietary AI Agents

Performances



#1

In commercial and consumer segments

Premium PC mix

31%

+1pts YTY

Record

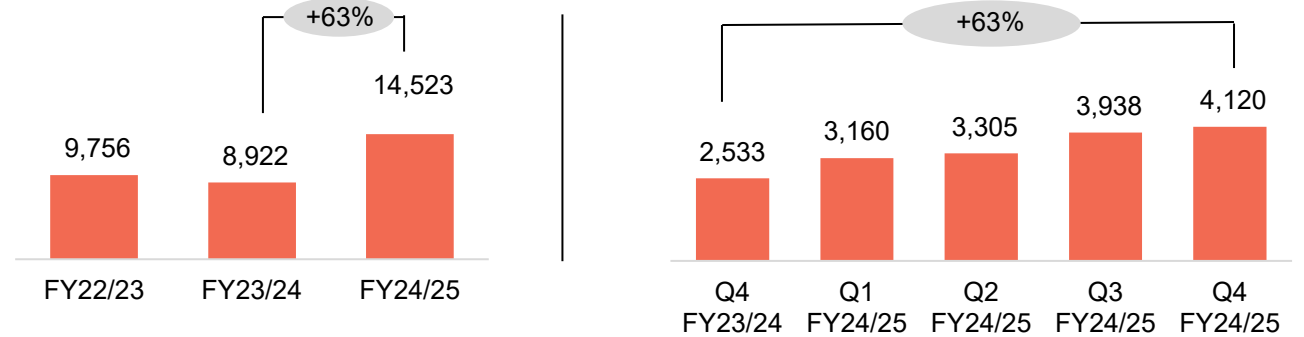
High in smartphone market share

1. Global market (ex China). 2. Motorola ranked no.4 by global market share of revenue ex China, where it has no significant presence, in Q4FY24/25. 3. 5-feature AI PCs with a personal intelligent agent, compressed local LLM, heterogenous computing, security protection, and an AI ecosystem; 4. IDC

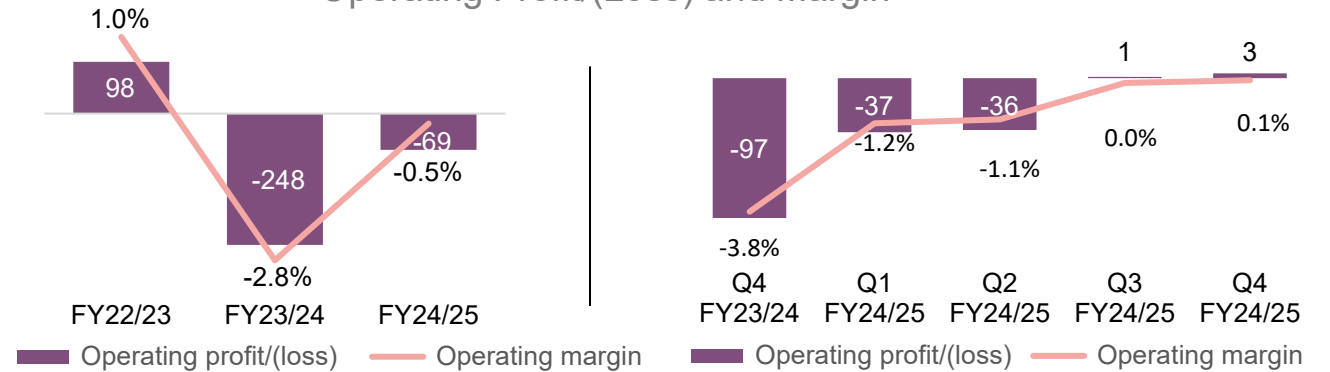
- All-time revenue record of \$15B, up by 63% YTY, driven by a successful dual CSP and ESMB strategy
- Profitability turnaround in 2HFY leading to an improved operating performance
- Our unique ODM+ model contributed to strong CSP momentum
- ESMB high-velocity strategy drove balanced volume and profit growth
- Strengthened leadership in liquid-cooling technology with 100+ innovation patents, further expanding our industry footprint

Performances

Revenue



Operating Profit/(Loss) and Margin



Profitable
for two consecutive
quarters in 2HFY

Nearly
Doubling
CSP revenue YTY

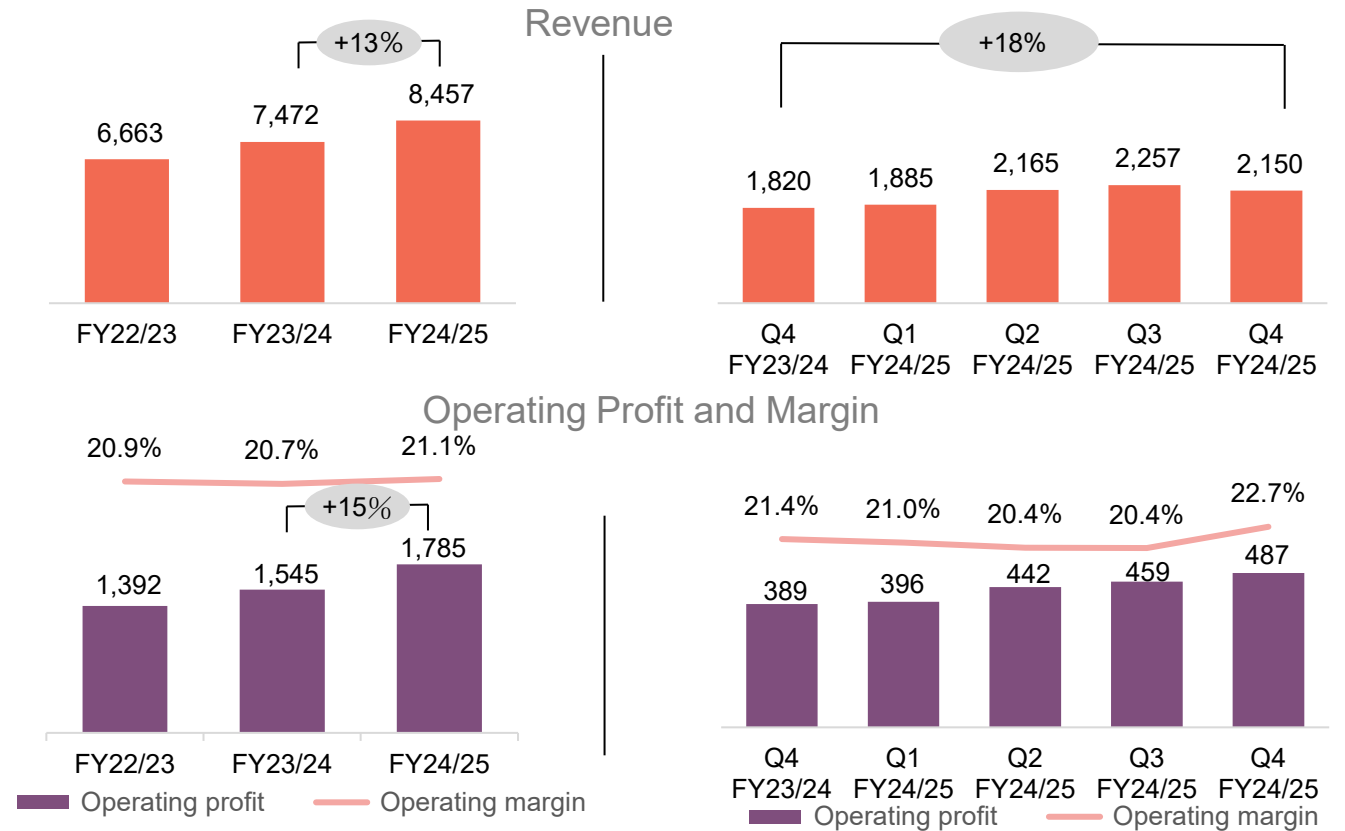
+68%
Neptune Liquid
Cooling revenue YTY

SSG

Solutions & Services Group

- Accomplished record revenue of \$8.5B, +13% YTY
- Generated a record operating profit of \$1.8B, +15% YTY
- Accelerated growth in Support Services bookings with elevated user experience
- Continued momentum in managed services driven by Digital Workplace Solutions and Hybrid Cloud
- The Lenovo Hybrid AI Advantage provided a full spectrum of offerings to assist our customers on their AI journeys

Performances



58%

Solutions and “as a service” revenue mix
+4pts YTY

Record

Quarterly OPM%¹

Outpace

Global IT services market²

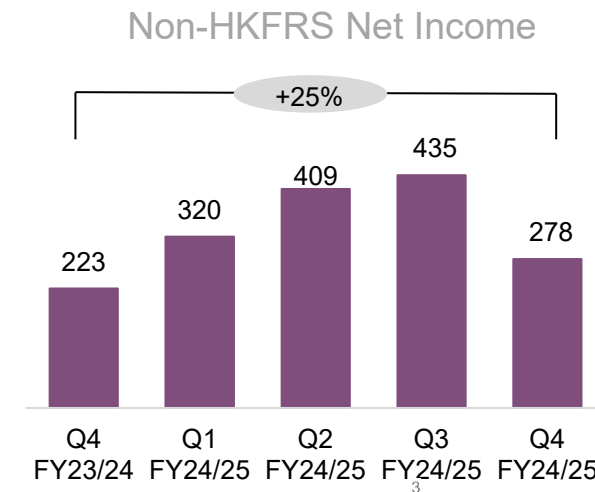
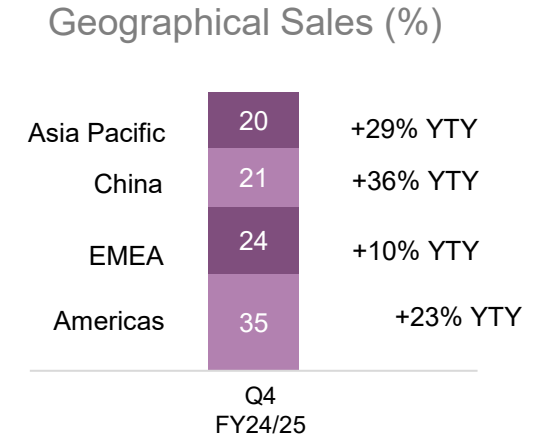
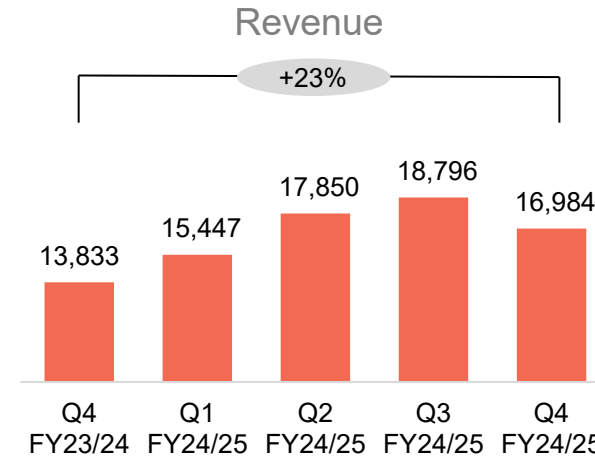
1. Q4FY24/25 OPM 22.7% reached record.

2. SSG FY24/25 revenue growth by 13% YTY, faster than 2024 Gartner IT services growth 4.9% YTY.

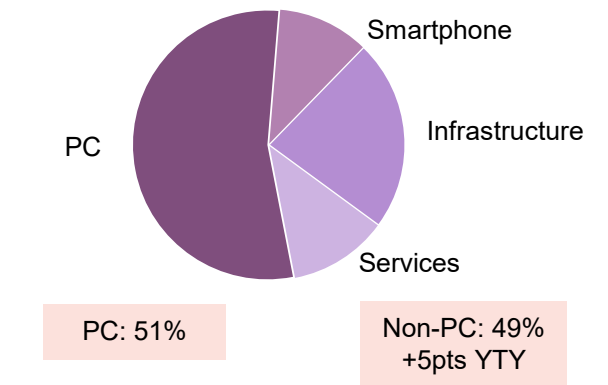
Resilient Growth

- Group revenue of \$17B, up 23% YTY; Non-HKFRS net income of \$278M, up 25% YTY, despite a notable tariff impact
- Double-digit YTY revenue growth across Business Groups and geographies
- IDG's global PC leadership and revival of premium PCs led to a 13% sales increase
- Non-PC growth engines contributed to a record 49% mix of Group sales, +5pts YTY
- Smartphones sustained strong sales growth in regions including AP/EMEA/NA
- Record ISG sales with YTY profit improvement, driven by CSP and ESMB
- Highest-ever operating margin for SSG

Performances – Q4 FY24/25



Record-high Non-PC Revenue Contribution¹



1. Non-PC revenue includes revenues from SSG, ISG and non-PC part of IDG

Lenovo: A Leader in ESG

A More Sustainable Future for All

Accelerating environmental progress

Included in CDP's
Corporate A list for
2024



Awarded Platinum
Medal by EcoVadis



Smarter social impact

Named 2025 Dream
Employer by Forbes



Recognized as a
2024 Best Place to
Work for Disability
Inclusion



Governing ethical innovation

Signatory supporter to
the United Nations
Global Compact



Honored with Gold Award from
HKICPA¹

Maintained **AAA MSCI ESG Rating** for third consecutive year



1. This is the 12th consecutive year Lenovo has received awards from the HKICPA (Hong Kong Institute of Certified Public Accountants).

Outlook

Group Mission is to Lead and Enable Intelligent Transformation

- *Improve net income margin by leveraging Hybrid AI leadership for secular growth and market share expansion*
- *Pioneer innovation in Hybrid AI era with comprehensive Personal and Enterprise AI offerings*
- *Strategic partnership with Alat further strengthens our balance sheet and supports future growth*

IDG: Maintain #1 Position in PC with Leading Profitability and Accelerate Non-PC Growth

- Drive innovation in hardware, AI agents, and components to supercharge AI PC and Personal AI adoption, ensuring premium-to-market growth and industry leadership
- Accelerate Smartphone Growth through Premium Foldable Moto Razr, Moto Edge, and Advanced AI Development
- Optimize operational efficiency to ensure leading profitability while developing non-PC business and cross-device AI

ISG: Continue to Drive Hypergrowth and Ever-improving Profitability

- Deliver differentiated technology solutions in general-purpose server computing, hybrid cloud, High Performance Computing, data management, AI and edge computing, all featuring “as-a-Service” options
- Make AI an essential element in everything Lenovo does to drive growth
- Leverage unique ODM+ business and manufacturing model to capture demand and improve profitability

SSG: Serve as a New Profit Engine for Higher Profitability

- Drive scalable growth and profitability with a focus on key verticals and repeatable solutions with Lenovo’s IPs
- Capture strong demand for hybrid working, hybrid cloud, and sustainability services
- Increase penetration in the commercial PC and ESMB infrastructure segments
- Establish TruScale as a comprehensive As-a-Service portfolio to capture fast-growing demand

Supplemental Financial Materials

- Financial Summary
- Condensed Consolidated Income Statement
- Condensed Consolidated Balance Sheet
- Condensed Consolidated Cash Flow Statement
- Supplemental Non-HKFRS Measures

Financial Summary

US\$ Million	Q4 23/24	Q4 24/25	Y/Y%	FY23/24	FY24/25	Y/Y%
Revenue	13,833	16,984	23%	56,864	69,077	21%
Gross profit	2,428	2,783	15%	9,803	11,098	13%
Operating expenses	(1,939)	(2,452)	26%	(7,797)	(8,934)	15%
Operating profit	489	331	-32%	2,006	2,164	8%
Operating profit (non-HKFRS)	469	481	3%	2,013	2,454	22%
Other non-operating income/(expenses), net	(180)	(153)	-15%	(641)	(683)	7%
Profit before taxation	309	178	-42%	1,365	1,481	8%
Profit before taxation (non-HKFRS)	295	354	20%	1,400	1,815	30%
Taxation	(56)	(54)	-4%	(263)	(19)	-93%
Profit for the period/year	253	124	-51%	1,102	1,462	33%
Profit for the period/year (non-HKFRS)	234	297	27%	1,120	1,504	34%
Profit attributable to						
Other non-controlling interests	5	34	551%	91	78	-16%
Equity holders of the Company	248	90	-64%	1,011	1,384	37%
Equity holders of the Company (non-HKFRS)	223	278	25%	1,060	1,441	36%
EPS (US cents)						
Basic	2.02	0.73	-64%	8.41	11.30	34%
Diluted	1.95	0.71	-64%	8.05	10.62	32%
Dividend (HKD cents)				38.00	39.00	3%
	Q4 23/24	Q4 24/25		FY23/24	FY24/25	
Gross margin	17.6%	16.4%		17.2%	16.1%	
Operating margin	3.5%	2.0%		3.5%	3.1%	
E/R ratio	14.0%	14.4%		13.7%	12.9%	
PTI margin	2.2%	1.0%		2.4%	2.1%	
Net margin	1.8%	0.5%		1.8%	2.0%	

Condensed Consolidated Income Statement

US\$ Million	Q4 23/24	Q4 24/25	FY23/24	FY24/25
Revenue	13,833	16,984	56,864	69,077
Cost of sales	(11,405)	(14,201)	(47,061)	(57,979)
Gross profit	2,428	2,783	9,803	11,098
Selling and distribution expenses	(849)	(927)	(3,309)	(3,585)
Administrative expenses	(665)	(715)	(2,492)	(2,823)
Research and development expenses	(532)	(644)	(2,028)	(2,288)
Other operating income/(expenses) – net	107	(166)	32	(238)
Operating profit	489	331	2,006	2,164
Finance income	31	28	148	110
Finance costs	(201)	(181)	(763)	(773)
Share of losses of associates and joint ventures	(10)	-	(26)	(20)
Profit before taxation (PTI)	309	178	1,365	1,481
Taxation	(56)	(54)	(263)	(19)
Profit for the period/year	253	124	1,102	1,462
Profit attributable to				
Other non-controlling interests	5	34	91	78
Equity holders of the Company	248	90	1,011	1,384
Per share data				
Earnings per share (US cents) – Basic	2.02	0.73	8.41	11.30
Earnings per share (US cents) – Diluted	1.95	0.71	8.05	10.62

Condensed Consolidated Balance Sheet

<i>US\$ Million</i>	As of Mar 31, 2024	As of Mar 31, 2025
Current assets	22,688	27,905
Bank deposits and cash	3,626	4,817
Trade, notes and other receivables	11,930	14,731
Inventories	6,703	7,924
Others	429	433
Non-current assets	16,063	16,326
Property, plant and equipment	2,010	2,026
Intangible assets	8,345	8,233
Others	5,708	6,067
Current liabilities	26,059	29,994
Borrowings	50	1,030
Trade, notes, other payables, accruals and provisions	24,178	26,736
Deferred revenue	1,513	1,566
Others	318	662
Non-current liabilities	6,611	7,577
Borrowings	3,570	4,338
Deferred revenue	1,436	1,629
Others	1,605	1,610
Total equity	6,081	6,660

Condensed Consolidated Cash Flow Statement

US\$ Million	Q4 23/24	Q4 24/25	FY23/24	FY24/25
Net cash generated from/(used in) operating activities	543	(1,022)	2,011	1,099
Net cash used in investing activities	(250)	(196)	(1,283)	(1,056)
Net cash (used in)/generated from financing activities	(155)	1,963	(1,336)	1,190
Increase/(decrease) in cash and cash equivalents	138	745	(608)	1,233
Effect of foreign exchange rate changes	(44)	49	(82)	(65)
Cash and cash equivalents at the beginning of the period/year	3,466	3,934	4,250	3,560
Cash and cash equivalents at the end of the period/year	3,560	4,728	3,560	4,728

Supplemental Non-HKFRS Measures

US\$ Million		Q4 23/24				Q4 24/25			
		Operating profit	Profit before taxation	Profit for the period	Profit attributable to equity holders	Operating profit	Profit before taxation	Profit for the period	Profit attributable to equity holders
As reported		489	309	253	248	331	178	124	90
Non-HKFRS adjustments									
Net fair value changes on financial assets at fair value through profit or loss		(51)	(51)	(42)	(48)	(19)	(19)	(15)	-
Amortization of intangible assets resulting from mergers and acquisitions		42	43	34	34	19	20	13	13
Restructuring and other charges		132	132	127	127	-	-	-	-
Gain on remeasurement of a written put option liability		(143)	(143)	(143)	(143)	-	-	-	-
Impairment and write-off of intangible assets		-	-	-	-	32	32	32	32
Fair value loss on derivative financial liabilities relating to warrants		-	-	-	-	118	118	118	118
Notional interest of convertible bonds		-	5	5	5	-	25	25	25
Non-HKFRS		469	295	234	223	481	354	297	278

Supplemental Non-HKFRS Measures

US\$ Million		FY23/24				FY24/25			
		Operating profit	Profit before taxation	Profit for the year	Profit attributable to equity holders	Operating profit	Profit before taxation	Profit for the year	Profit attributable to equity holders
As reported		2,006	1,365	1,102	1,011	2,164	1,481	1,462	1,384
Non-HKFRS adjustments									
Net fair value changes on financial assets at fair value through profit or loss		(153)	(153)	(127)	(96)	(60)	(60)	(45)	(30)
Amortization of intangible assets resulting from mergers and acquisitions		169	175	137	137	132	136	107	107
Mergers and acquisitions related charges		2	2	2	2	-	-	-	-
Restructuring and other charges		132	132	127	127	-	-	-	-
Gain on remeasurement of a written put option liability		(143)	(143)	(143)	(143)	-	-	-	-
Gain on deemed disposal of a subsidiary		-	-	-	-	(23)	(23)	(19)	(19)
Impairment and write-off of intangible assets		-	-	-	-	123	123	123	123
One-time income tax credit		-	-	-	-	-	-	(282)	(282)
Fair value loss on derivative financial liabilities relating to warrants		-	-	-	-	118	118	118	118
Notional interest of convertible bonds		-	22	22	22	-	40	40	40
Non-HKFRS		2,013	1,400	1,120	1,060	2,454	1,815	1,504	1,441

**Smarter
technology
for all**

Lenovo

thanks.