

Emerging Markets

HECONOMIE
Global Research

Lenovo

Investment
Recommendation

October 2025

Lenovo



I

EXECUTIVE SUMMARY

II

INDUSTRY ANALYSIS

III

COMPANY OVERVIEW

IV

INVESTMENT THESES

V

VALUATION

VI

RISKS & CATALYSTS

I. Executive Summary

HECONOMIE
Global Research



Emerging Markets Team

Deep-seeded Expertise in Markets Far and Beyond

Team Overview



Étienne Sigouin
Fund Manager



Experiences:



Interests: Birding, Hockey & Football

3

Years of Experience



Laurent Chagnon
Fund Manager, CHRO



Experiences:



Interests: Human capital, ESG, Pilates & Opera

2

Years of Experience



Mathis Fleurimond
Associate



Experiences:



Interests: Basketball, Hiking & History

1

Years of experience



Winnie Zhao
Analyst



Experiences:



Interests: Dance, Hiking, Camping

1

Years of Experience

Our Purpose



Supercharging Near-Term Performance by Seizing Short-Term Opportunistic Allocation Shifts



Strategically Shielding the Portfolio by Anticipating and Mitigating Emerging Risks



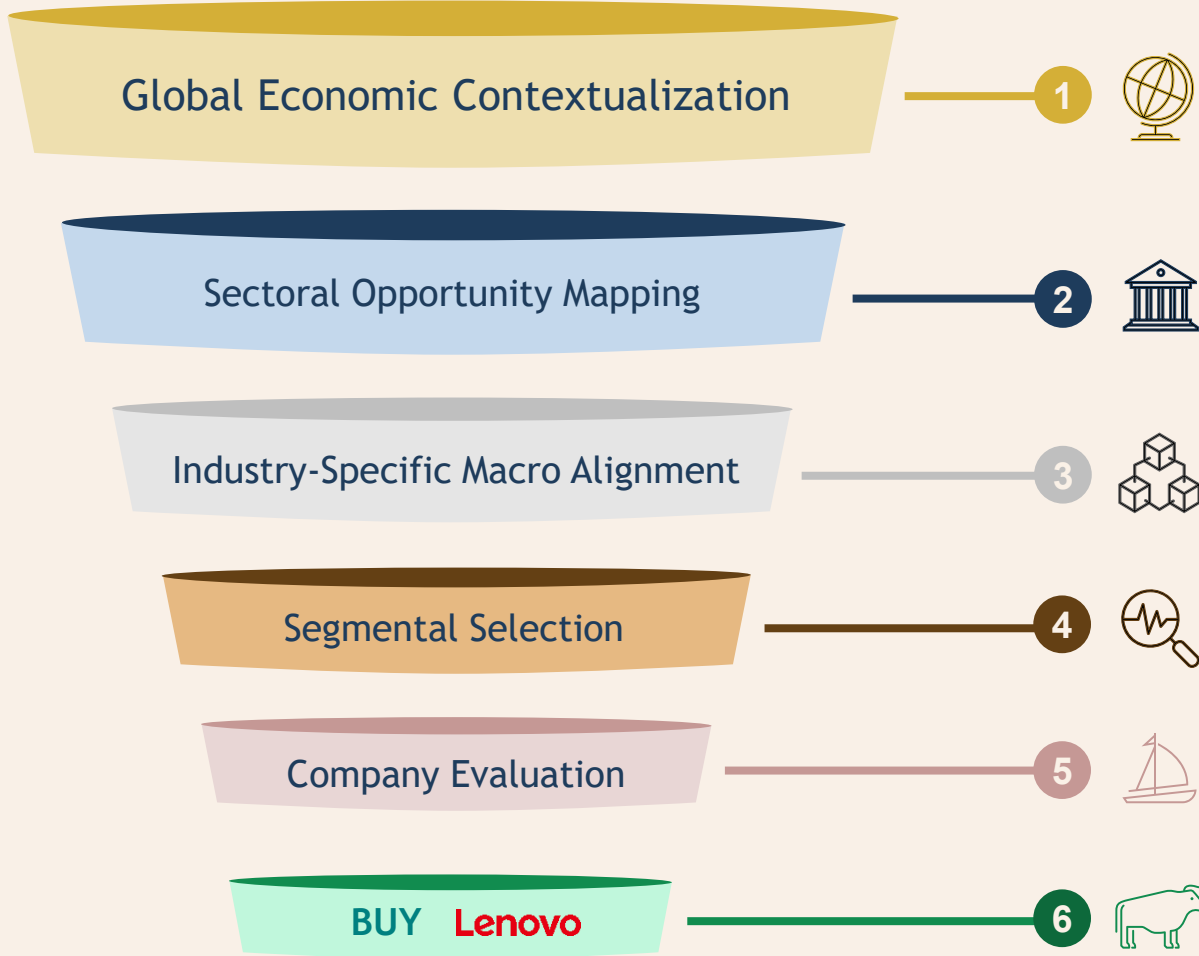
Empowering Portfolio Agility with Real-Time Asset Allocation Adjustments



Maximizing Risk-Adjusted Returns by Continuously Balancing Growth Potential and Stability

HGR Macro Selection Process

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts



The Emerging Markets HGR research team initiates its investment process with a comprehensive global economic analysis led by the Macro Investment Decision team. This in-depth assessment identifies key opportunities and risks, providing a strategic foundation that informs and refines the team's initial selection of investments,

To initiate our portfolio allocation, we began by exploring the industrials and consumer discretionary sectors while also considering energy and technology. Ultimately, the strong growth potential of the technology sector was the most fitting.

In Technology, Consumer Electronics and IT Hardware show compelling momentum. PC shipments are set to rebound, driven by refresh cycles and AI-enabled devices. Meanwhile, enterprise IT spending is accelerating, with growing demand for servers and data centers,

Our internal research indicates that Personal computing devices are recovering as refresh cycles and AI-enabled PCs drive demand. Infrastructure solutions are expanding with data center and AI workloads. Mobile devices continue to grow, especially in emerging markets. Together, these segments ensure resilient and diversified demand across consumer and enterprise markets.

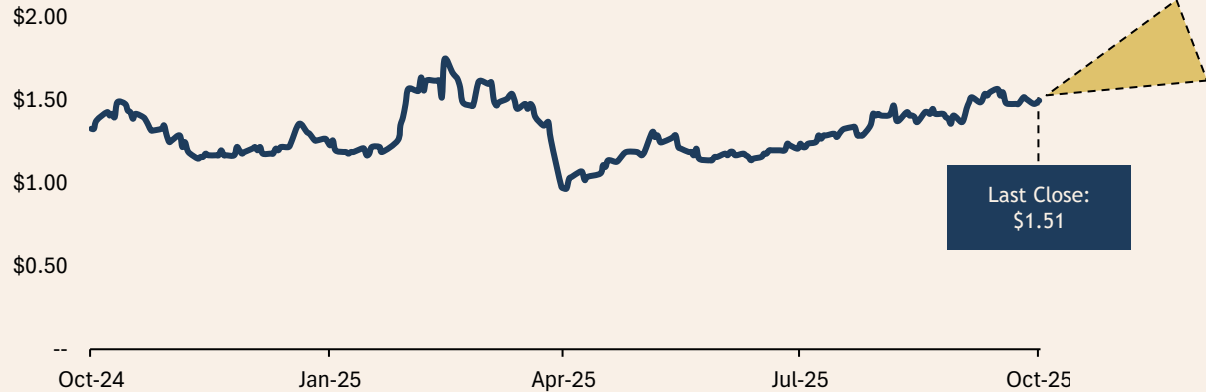
Lenovo stands out for its solid fundamentals, leading PC market share, and expansion into AI and infrastructure solutions. Strong cash flow, cost discipline, and strategic execution position the company for sustainable growth.

EM Recommends a BUY for [HKG: 0092] at 78.7 % upside.

Executive Summary

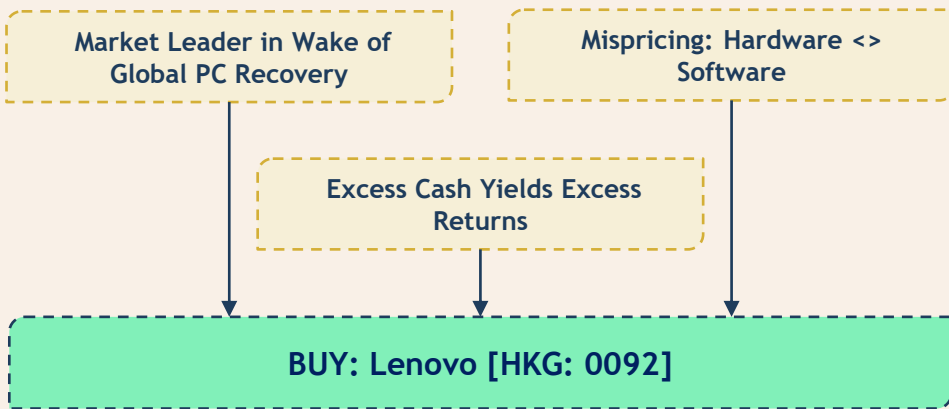
We Issue a Buy Recommendation of \$2.65 on Lenovo, Implying a 76.7% Potential Upside on a 3-5 Year Horizon

12-Month Target Price



Target Price	
\$ 2.68	
Dividend Yield	Upside Potential
3.4%	78.7%

Investment Theses



Market Data

Capitalization		Trading Multiples	
<i>In US\$mm, except per share data</i>			
Equity Value	22,328	2025E EV/ IFRS EBITDA	4.8x
Net Debt	(1,836)	2024A EV/ IFRS EBITDA	5.3x
Leases	391	2023A EV/ IFRS EBITDA	5.5x
Minority Interest	634	2025E IFRS P/E	12.5x
Net DTA	(2,858)	2024A IFRS P/E	13.6x
Enterprise Value	\$18,880	2023A IFRS P/E	11.7x

Sources: Capital IQ, Company Filings
Market Data as of 08-Oct-25

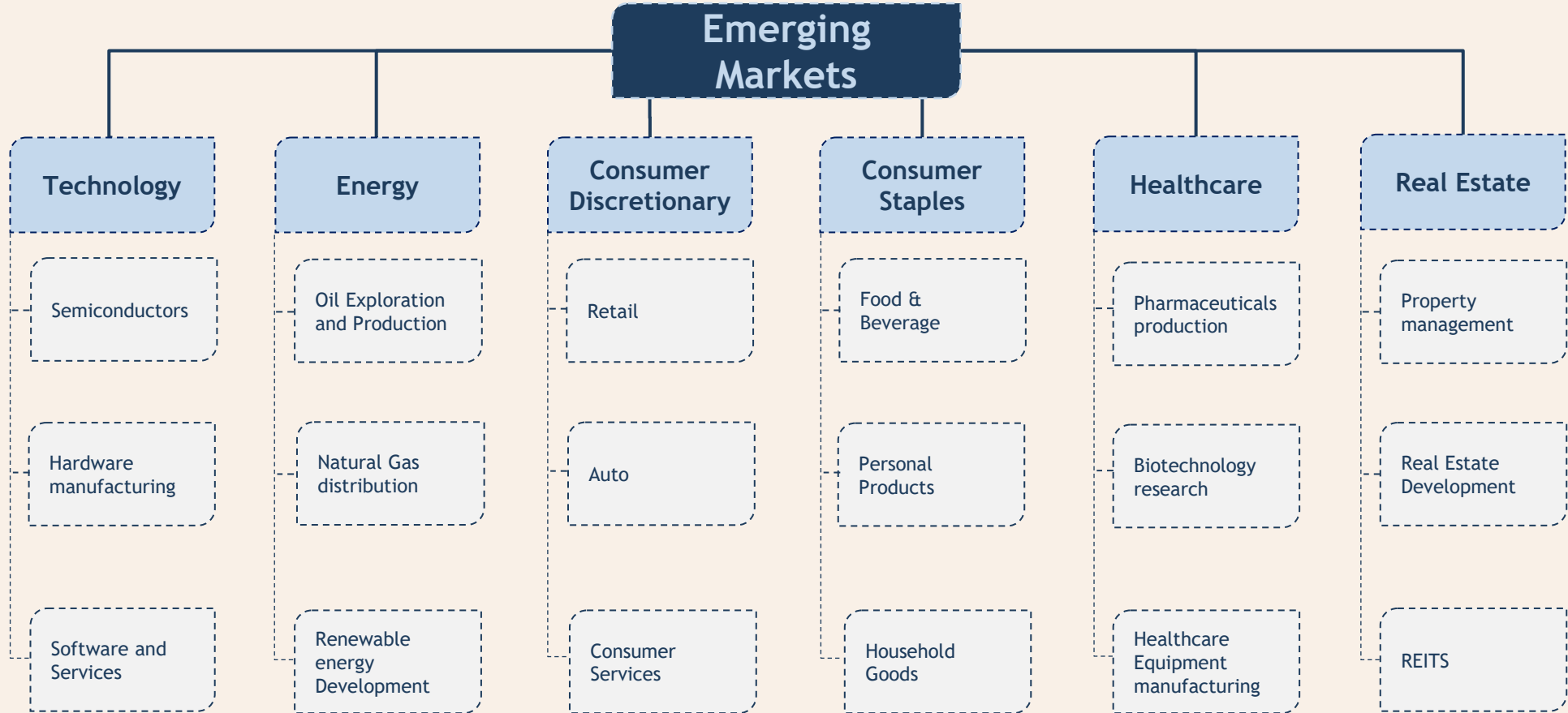
II. Industry Analysis

HECONOMIE
Global Research



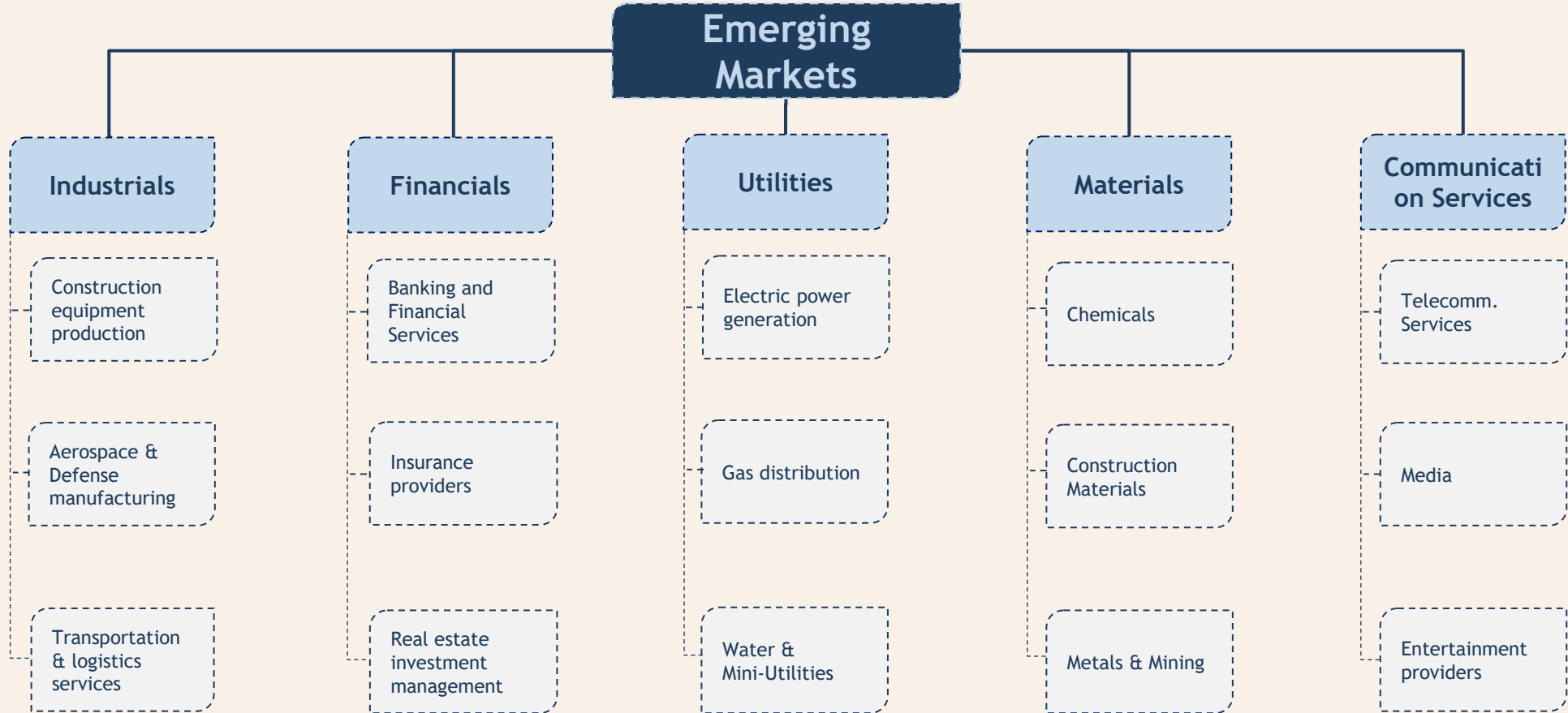
Overview of Industries and Sectors

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts



Overview of Industries and Sectors

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts



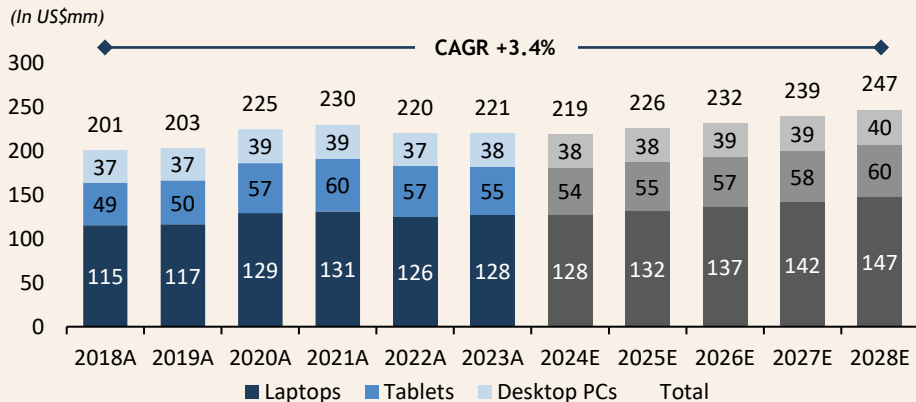
Global PC Market Landscape

Understanding the Market Forces Shaping Lenovo's Competitive Edge

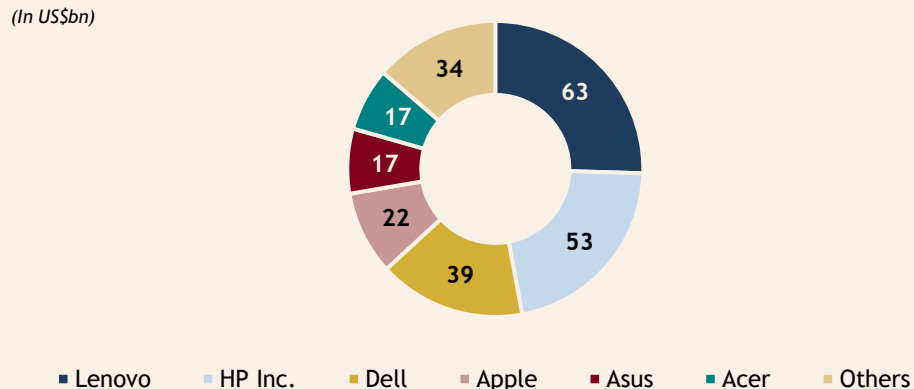


Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

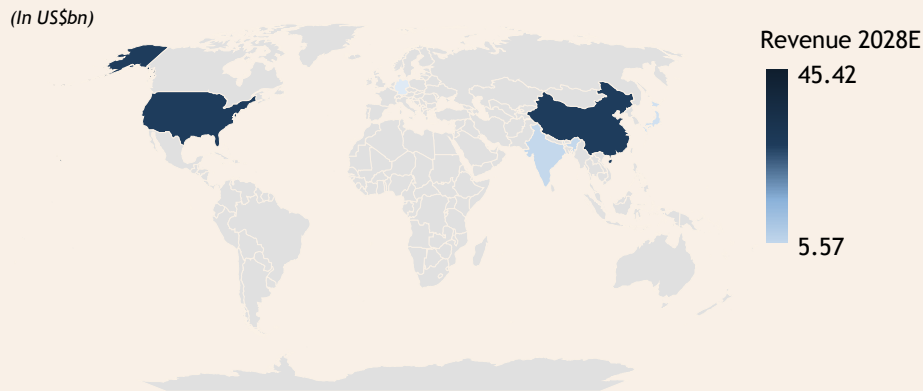
PC Market Revenue Worldwide



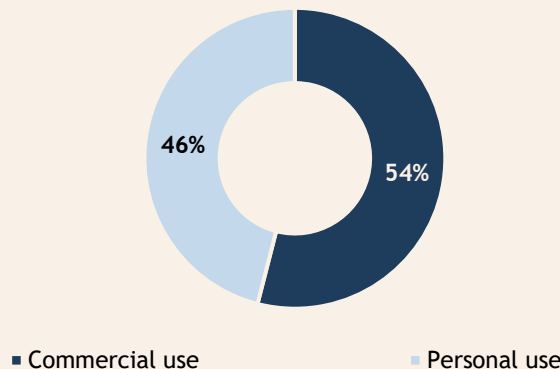
PC Vendors's Shipment Share Worldwide 2024



PC Market Revenue Share Worldwide



Share of Global Demand



Sources: Capital IQ, Guinness Global Investors, IBISWorld, International Data Corporation Reports, Statista, Trading Economics

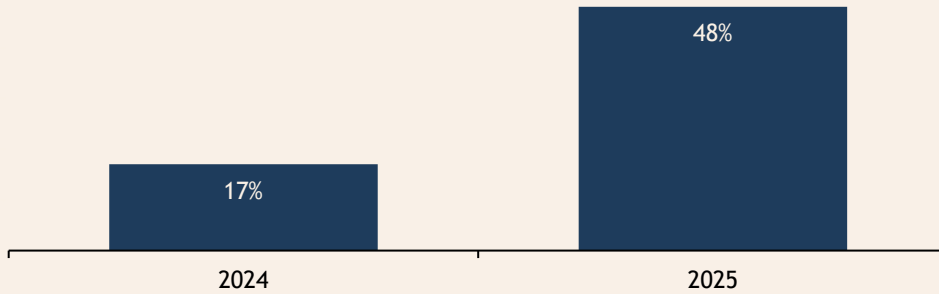
PCs Market Overview

PC Industry Trends Fueling Lenovo's Growth Potential



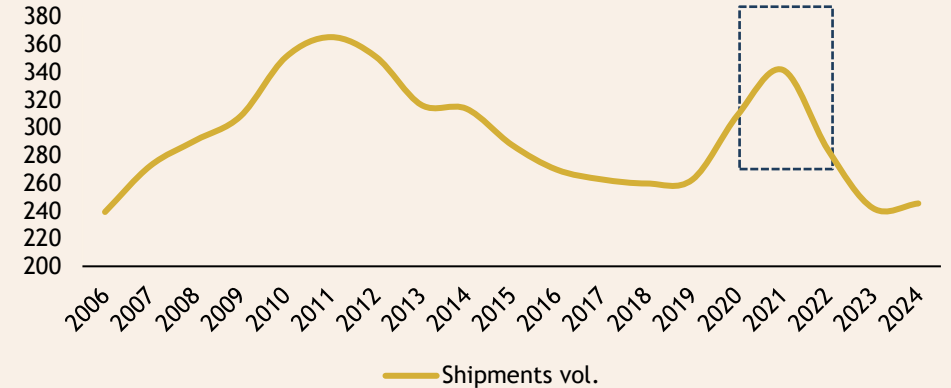
Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

AI PC Share of PC Shipments Worldwide in 2024 and 2025

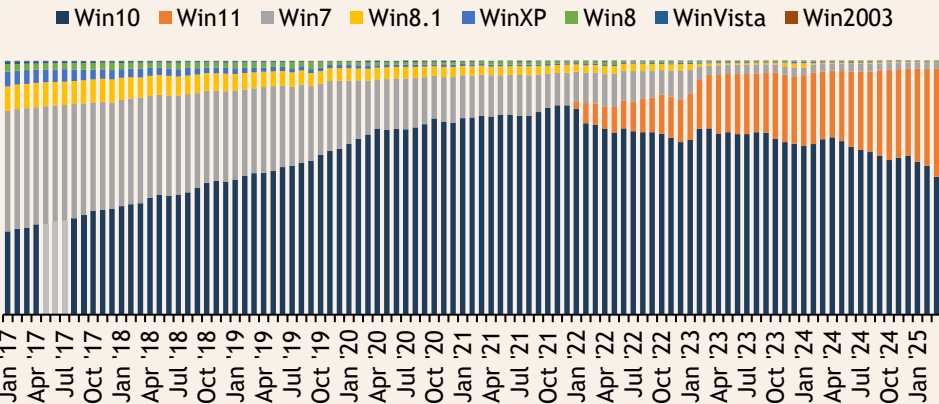


Expected Recovery Following Difficult Consumer Environment

(In mm of units)



Windows 11 Migration Ahead of 10 End-of-Support



Comments

- AI-enabled PCs command 4-20% price premiums over standard models, driven by rising AI adoption and ASPs. As PCs evolve into hybrid AI hubs, user demand is expected to accelerate replacement cycles. AI-optimized laptops are poised to expand at an 11.8% CAGR through 2030.
- Microsoft will end Windows 10 security updates after October 14, 2025. ESU will cost \$61-\$244 per device. Around 240 million PCs lack TPM 2.0, required for Windows 11, creating strong upgrade momentum.
- The 2020-2022 work-from-home surge led to mass PC purchases. With 4-6 year replacement cycles, a renewal peak is expected in 2025-2027. Combined with AI PC adoption, this supports stable shipment growth.

Sources: Capital IQ, Guinness Global Investors, IBISWorld, Statista, Trading Economics

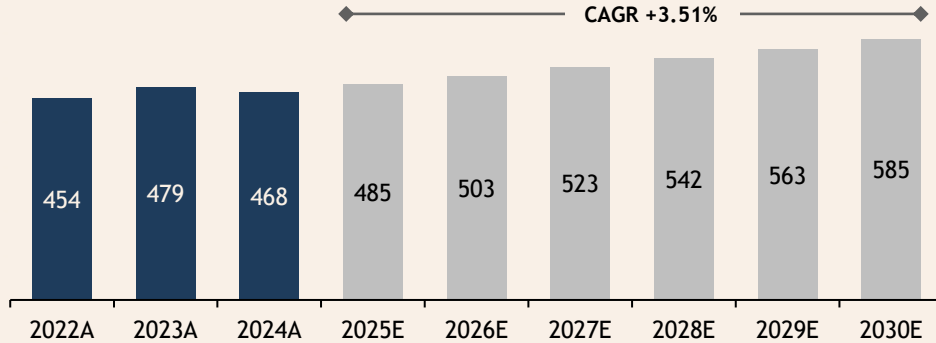
Global Smartphone Market Landscape

Understanding the Market Forces Shaping Lenovo's Competitive Edge

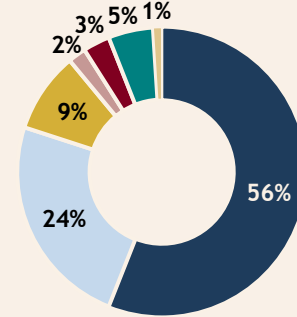
Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

Smartphone Market Revenue Worldwide

(In US\$bn)



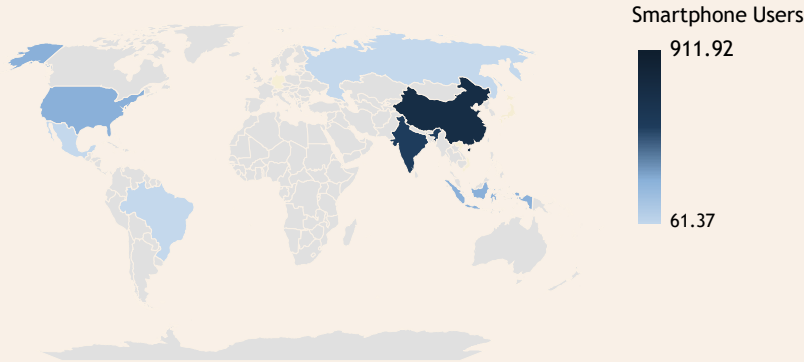
Smartphone Vendors's Shipment Share in North America 2024



■ Apple ■ Samsung ■ Motorola ■ TCL-Alcatel ■ Google ■ Others ■ hmd

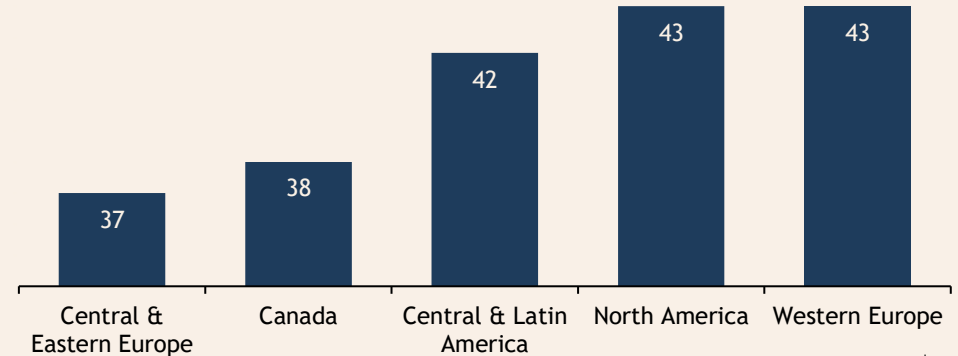
Smartphone Market Revenue Share Worldwide

(In US\$bn)



Smartphone Replacement Cycle Length by Region

(Figures in months)



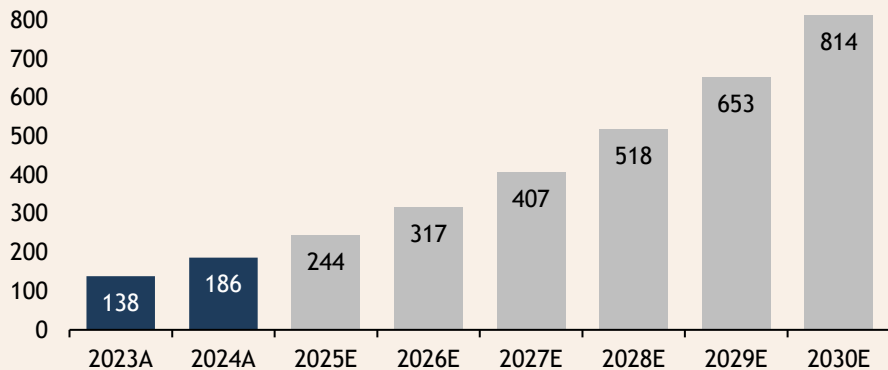
Cloud & Edge AI Infrastructure Overview

Powering the next wave of intelligent and connected technologies

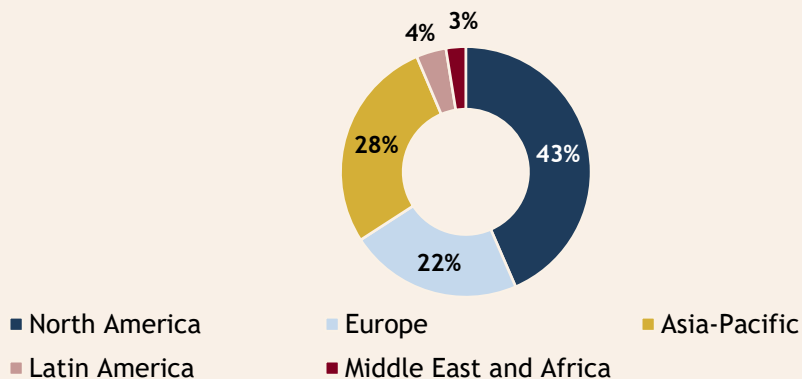
Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

Worldwide AI Server Market Size Forecast (2023-2030)

(In US\$bn)

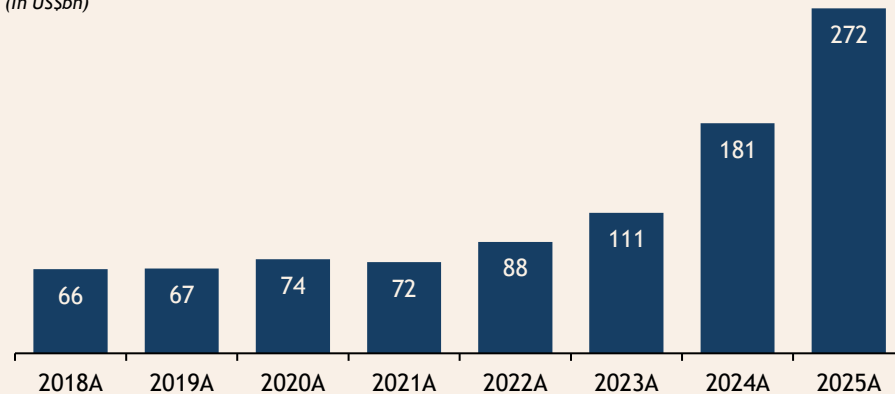


2025 AI Software Revenues By Region



Global Cloud IT Infrastructure Spending

(In US\$bn)



Commentary

- 1 The AI server market is set to more than quadruple between 2023 and 2030, highlighting strong infrastructure demand as enterprises scale cloud and edge AI deployment
- 2 By 2025, North America and Europe will account for nearly two-thirds of AI software revenues, but Asia-Pacific's rapid adoption signals a rising shift in global balance
- 3 Global cloud IT infrastructure is projected to grow nearly 4x from 2018 to 2025, reflecting the critical backbone role of data centers in supporting AI workloads

Competitive Outlook

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

Attributes								
Service Category	PCs, servers, smart devices; AI PCs	PCs, printers, peripherals; AI PCs	AI servers, storage, PCs	Consumer Ecosystem, M-Series Silicon	PCs, gaming/monitors AI laptops	PCs, gaming; servers/workstations	Servers, networking, storage; cloud	Semiconductors, Consumer Electronics
Geographic Segment	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide
Country Based	China / Hong Kong	United States	United States	United States	Taiwan	Taiwan	United States	South Korea
Recent Events	AI PC launch, services expansion	AI PC lineup, device-as-a-service push	NVIDIA partnerships; PowerEdge AI	Apple AI rollout; new M-series chips	Predator/Swift AI PC launches	ROG/ProArt AI PCs; NVIDIA AI	GreenLake for AI expansion	HBM/advanced memory ramp for AI
Market Cap	\$18.67B	\$24.90B	\$94.32B	\$3.83T	\$2.98B	\$16.73B	\$32.23B	\$412.52B

A. Company Overview

HECONOMIE
Global Research



Company Overview

The Alchemist of Modern Devices



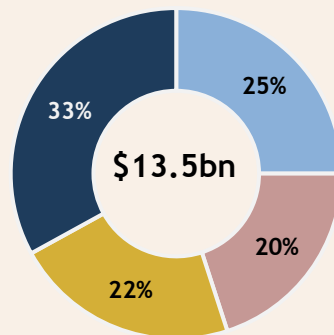
Company Highlights

- **Global Tech Leader:** Founded in 1984, HQ in Hong Kong, operating across China, APAC, EMEA, and the Americas.
- **Product Portfolio:** Operates through three main business groups Intelligent Devices, Infrastructure Solutions (servers, storage and data center solutions), and Solutions & Services Group (IT consulting, managed services).
- **Global Reach & Scale:** A top player in PCs with strong consumer and commercial demand, Lenovo also focuses on services and solutions for digital transformation, benefiting from government support and long-term global tech trends.

Management Overview

 Yuanqing Yang Chairman & CEO Previous experiences: 37 YOY Lenovo	 Dr. Tolga Kurtoglu CTO Previous experiences: 24 YOY Lenovo, hp, Dell, NASA, parc, LeapAI
 Dr. Y.J. Mii CFO Previous experiences: 29 YOY Lenovo, JD.COM, TIBCO, Goldman Sachs, UBS	 Che Min (Jammi) Tu Senior VP, COO Previous experiences: 27 YOY Lenovo, acer

Geographic Mix in Q1-26



■ China ■ Asia Pacific ■ EMEA ■ Americas

Key Facts & Figures

\$69.1B
Revenue FY25

\$11.1B
Gross Profit FY25

\$3.9B
EBITDA LTM

\$22.3B
Equity Value

12.5x
LTM P/E Ratio

4.7x
EV/EBITDA

5.1%
EBITDA Margin

16.1%
Gross Margin

\$46.3B
Total Assets FY25

\$12.7B
Total Basic Shares
Outstanding

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

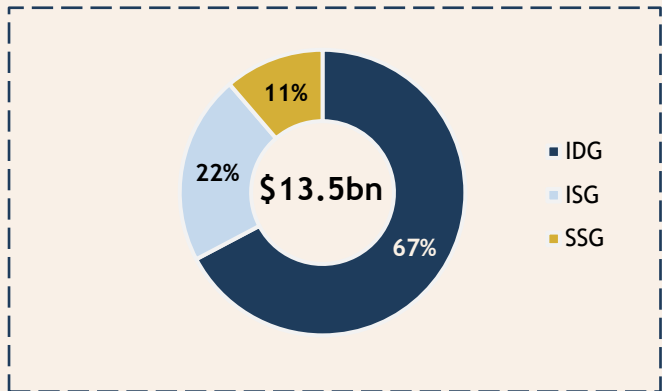
Lenovo Business Model

Record revenue through innovation and partnerships

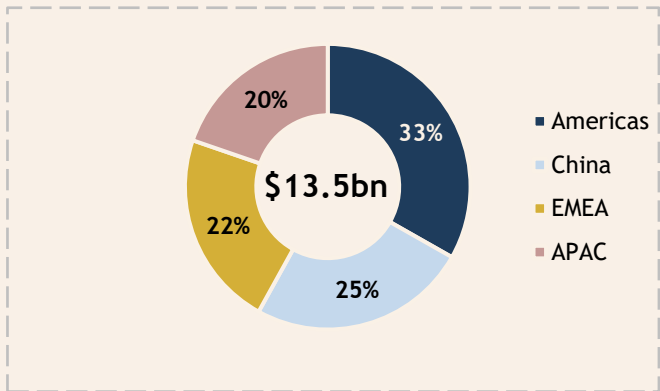


Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

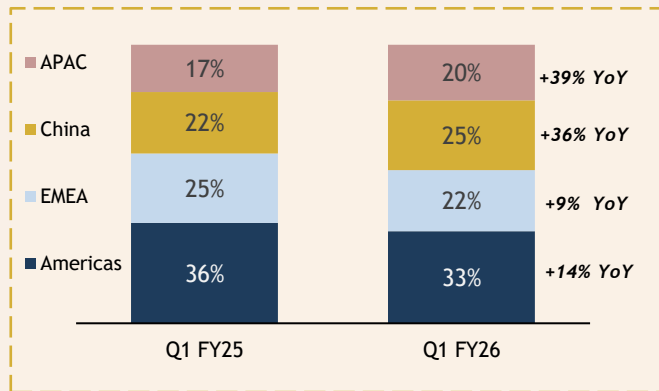
Revenue by Operating Segments



Revenue by Geography



Revenue by Geography Evolution



Operating Segments Commentary

- IDG**
 - IDG (Devices) - Delivered **\$13.5B** revenue (+18% YoY) with strong PC growth of +20%, reaching a record **24.6% global market share**. Smartphones also contributed with +14% YoY growth, cementing Lenovo's leadership in foldables outside China.
- ISG**
 - Achieved **\$4.3B** revenue (+36% YoY), with AI server revenue more than doubling. Growth was supported by both CSP and enterprise demand, while heavy investments in AI infrastructure weighed on short-term margins but strengthened long-term competitiveness.
- SSG**
 - SSG (Services) - Reached a record **\$2.3B** revenue (+20% YoY) with the highest group margin at 22%. Growth was led by Managed Services (+36%) and Projects & Solutions, while **\$3.5B** in deferred revenue provides strong visibility and recurring income from AI-driven services.

Geographic Segments Commentary

- China:** Strongest growth at +36% YoY, led by recovery in PC and accelerating AI adoption.
- APAC:** Posted fastest growth at +39% YoY, supported by PC and smartphone share gains in Japan and India.
- Americas & EMEA:** Americas maintained 9th consecutive quarter of PC share gains (+14% YoY); EMEA saw +9% YoY growth, with record bookings in DaaS and Software.

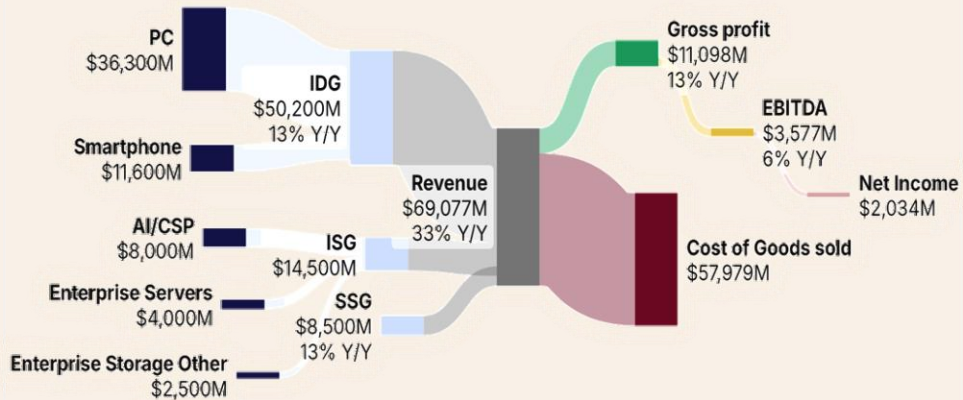
Lenovo's Business Strategy

Driving smarter growth through AI, innovation, and diversification



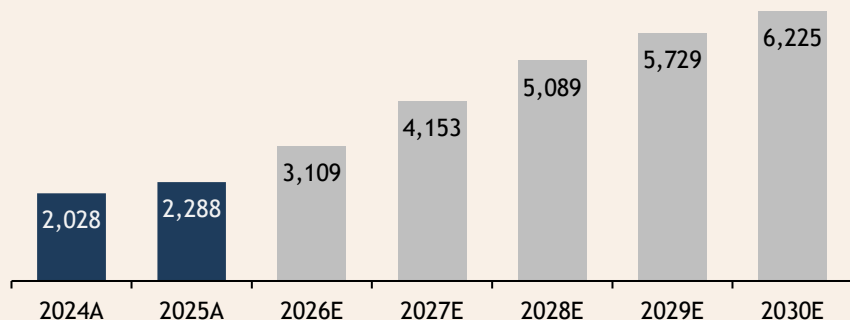
Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risks & Catalysts

Income statement FY26 overview



Lenovo R&D Expenses

(In US\$mm)



Sources: Capital IQ, Company Filings, Refinitiv Eikon

Strategy Pillars



- **Hybrid AI Strategy:** Building “Smarter AI for All” by embedding AI into devices, infrastructure, and services. This makes Lenovo more innovative and positions it as a leader in the fast-growing AI market.



- **One AI, Multiple Devices:** Positioning AI PCs, smartphones, and edge devices as the entry point for Personal AI. By linking them together, Lenovo creates a seamless ecosystem that boosts user engagement and customer loyalty.



- **Global/Local + ODM+ Model:** Leveraging manufacturing and partnerships to ensure resilience, competitiveness, and scalability across regions. This flexible model strengthens Lenovo’s supply chain and supports consistent growth worldwide.

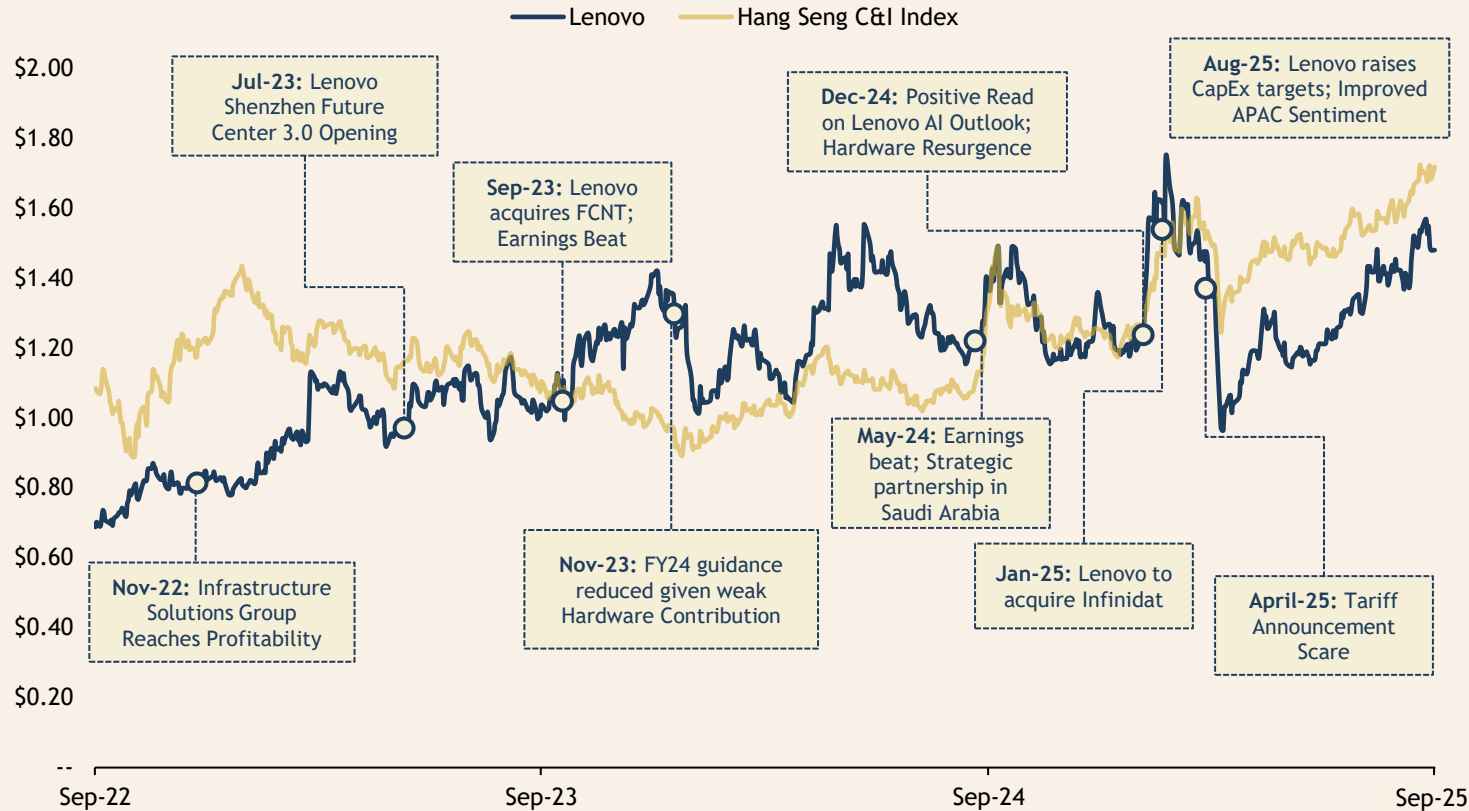
Commentary

1. Lenovo is executing its **Hybrid AI strategy**, capturing growth across **AI PCs, AI smartphones, AI servers, and AI services**, which already account for a growing share of revenue.
2. By combining **strong device leadership with infrastructure and services expansion**, Lenovo is transforming from a hardware-driven company into a **balanced technology solutions leader**.
3. Their **Global/Local model and ODM+ partnerships** provide resilience and scalability, allowing Lenovo to sustain growth across both mature and emerging markets.

Trading Performance

Front-end of recovery following tariff correction

3-Year Lenovo Historical Price Performance



Market Data

General Information	
Share Price	\$1.50
Fully Diluted Shares (000s)	14,886
Market Cap (000s)	22,328
Regression Beta 3-Yr	1.01
Average Daily Volume (000s)	78,871
Float (%)	70.1%
Term of the Float	160 Days
Inst. Ownership (%)	39.4%
Price Performance	
Lenovo % Change (1-M)	3.6%
Lenovo % Change (3-M)	22.5%
Lenovo % Change (1-Yr)	11.5%
Hang Seng C&I % Change (1-M)	1.2%
Hang Seng C&I % Change (3-M)	14.0%
Hang Seng C&I % Change (1-Yr)	(15.0%)
Market Ratio	
PE	12.5x
PE - 52 Wk High	16.9x
PE - 52 Wk Low	7.7x

B. Investment Theses

HECONOMIE
Global Research



IDG: Outgrowing its Competitors

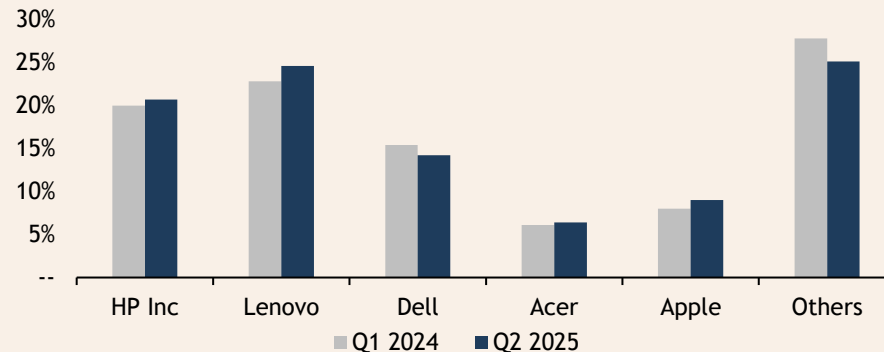
Lenovo is poised to continue eating into HP, Dell and Huawei market shares



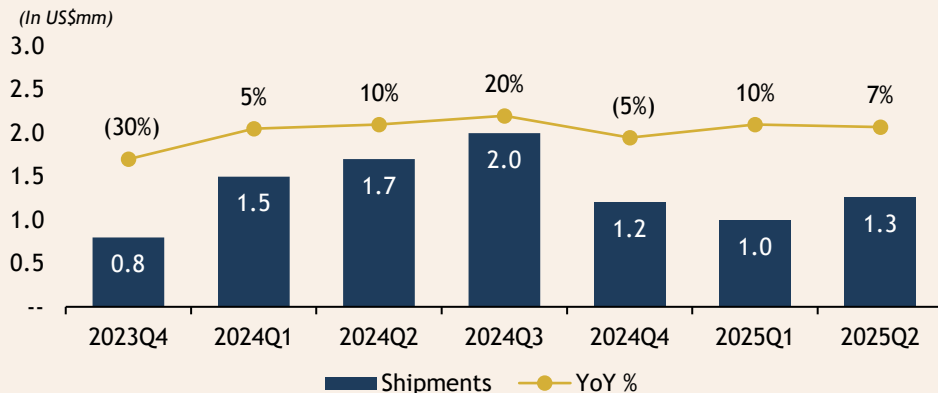
Key Takeaways

1. Lenovo is steadily expanding its global PC share, taking ground from Dell and holding above HP reflecting their strong competitive positioning
2. Despite a sharp decline in Q4 2023, Lenovo rebounded, with shipments showing consistent YoY growth in 2024-2025, showing resilient demand and strong execution in volatile conditions
3. Revenue is rising while Opex stays controlled, supporting profitability. Gross and operating margins have eased since 2023, reflecting cost pressures and tighter competition

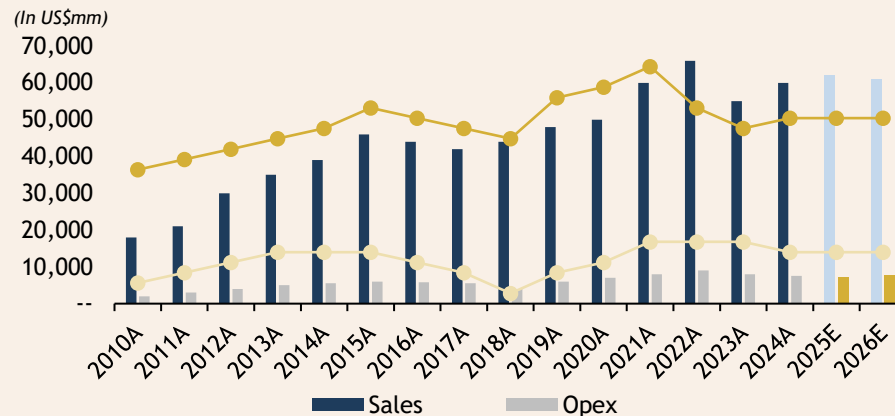
Global PC Market Share by Vendor (Q1 2024 vs. Q2 2025F)



Lenovo PC Shipment Data From 2023Q4 - 2025Q2



Lenovo Sales, Op. Expenses, and Margins (2010-2026E)



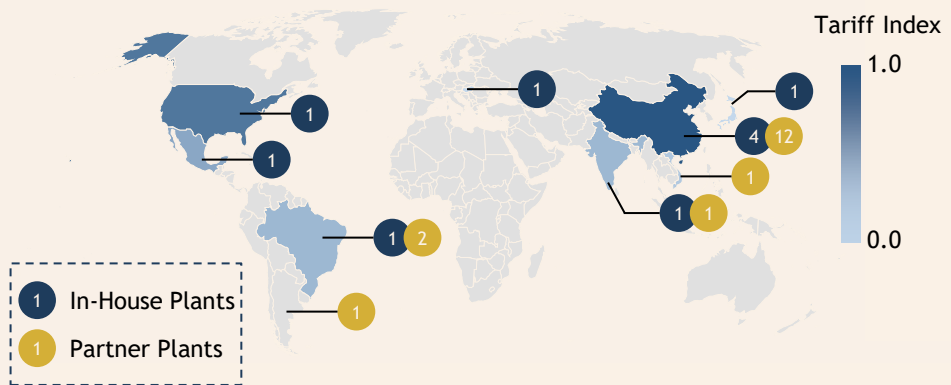
Resilience in Wake of Global Tariff Turmoil

Lenovo is poised to grow in a volatile environment

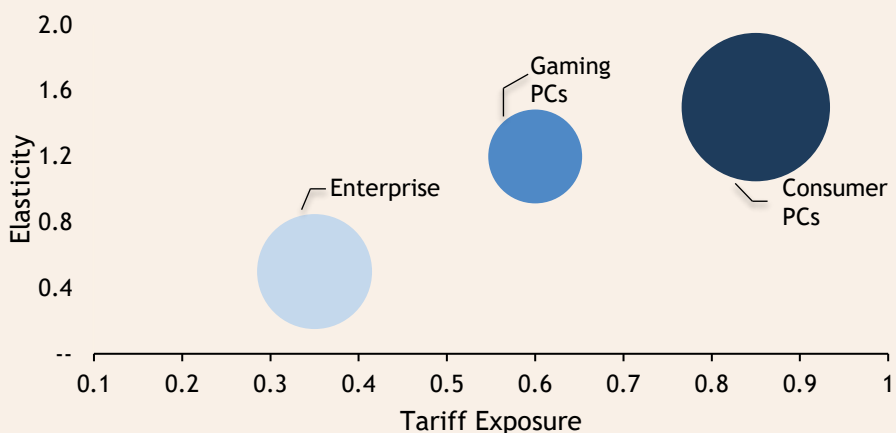
Key Takeaways

- 1 Consumer PCs carry the greatest tariff risk due to China-heavy production, thin margins, and highly price-sensitive buyers
- 2 Enterprise (ThinkPad) segment is resilient, supported by diversified manufacturing and long-term contracts that cushion tariff impacts
- 3 Lenovo's global footprint mitigates overall risk, allowing it to absorb shocks better than peers while maintaining competitive positioning

Lenovo's Manufacturing Footprint & Tariff Risk



Tariff Exposure vs. Price Elasticity by Segment



How Tariffs Impact Lenovo's Key Segments

Segment	Tariff Exposure	Rationale
Consumer PCs	High (0.9)	China-heavy production and thin margins make tariffs directly hit price-sensitive buyers
Gaming PCs	Medium (0.6)	Partial production outside China and higher margins soften tariff impact
Enterprise / ThinkPad	Low (0.35)	Diversified footprint and long-term contracts shield against price shocks

Sources: International Data Corporation Reports, Statista, Company Filings

Lenovo: A Pioneer in the AI Expansion

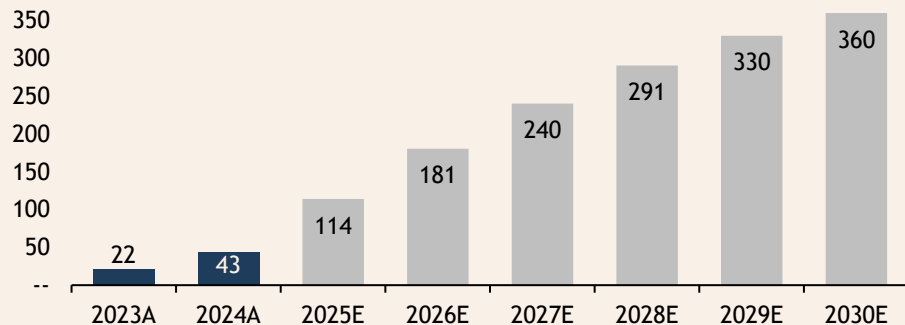
Driving global AI adoption through smart devices and service transformation

Key Takeaways

- 1 Shipments are set to grow from ~22M units in 2023 to over 350M by 2030, marking rapid mainstream adoption
- 2 The global AI market is projected to surpass \$700B by 2030, creating a massive opportunity for PC makers
- 3 With flagship Aura Edition, breakthrough Auto Twist concept, and high-performance ThinkBook AI PCs, Lenovo is positioned to capture outsized share of this growth

Global AI PC Shipments Forecast (2023-2030)

(In US\$mm)

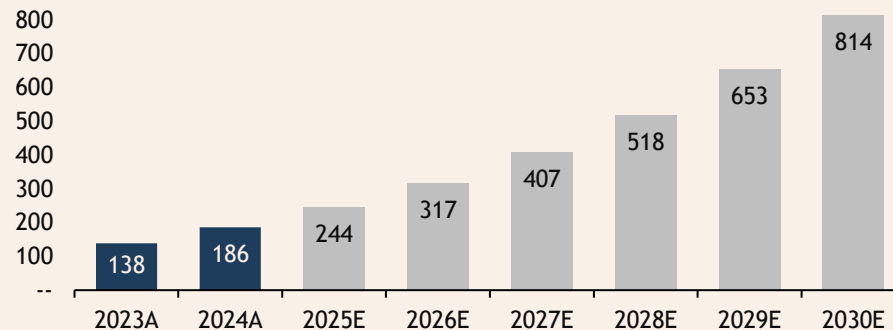


Lenovo's Leading AI PC Portfolio

- | | | |
|--|---------------------------------------------------|-------------------------------------------------------------------|
| | ThinkPad X1 Carbon Gen 13 Aura Edition | Flagship AI business laptop with Intel Core Ultra and smart modes |
| | Lenovo Auto Twist AI PC (Proof of Concept) | Concept AI PC with auto-rotating design and smart interaction |
| | ThinkBook 16 Gen 7+ | AMD Ryzen AI 9 laptop with 50 TOPS NPU for power users |

Global AI Market Size (2020-2030)

(In US\$bn)



Further (AI) Gains

Strong hardware asset base to fuel reinvestment in growth-inducing opportunities

Shenzhen AI Center 3.0

Lenovo is one of the predominant player in the Asian AI hub for talent in Shenzhen, China with 3mm+ sf of manufacturing / R&D plants including the recently built AI center 3.0



Investments in AI Partnerships Across all Operating Segments



Increased NWC Efficiency to Fund Tech Investments

(US\$ in mm) - Year Ended Mar-31	FY26E	FY27E	FY28E	FY29E	FY30E
WORKING CAPITAL					
Current Operating Assets					
Trade and Notes Receivable	12,342	14,501	16,713	18,721	20,240
Days Sales Outstanding	55.2	55.0	54.7	54.4	54.1
Inventory	9,371	10,996	12,566	13,921	14,994
Inventory Turnover	49.5	49.1	48.8	48.4	48.0
Prepaid Expenses	4,986	5,888	6,820	7,678	8,343
Income Tax Receivable	380	380	380	380	380
Other Current Assets	142	142	142	142	142
Total Op. Current Assets	\$27,326	\$32,010	\$36,725	\$40,946	\$44,201
Current Operating Liabilities					
Trade and Notes Payable	\$14,131	\$16,540	\$18,854	\$20,835	\$22,384
Days Payable Outstanding	74.7	73.9	73.2	72.4	71.7
Accrued Liabilities	16,796	20,283	23,408	26,060	27,997
Current Portion of Deferred Revenue	1,862	2,215	2,585	2,932	3,210
Days Deferred Revenue	17.0	17.1	17.3	17.4	17.5
Other Current Liabilities	1,631	1,926	2,231	2,512	2,729
Income Tax Payable	465	465	465	465	465
Total Current Liabilities	\$34,977	\$41,520	\$47,634	\$52,893	\$56,874
Decrease / (Increase) in NWC	\$1,877	\$1,858	\$1,400	\$1,038	\$725

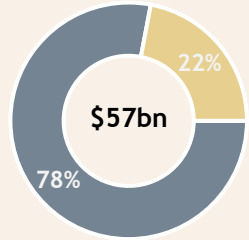
Market leading cash balances to allow Lenovo to invest in high-growth opportunities and benefit from long-term multiple expansion

Mispricing: More Than a Hardware Company

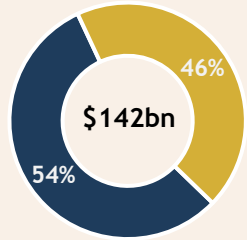
Software & Services EBITDA contribution to more than double in the next 5 years with ~250% Revenue Growth

Increasingly a Software Company

2024A Revenue



2031E Revenue

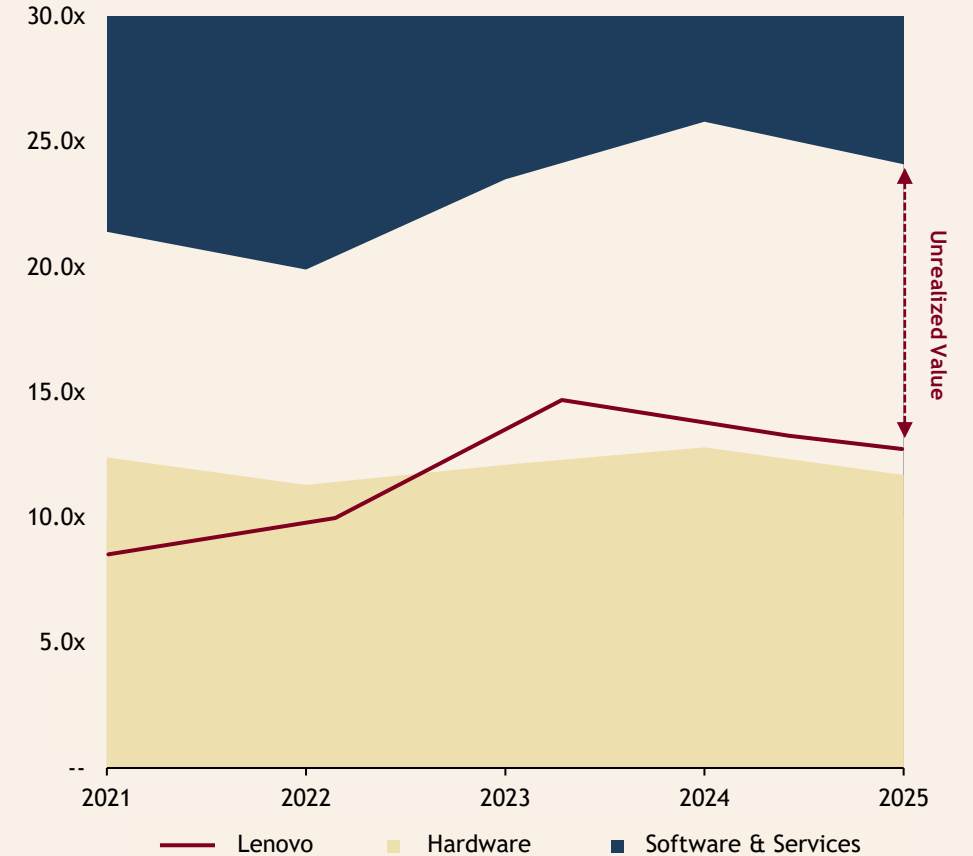


■ Hardware ■ Software & Services

Well Positioned to Capitalize on AI Opportunity

1. Lenovo's positioning as the #1 global player in computer hardware facilitates cross-selling to both B2B and BTC cloud and other software solutions
2. Leading exposure to AI-driven data center demand boom with market-leading 17 edge AI data centers
3. Scale advantage: Lenovo is projected to lead APAC companies in AI-related capital expenditures and investments

Median TTM P/E ratio per Industry⁽¹⁾



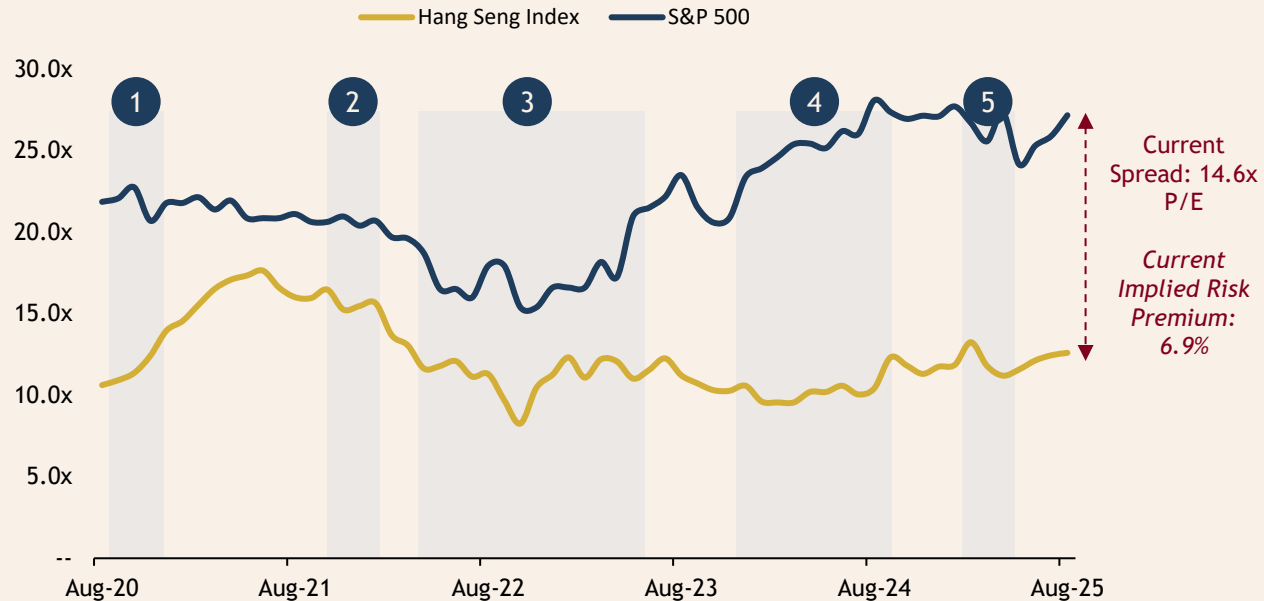
Sources: International Data Corporation, Company Filings

1. Global Industry Comparables, selected based on 75% + EBITDA from software & services, 75% + EBITDA from Hardware criterias

Mispricing: Emerging Value

US Equities - Emerging Markets Spread have expanded considerably, rendering Lenovo a value play

S&P 500 vs Hang Seng Index TTM P/E Ratio

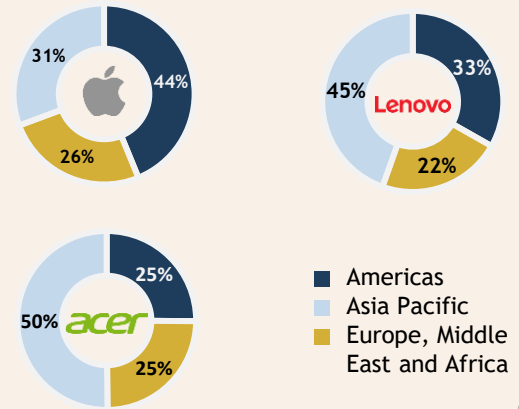


- 1 End of 15-months long Hong Kong protests
- 2 China RE crisis begins to intensify
- 3 Fed Rate 2022-2023 rate hiking cycle
- 4 U.S. consumer proves to be resilient, AI boom; sluggish Chinese growth, currency devaluation
- 5 Trade war begins and eases off

Economic Data

Per Country			
Annual GDP Growth Rate	2.1%	3.1%	5.2%
Unemployment Rate	4.3%	3.7%	5.3%
Inflation Rate	2.9%	1.1%	(0.4%)
Policy Interest Rate	4.3%	4.5%	3.0%
Government Debt to GDP	1.2x	0.1x	0.9x
Manufacturing PMI	52.0	50.4	51.2
Consumer Confidence	55.1	--	87.9
Housing Starts Vol. YoY	(5.8%)	--	(19.6%)
Corporate Tax Rate	21.0%	16.5%	25.0%

Diversification Cross-Indices ⁽¹⁾



- Americas
- Asia Pacific
- Europe, Middle East and Africa

Sources: Refinitiv Eikon, Trading Economics
 Market Data as of 08-Oct-25; Economic Data as of 01-Oct-25
 1. Revenue segmentation, as of latest available financial information

C. Valuation

HECONOMIE
Global Research



Valuation

10-75-15 weighting yields an implied upside of 78.7% (1)

Football Field

Methodology			Implied Share Price		Notes
Selected Approach	Trading Comps	EV / EBITDA LTM		\$2.51 - \$3.85	<ul style="list-style-type: none"> Range: 8.5x - 13.5x Adj. LTM EBITDA Acer ~ 8.5x Asustek ~ 13.5x
	Discounted Cash Flow Analysis	5-Yr Base		\$2.26 - \$2.98	<ul style="list-style-type: none"> Exit Multiple: 3.3x - 5.3x Adj. EBITDA WACC: 8.3% - 10.3%
		5-Yr Cash Reinvest		\$2.53 - \$3.27	<ul style="list-style-type: none"> Exit Multiple on Reinvestments: 14.5x - 20.5x Adj. EBITDA Excess Cash Reinvested %: 25.0% - 75.0%
Reference	52 Week Trading	Intraday High and Low	\$0.84 - \$1.75		<ul style="list-style-type: none"> High: 21-Feb-25 Low: 09-Apr-25
	Analyst Price Targets	Price per Share	\$1.53 - \$2.20		<ul style="list-style-type: none"> UBS: \$1.53 DBS: \$2.20

Current: \$1.51 Target: \$2.68

Operating Model Key Assumptions

Capital-light transformation to accentuate operating leverage and scalability



Assumptions:

Description	Methodology	Forecast 2025-2031	Main Drivers																
<p>Intelligent Devices Revenue</p>	<p>Hybrid Approach: Average Selling-Price * Market Driven Volume (Market Volume Growth * (1 + Δ Lenovo Market Share))</p>	<p>IDG Revenue (\$mm)</p> <table border="1"> <caption>IDG Revenue (\$mm)</caption> <thead> <tr> <th>Year</th> <th>Revenue (\$mm)</th> </tr> </thead> <tbody> <tr><td>2025A</td><td>50</td></tr> <tr><td>2026E</td><td>57</td></tr> <tr><td>2027E</td><td>64</td></tr> <tr><td>2028E</td><td>71</td></tr> <tr><td>2029E</td><td>78</td></tr> <tr><td>2030E</td><td>84</td></tr> <tr><td>2031E</td><td>88</td></tr> </tbody> </table> <p>CAGR: 10%</p>	Year	Revenue (\$mm)	2025A	50	2026E	57	2027E	64	2028E	71	2029E	78	2030E	84	2031E	88	<p>PC \$ASP \$587 → \$733 PC Shipments (mm) 62 → 81 Smartphone Shipments (mm) 55 → 86</p>
Year	Revenue (\$mm)																		
2025A	50																		
2026E	57																		
2027E	64																		
2028E	71																		
2029E	78																		
2030E	84																		
2031E	88																		
<p>Infrastructure Services Revenue</p>	<p>Top-down with detail: Total Allowable Market Growth by subsegment * Market Share</p>	<p>ISG Revenue (\$mm)</p> <table border="1"> <caption>ISG Revenue (\$mm)</caption> <thead> <tr> <th>Year</th> <th>Revenue (\$mm)</th> </tr> </thead> <tbody> <tr><td>2025A</td><td>15</td></tr> <tr><td>2026E</td><td>20</td></tr> <tr><td>2027E</td><td>27</td></tr> <tr><td>2028E</td><td>34</td></tr> <tr><td>2029E</td><td>40</td></tr> <tr><td>2030E</td><td>45</td></tr> <tr><td>2031E</td><td>47</td></tr> </tbody> </table> <p>CAGR: 22%</p>	Year	Revenue (\$mm)	2025A	15	2026E	20	2027E	27	2028E	34	2029E	40	2030E	45	2031E	47	<p>AI + Cloud Service Provider Avg. TAM Growth Rate: 27.5% Lenovo Blended ISG Market Share 8.0% → 9.5%</p>
Year	Revenue (\$mm)																		
2025A	15																		
2026E	20																		
2027E	27																		
2028E	34																		
2029E	40																		
2030E	45																		
2031E	47																		
<p>Software Solutions Revenue</p>	<p>Top-down: Total Allowable Market Growth * Market Share</p>	<p>SSG Revenue (\$mm)</p> <table border="1"> <caption>SSG Revenue (\$mm)</caption> <thead> <tr> <th>Year</th> <th>Revenue (\$mm)</th> </tr> </thead> <tbody> <tr><td>2025A</td><td>9</td></tr> <tr><td>2026E</td><td>10</td></tr> <tr><td>2027E</td><td>12</td></tr> <tr><td>2028E</td><td>14</td></tr> <tr><td>2029E</td><td>17</td></tr> <tr><td>2030E</td><td>18</td></tr> <tr><td>2031E</td><td>19</td></tr> </tbody> </table> <p>CAGR: 14%</p>	Year	Revenue (\$mm)	2025A	9	2026E	10	2027E	12	2028E	14	2029E	17	2030E	18	2031E	19	<p>Avg. TAM Growth Rate: 14.3% Lenovo Blended SSG Market Share 3.3% → 4.5%</p>
Year	Revenue (\$mm)																		
2025A	9																		
2026E	10																		
2027E	12																		
2028E	14																		
2029E	17																		
2030E	18																		
2031E	19																		
<p>Profitability Metrics</p>	<p>Bottom-up: margin contribution and per segment operating margins</p>	<p>IFRS EBITDA Margin (%)</p> <table border="1"> <caption>IFRS EBITDA Margin (%)</caption> <thead> <tr> <th>Year</th> <th>Margin (%)</th> </tr> </thead> <tbody> <tr><td>2025A</td><td>5.2%</td></tr> <tr><td>2026E</td><td>3.8%</td></tr> <tr><td>2027E</td><td>3.1%</td></tr> <tr><td>2028E</td><td>3.5%</td></tr> <tr><td>2029E</td><td>4.2%</td></tr> <tr><td>2030E</td><td>4.4%</td></tr> <tr><td>2031E</td><td>4.7%</td></tr> </tbody> </table>	Year	Margin (%)	2025A	5.2%	2026E	3.8%	2027E	3.1%	2028E	3.5%	2029E	4.2%	2030E	4.4%	2031E	4.7%	<p>Initial drag from R&D, then margin expansion from increased EBITDA contribution % from high margin segments</p>
Year	Margin (%)																		
2025A	5.2%																		
2026E	3.8%																		
2027E	3.1%																		
2028E	3.5%																		
2029E	4.2%																		
2030E	4.4%																		
2031E	4.7%																		

Discounted Cash Flow Analysis - Base Case

Significant savings on Working Capital Efficiency, Increased Capex costs

Projected Unlevered Free Cash Flow

(US\$ in mm)	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
DISCOUNTED CASH FLOW								
Revenue	\$56,864	\$69,077	\$81,549	\$96,297	\$111,545	\$125,577	\$136,446	\$142,304
% Growth		21.5%	18.1%	18.1%	15.8%	12.6%	8.7%	4.3%
Total Opex	(53,505)	(65,500)	(78,453)	(93,269)	(107,633)	(120,251)	(130,426)	(135,680)
EBITDA	\$3,359	\$3,577	\$3,096	\$3,028	\$3,912	\$5,326	\$6,020	\$6,624
% Margin	5.9%	5.2%	3.8%	3.1%	3.5%	4.2%	4.4%	4.7%
Less D&A			(1,427)	(1,441)	(1,456)	(1,470)	(1,485)	(1,500)
EBIT			1,669	1,586	2,456	3,855	4,535	5,124
Less: Taxes			(367)	(349)	(540)	(848)	(998)	(1,127)
Plus: D&A			1,427	1,441	1,456	1,470	1,485	1,500
Plus: Decrease (Increase) In Working Capital			2,186	2,226	1,785	1,399	1,014	387
Funds From Operations			4,915	4,904	5,156	5,877	6,036	5,884
Less: Capex			(761)	(1,184)	(1,553)	(2,017)	(2,336)	(2,630)
Free Cash Flow			4,153	3,720	3,603	3,860	3,700	3,254
Discounted Free Cash Flow			\$4,063	\$3,329	\$2,950	\$2,891	\$2,535	\$2,039

EBITDA to double over 5-Year horizon

Discounted Cash Flow Analysis - Cash Reinvestment Case

Cash reinvestments in software & AI vehicles offer further exposure to high growth segments

Projected Unlevered Free Cash Flow

(US\$ in mm)	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
DISCOUNTED CASH FLOW								
Revenue	\$56,864	\$69,077	\$81,549	\$96,297	\$111,545	\$125,577	\$136,446	\$142,304
% Growth		21.5%	18.1%	18.1%	15.8%	12.6%	8.7%	4.3%
Total Opex	(53,505)	(65,500)	(78,453)	(93,269)	(107,633)	(120,251)	(130,426)	(135,680)
EBITDA	\$3,359	\$3,577	\$3,096	\$3,028	\$3,912	\$5,326	\$6,020	\$6,624
% Margin	5.9%	5.2%	3.8%	3.1%	3.5%	4.2%	4.4%	4.7%
Less D&A			(1,427)	(1,441)	(1,456)	(1,470)	(1,485)	(1,500)
EBIT			1,669	1,586	2,456	3,855	4,535	5,124
Less: Taxes			(367)	(349)	(540)	(848)	(998)	(1,127)
Plus: D&A			1,427	1,441	1,456	1,470	1,485	1,500
Plus: Decrease (Increase) In Working Capital			2,186	2,226	1,785	1,399	1,014	387
Funds From Operations			4,915	4,904	5,156	5,877	6,036	5,884
Less: Capex			(761)	(1,184)	(1,553)	(2,017)	(2,336)	(2,630)
Free Cash Flow			4,153	3,720	3,603	3,860	3,700	3,254
Cash Balance EOP			7,991	8,479	7,717	8,911	9,881	10,128
1 Plus: Incremental Debt Issuances			1,030	--	961	961	961	727
2 Less: Incremental Debt Repayment			--	--	--	--	(1,030)	--
Less: Incremental Tax Adjusted Interest Expenses			(42)	(40)	(74)	(104)	(131)	(113)
Excess Cash Available to Reinvestment			8,979	8,439	8,604	9,768	9,682	10,741
(%) Cash Reinvested			50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Cash Reinvested			4,490	4,219	4,302	4,884	4,841	5,371
4 Assumed EBITDA Multiple on Reinvestment			20.0x ⁽¹⁾	19.5x	19.0x	18.5x	18.0x	17.5x
Incremental EBITDA			\$224	\$216	\$226	\$264	\$269	\$307
Less: Taxes			(49)	(48)	(50)	(58)	(59)	(68)
5 Incremental Free Cash Flow			175	169	177	206	210	239
Total Discounted Free Cash Flow			\$4,234	\$3,480	\$3,094	\$3,045	\$2,679	\$2,189

Notes

- 1 Assumes equal debt issuance to same period debt repayment
- 2 Based on 5-year maturity on incremental debt
- 3 Conservative estimates, remaining cash on hand exceeds historical restricted cash by a multiple of 2-3x
- 4 Multiple reflects early stage and high growth nature of investments with improving EBITDA generation profile as investments near maturity⁽¹⁾
- 5 Assuming no material incremental effect to NWC, non-material D&A - CapEx spread

Sources: Capital IQ, Company Filings

Market Data as of 08-Oct-25

1. Initial 20x multiple based on Damodaran global multiples for technology companies, including non-profitable ones

Discounted Cash Flow Analysis - Valuation

71.5% - 90.2% upside on intrinsic valuation

Implied Equity Value per Share

BASE CASE	TOTAL VALUE
Present Value of Free Cash Flows 2026 - 2031	\$17,806
Terminal Value	4.2x ⁽¹⁾ 27,962
Present Value of Terminal Value	17,141
Enterprise Value	\$34,947
(-) Positive Net Debt / (+) Negative Net Debt	3,448
Equity Value	\$38,395
Fully Diluted Shares Outstanding	14,886
Equity Value per Share	\$2.58
Current Share Price	\$1.50
Implied Premium / (Discount)	72.0%

REINVESTMENT CASE	TOTAL VALUE
Present Value of Free Cash Flows 2026 - 2031	\$18,721
Terminal Value	4.2x 17.5x ⁽²⁾ 33,333
Present Value of Terminal Value	20,433
Enterprise Value	\$39,154
(-) Positive Net Debt / (+) Negative Net Debt	3,448
Equity Value	\$42,602
Fully Diluted Shares Outstanding	14,886
Equity Value per Share	\$2.86
Current Share Price	\$1.50
Implied Premium / (Discount)	90.8%

Sensitivity Analysis

Base Case

WACC	TV EBITDA Multiple				
	3.3x	3.8x	4.3x	4.8x	5.3x
8.3%	\$2.40	\$2.55	\$2.69	\$2.83	\$2.98
8.8%	\$2.37	\$2.51	\$2.65	\$2.79	\$2.93
9.3%	\$2.33	\$2.47	\$2.60	\$2.74	\$2.88
9.8%	\$2.29	\$2.43	\$2.56	\$2.69	\$2.83
10.3%	\$2.26	\$2.39	\$2.52	\$2.65	\$2.78

Country Risk Premium	TV EBITDA Multiple				
	3.3x	3.8x	4.3x	4.8x	5.3x
0.0%	\$2.37	\$2.51	\$2.65	\$2.79	\$2.94
0.4%	\$2.35	\$2.49	\$2.63	\$2.77	\$2.90
0.8%	\$2.33	\$2.46	\$2.60	\$2.74	\$2.87
1.2%	\$2.31	\$2.44	\$2.57	\$2.71	\$2.84
1.6%	\$2.28	\$2.42	\$2.55	\$2.68	\$2.81

Sources: Capital IQ, Company Filings

Market Data as of 08-Oct-25

1. Based on current LTM EBITDA Multiple with 0.5x multiple compression as company nears maturity
2. 20x current Damodaran Multiple on Technology Companies with 2.5x multiple compression

Discounted Cash Flow Analysis - Valuation

Healthy downside protection when sensitizing for underperformance and heightened idiosyncratic and systemic risk

Sensitivity Analysis

Reinvestment Case

		TV EBITDA Multiple				
		3.3x	3.8x	4.3x	4.8x	5.3x
WACC	8.3%	\$2.70	\$2.84	\$2.99	\$3.13	\$3.27
	8.8%	\$2.65	\$2.79	\$2.93	\$3.07	\$3.21
	9.3%	\$2.61	\$2.75	\$2.88	\$3.02	\$3.16
	9.8%	\$2.57	\$2.70	\$2.84	\$2.97	\$3.10
	10.3%	\$2.53	\$2.66	\$2.79	\$2.92	\$3.05

		TV EBITDA Multiple				
		3.3x	3.8x	4.3x	4.8x	5.3x
Country Risk Premium	0.0%	\$2.66	\$2.80	\$2.94	\$3.09	\$3.23
	0.4%	\$2.64	\$2.78	\$2.91	\$3.05	\$3.19
	0.8%	\$2.61	\$2.75	\$2.88	\$3.02	\$3.16
	1.2%	\$2.59	\$2.72	\$2.85	\$2.99	\$3.12
	1.6%	\$2.56	\$2.69	\$2.82	\$2.96	\$3.09

		TV EBITDA Multiple from Cash Reinvestments				
		14.5x	16.0x	17.5x	19.0x	20.5x
WACC	8.3%	\$2.93	\$2.91	\$2.91	\$2.93	\$2.97
	8.8%	\$2.88	\$2.86	\$2.86	\$2.88	\$2.92
	9.3%	\$2.84	\$2.82	\$2.82	\$2.84	\$2.87
	9.8%	\$2.79	\$2.77	\$2.77	\$2.79	\$2.83
	10.3%	\$2.74	\$2.72	\$2.72	\$2.74	\$2.78

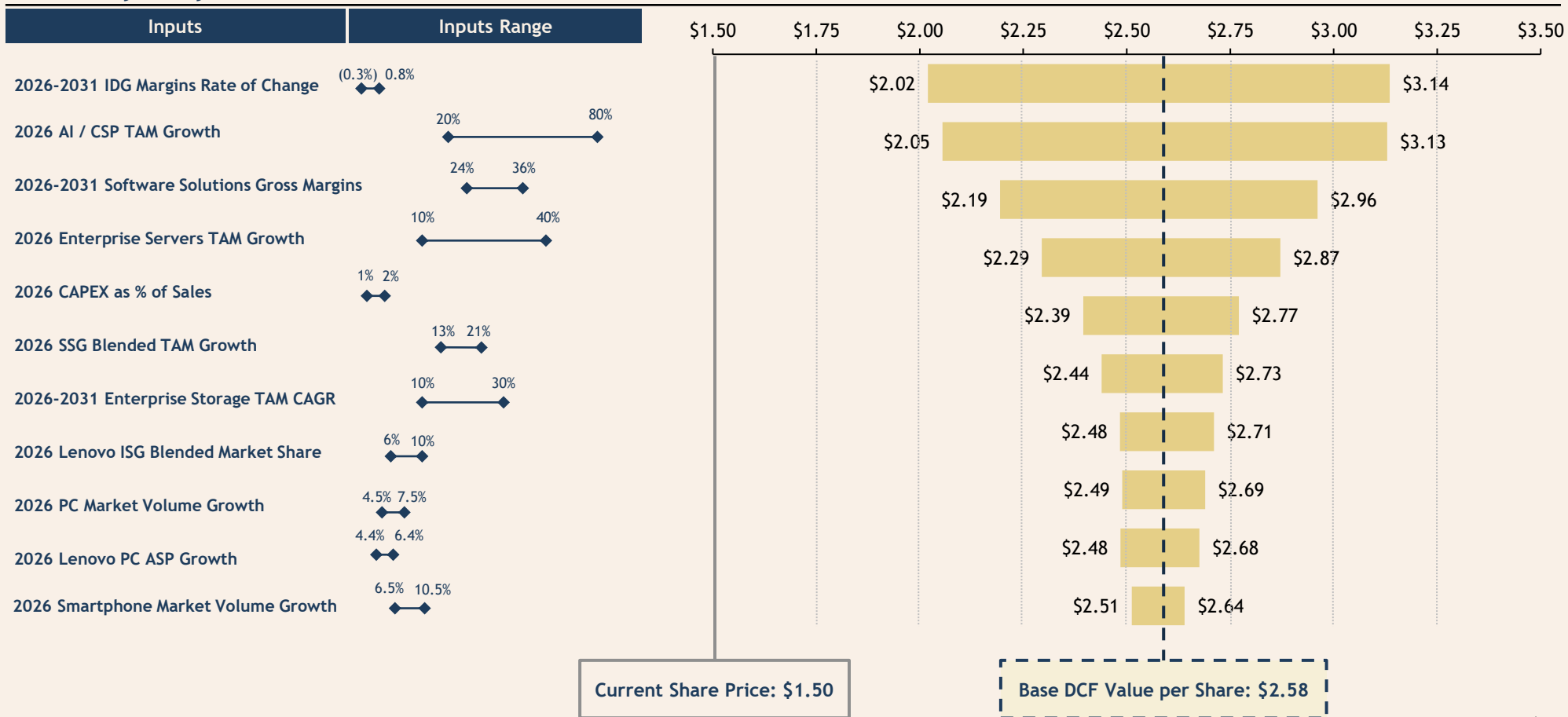
		% Excess Cash Reinvested				
		25.0%	37.5%	50.0%	62.5%	75.0%
WACC	8.3%	\$2.92	\$2.95	\$2.97	\$2.99	\$2.99
	8.8%	\$2.87	\$2.90	\$2.92	\$2.93	\$2.94
	9.3%	\$2.82	\$2.85	\$2.87	\$2.89	\$2.89
	9.8%	\$2.77	\$2.81	\$2.83	\$2.84	\$2.85
	10.3%	\$2.73	\$2.76	\$2.78	\$2.79	\$2.80

General Sensitivity Analysis

Safeguarded by a 71% Margin of Safety



Sensitivity Analysis - DCF Base Case



Weighted Average Cost of Capital Analysis

With a WACC of ~9.3%, Lenovo stands out vs EMEA peers in terms of capital costs

Selected Beta

COMPANY PEER GROUP

Peer	Ticker	Levered Beta	BV Debt	MV Equity	Debt/Equity	Marginal Tax Rate	Unlevered Beta
Apple	AAPL	1.25	101,698	3,829,117	2.7%	24.0%	1.23
Dell Technologies	DELL	1.64	29,518	94,324	31.3%	24.0%	1.32
HP	HPQ	1.13	10,775	24,900	43.3%	24.0%	0.85
Acer	2353	0.80	1,139	2,981	38.2%	20.0%	0.61
Quanta Computer	2382	1.25	7,327	38,027	19.3%	20.0%	1.08
Asustek	2357	0.88	803	16,732	4.8%	22.0%	0.85
Micro-Star International	2377	0.87	247	3,167	7.8%	22.0%	0.82
Universe Low		0.80	247	2,981	2.7%	20.0%	0.61
Universe Mean		1.12	21,644	572,750	21.0%	22.0%	0.97
Universe High		1.64	101,698	3,829,117	43.3%	22.0%	1.32

Real Implied WACC Sensitivity to Long-Term Inflation Rates

Real WACC / L-T Inflation	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
9.3%	10.2%	9.7%	9.2%	8.6%	8.1%	7.6%

Illustrative Cost of Capital

WACC CALCULATION

Long-Term Risk Free Rate ⁽¹⁾	4.11%
Market Risk Premium ⁽²⁾	5.00%
Unlevered Beta	0.97
Tax Rate	22.00%
% Debt/Equity ⁽³⁾	30.00%
% Equity	76.92%
% Debt	23.08%
Levered Beta	1.19
HK Country Risk Premium	0.80%
Cost of Equity	10.88%
Cost of Debt ⁽⁴⁾	5.28%
Tax Rate	22.00%
After Tax Cost of Debt	4.12%
WACC	9.32%

Selected WACC of 8.3% - 10.3%; Competitive Advantage to Tech Investments

Sources: Capital IQ, Company Filings
Market Data as of 08-Oct-25

- Yield on 10-Yr US Treasuries
- Kroll Recommended Equity Risk Premium
- Optimal Capital Structure
- Based on latest market observable debt offering

V. Disks & Catalysts



HECONOMIE
Global Research



Risks & Catalysts



AI-PC and Device Refresh Cycle: New Lenovo highlights the coming **AI-enabled PC upgrade cycle** as a major growth driver, as consumers and enterprises refresh devices to support AI workloads.



Governments support: Investment in AI, cloud, and digital infrastructure are increasing with China's digital economy policies adding extra momentum creating long-term demand for PCs, servers, and IT services.



Emerging Market Digital Adoption: Digital lifestyle combined with rising incomes in Asia, Latin America, and Africa are driving higher spending on PCs and smartphones, with India and Japan showing strong momentum.

Risks

PC Market Cyclicity: Global Pc shipments remain volatile after the pandemic surge, and another slowdown could weigh on Lenovo's Intelligence Device Group (IDG).

Supply Chain & Geopolitical Exposure: Ongoing US-China trade tensions, tariffs, and geopolitical risks could disrupt Lenovo's cost base and production flow, especially as many products are still manufactured in China.

Intense Competition in Enterprise Infrastructure: The enterprise IT market is highly competitive, with Lenovo facing global rivals such as **Dell, HPE, and Huawei**. If competitors capture greater share in servers, storage, or AI infrastructure, Lenovo's ISG growth could slow.

Mitigants

Diversifying business offering: Lenovo's broad portfolio (AI-PCs, tablets, smart devices) and diversification into higher-growth Infrastructure (ISG) and Services (SSG) reduce reliance on PC cycles.

Global Manufacturing Diversification: Lenovo is actively executing a "China+N" strategy, diversifying production to Indonesia, Mexico, India, and Europe, lowering reliance on any single region and strengthening supply chain resilience.

Focus on AI & Partnerships: Lenovo is differentiating through AI-optimized servers and partnerships with NVIDIA, Microsoft, and AMD, while also targeting emerging market enterprises where competition is less entrenched, building a defensible growth niche.

VI. Appendix

HECONOMIE
Global Research



Appendix I: Income Statement

(US\$ in mm) - Year Ended Mar-31	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
INCOME STATEMENT								
Revenue	56,864	69,077	81,549	96,297	111,545	125,577	136,446	142,304
<i>% Growth</i>			18.1%	18.1%	15.8%	12.6%	8.7%	4.3%
Cost of Goods Sold	(47,061)	(57,979)	(69,089)	(81,679)	(94,050)	(104,979)	(113,924)	(118,634)
Gross Profit	9,803	11,098	12,460	14,618	17,495	20,598	22,522	23,670
<i>% Margin</i>		16.1%	15.3%	15.2%	15.7%	16.4%	16.5%	16.6%
Selling Expenses	(3,309)	(3,585)	(4,109)	(4,708)	(5,286)	(5,951)	(6,466)	(6,744)
G&A Expenses	(2,492)	(2,823)	(3,210)	(3,646)	(4,056)	(4,378)	(4,552)	(4,534)
R&D Expenses	(2,028)	(2,288)	(3,109)	(4,153)	(5,089)	(5,729)	(6,225)	(6,493)
Other Op. Expenses	31	(238)	(363)	(525)	(608)	(684)	(743)	(775)
EBIT	\$2,006	\$2,164	\$1,669	\$1,586	\$2,456	\$3,855	\$4,535	\$5,124
<i>% Margin</i>		3.1%	2.0%	1.6%	2.2%	3.1%	3.3%	3.6%
Depreciation & Amortization	1,353	1,413	1,427	1,441	1,456	1,470	1,485	1,500
EBITDA	\$3,359	\$3,577	\$3,096	\$3,028	\$3,912	\$5,326	\$6,020	\$6,624
<i>% Margin</i>	5.9%	5.2%	3.8%	3.1%	3.5%	4.2%	4.4%	4.7%
Interest and Other Income	142	148	250	375	485	629	786	951
Interest and Other Expense	(278)	(297)	(229)	(218)	(161)	(109)	(62)	(29)
EBT	\$1,870	\$2,016	\$1,690	\$1,743	\$2,779	\$4,375	\$5,258	\$6,046
Taxes	(263)	(19)	(372)	(384)	(611)	(963)	(1,157)	(1,330)
Net Income	\$2,133	\$2,034	\$2,062	\$2,127	\$3,391	\$5,338	\$6,415	\$7,376
<i>% Margin</i>	3.8%	2.9%	2.5%	2.2%	3.0%	4.3%	4.7%	5.2%

Appendix II: Operating Segments

(US\$ in mm) - Year Ended Mar-31

FY 2024A FY 2025A FY 2026E FY 2027E FY 2028E FY 2029E FY 2030E FY 2031E

INCOME STATEMENT

IDG - Shipments Volume (mm)

PC	59	62	66	70	74	77	79	81
Smartphone & Others	48	55	59	65	71	77	82	86

IDG - Average Selling Price

PC	\$558	\$587	\$619	\$653	\$682	\$706	\$723	\$733
Smartphone & Others	\$244	\$255	\$268	\$282	\$296	\$310	\$323	\$333

IDG Revenue

PC	33,000	36,300	40,904	45,906	50,345	54,165	57,156	59,144
Smartphone	11,600	13,900	15,900	18,315	21,096	23,849	26,460	28,528
Total IDG Revenue	\$44,600	\$50,200	\$56,805	\$64,221	\$71,441	\$78,014	\$83,615	\$87,672

ISG Revenue

AI / CSP		8,000	12,120	17,132	22,671	27,885	31,789	33,378
Enterprise Servers		4,000	5,050	6,113	7,140	8,014	8,655	8,980
Enterprise Storage and Other Services		2,500	3,030	3,539	4,009	4,390	4,653	4,769
Total ISG Revenue		\$14,500	\$20,200	\$26,784	\$33,819	\$40,289	\$45,097	\$47,128

Total SSG Revenue	\$7,500	\$8,500	\$9,952	\$11,952	\$14,318	\$16,681	\$18,349	\$18,991
Inter-Segment Eliminations		(4,123)	(5,408)	(6,660)	(8,034)	(9,407)	(10,616)	(11,486)

Revenue	56,864	69,077	81,549	96,297	111,545	125,577	136,446	142,304
----------------	---------------	---------------	---------------	---------------	----------------	----------------	----------------	----------------

% Growth			18.1%	18.1%	15.8%	12.6%	8.7%	4.3%
----------	--	--	-------	-------	-------	-------	------	------

Appendix III: Operating Segments Assumptions

(US\$ in mm) - Year Ended Mar-31

FY 2024A FY 2025A FY 2026E FY 2027E FY 2028E FY 2029E FY 2030E FY 2031E

OPERATING MODEL ASSUMPTIONS

INCOME STATEMENT

Intelligent Devices Group

Global PC Market Volume Growth (%)		3.2%	6.0%	6.0%	5.0%	4.0%	3.0%	2.0%
Lenovo PC Market Share (%)	22.7%	23.0%	24.0%	24.5%	24.5%	24.5%	24.5%	24.5%
Lenovo PC ASP Growth (%)		5.2%	5.4%	5.4%	4.4%	3.4%	2.4%	1.4%
Global Smartphone and Others Market Volume Growth (%)		8.0%	8.5%	9.0%	9.0%	8.0%	6.5%	4.5%
Lenovo Smartphone and Others Market Share (%)	4.0%	4.3%	4.8%	5.3%	5.8%	5.8%	5.8%	5.8%
Lenovo Smartphone and Others ASP Growth (%)		4.4%	4.9%	5.2%	5.2%	4.7%	4.2%	3.2%
Intelligent Devices Group Gross Margins (%)			16.0%	16.3%	16.5%	16.8%	17.0%	17.3%

Infrastructure Services Group

AI / CSP TAM Growth (%)			50.0%	41.0%	32.0%	23.0%	14.0%	5.0%
Enterprise Servers TAM Growth (%)			25.0%	20.8%	16.5%	12.3%	8.0%	3.8%
Enterprise Storage and Other Services TAM Growth (%)			20.0%	16.5%	13.0%	9.5%	6.0%	2.5%
Lenovo ISG Blended Market Share (%)		8.0%	9.0%	9.3%	9.5%	9.5%	9.5%	9.5%
Infrastructure Services Group Gross Margins (%)			6.0%	6.0%	7.9%	10.1%	10.1%	10.1%

Software Solutions Group

Blended SSG TAM Growth (%)		12.5%	16.5%	19.5%	19.5%	16.5%	10.0%	3.5%
Lenovo Blended SSG Market Share (%)		3.3%	3.8%	4.3%	4.5%	4.5%	4.5%	4.5%
Software Solutions Group Gross Margins (%)			30.0%	30.0%	30.0%	30.0%	30.0%	30.0%

Appendix IV: Balance Sheet (1/2)

(US\$ in mm) - Year Ended Mar-31

FY 2024A FY 2025A FY 2026E FY 2027E FY 2028E FY 2029E FY 2030E FY 2031E

BALANCE SHEET

ASSETS

Current Assets

Cash	\$3,560	\$4,728	\$7,991	\$11,981	\$15,478	\$20,087	\$25,084	\$30,371
Trade and Notes Receivable	8,148	10,507	12,342	14,501	16,713	18,721	20,240	21,003
Inventory	6,703	7,924	9,371	10,996	12,566	13,921	14,994	15,497
Prepaid Expenses	3,782	4,224	4,986	5,888	6,820	7,678	8,343	8,701
Income Tax Receivable	359	380	380	380	380	380	380	380
Other Current Assets	135	142	142	142	142	142	142	142
Total Current Assets	\$22,687	\$27,904	\$35,212	\$43,887	\$52,099	\$60,930	\$69,183	\$76,095
Property, Plant & Equipment	\$2,010	\$2,026	\$1,756	\$1,898	\$2,399	\$3,353	\$4,615	\$6,161
Right-of-Use Assets	571	592	592	592	592	592	592	592
Intangible Assets	8,345	8,233	7,837	7,438	7,034	6,627	6,215	5,799
Other Assets	5,137	5,475	5,475	5,475	5,475	5,475	5,475	5,475
Total Assets	\$38,751	\$44,231	\$50,873	\$59,291	\$67,600	\$76,977	\$86,081	\$94,122

0.0

Appendix IV: Balance Sheet (2/2)

(US\$ in mm) - Year Ended Mar-31	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
BALANCE SHEET								
<u>LIABILITIES</u>								
<i>Current Liabilities</i>								
Trade and Notes Payable	\$10,505	\$11,979	\$14,131	\$16,540	\$18,854	\$20,835	\$22,384	\$23,076
Accrued Liabilities	12,752	13,905	16,796	20,283	23,408	26,060	27,997	28,867
Current Portion of Deferred Revenue	1,513	1,565	1,862	2,215	2,585	2,932	3,210	3,373
Other Current Liabilities	964	1,049	1,631	1,926	2,231	2,512	2,729	2,846
Income Tax Payable	275	465	465	465	465	465	465	465
Current Portion of Long-Term Debt	50	1,030	--	961	961	961	727	727
Total Current Liabilities	\$26,059	\$29,994	\$34,886	\$42,391	\$48,505	\$53,765	\$57,511	\$59,354
Deferred Tax Liabilities	\$219	\$316	\$316	\$316	\$316	\$316	\$316	\$316
Deferred Revenue	1,436	1,629	1,937	2,305	2,690	3,051	3,340	3,510
Long Term Debt	3,569	4,338	4,338	3,376	2,415	1,454	727	--
Unfunded Pension Obligations	241	221	221	221	221	221	221	221
Other Liabilities	1,144	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Total Liabilities	\$32,670	\$37,571	\$42,771	\$49,682	\$55,220	\$59,880	\$63,188	\$64,473
<u>SHAREHOLDERS' EQUITY</u>								
Common Stock (Including APIC)	\$3,501	\$3,501	\$3,501	\$3,501	\$3,501	\$3,501	\$3,501	\$3,501
Retained Earnings	2,082	2,568	3,959	5,412	8,099	12,683	18,317	24,889
Non-Controlling Interest	499	591	642	696	780	914	1,074	1,259
Total Shareholders' Equity	\$6,081	\$6,660	\$8,102	\$9,609	\$12,380	\$17,097	\$22,893	\$29,649
Total Liabilities & Shareholders' Equity	\$38,751	\$44,231	\$50,873	\$59,291	\$67,600	\$76,977	\$86,081	\$94,122

Appendix V: Balance Sheet Assumptions

(US\$ in mm) - Year Ended Mar-31

FY 2024A

FY 2025A

FY 2026E

FY 2027E

FY 2028E

FY 2029E

FY 2030E

FY 2031E

BALANCE SHEET ASSUMPTIONS

Working Capital and Others

Days Sales Outstanding	52.3	55.5	55.2	55.0	54.7	54.4	54.1	53.9
Inventory Turnover	52.0	49.9	49.5	49.1	48.8	48.4	48.0	47.7
Prepaid Expenses % of Sales	6.7%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Days Payable Outstanding	81.5	75.4	74.7	73.9	73.2	72.4	71.7	71.0
Days Payroll & Benefits Outstanding	596.9	568.1	568.1	568.1	568.1	568.1	568.1	568.1
Days Deferred Revenue	18.9	16.9	17.0	17.1	17.3	17.4	17.5	17.7

Debt and Interest

Current	50	1,030	--	961	961	961	727	727
Long-Term	3,569	4,338	4,338	3,376	2,415	1,454	727	--

Total	\$3,620	\$5,368	\$4,338	\$4,338	\$3,376	\$2,415	\$1,454	\$727
--------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	--------------

Interest Rate on Debt (%)	7.7%	5.5%	5.3%	5.0%	4.8%	4.5%	4.3%	4.0%
Interest Expense	(278)	(297)	(229)	(218)	(161)	(109)	(62)	(29)

Interest Income (% of Cash)	4.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Interest Income	142	148	250	375	485	629	786	951

Capex and D&A

Capital Expenditures	730	666	761	1,184	1,553	2,017	2,336	2,630
Depreciation	942	1,021	1,032	1,042	1,052	1,063	1,073	1,084
Amortization	411	392	396	400	404	408	412	416
Capital Expenditures (% of Sales)	1.3%	1.0%	1.3%	1.7%	1.9%	2.1%	2.1%	2.1%

Appendix VI: Cash Flow Statement

(US\$ in mm) - Year Ended Mar-31

FY 2024A FY 2025A FY 2026E FY 2027E FY 2028E FY 2029E FY 2030E FY 2031E

CASH FLOW STATEMENT

OPERATING CASH FLOWS

Net Income			\$2,062	\$2,127	\$3,391	\$5,338	\$6,415	\$7,376
D&A			1,427	1,441	1,456	1,470	1,485	1,500
Changes in WC								
Trade and Notes Receivable			(1,835)	(2,159)	(2,212)	(2,008)	(1,519)	(763)
Inventory			(1,447)	(1,625)	(1,570)	(1,355)	(1,073)	(503)
Prepaid Expenses			(763)	(902)	(932)	(858)	(665)	(358)
Trade and Notes Payable			2,153	2,408	2,315	1,981	1,549	692
Accrued Liabilities & Other Current Liabilities			3,473	3,782	3,430	2,932	2,154	987
Deferred Revenue			605	721	755	708	567	332
Net Cash Provided by Operating Activities			\$5,675	\$5,794	\$6,631	\$8,207	\$8,914	\$9,264

INVESTING ACTIVITIES

Purchases of Leasehold Improvements & PPE			(761)	(1,184)	(1,553)	(2,017)	(2,336)	(2,630)
Net Cash Provided by Investing Activities			(\$761)	(\$1,184)	(\$1,553)	(\$2,017)	(\$2,336)	(\$2,630)

FINANCING ACTIVITIES

Debt Repayment			(1,030)	--	(961)	(961)	(961)	(727)
Dividend Payments (Including to NCI)			(620)	(620)	(620)	(620)	(620)	(620)
Net Cash Provided by Financing Activities			(\$1,650)	(\$620)	(\$1,581)	(\$1,581)	(\$1,581)	(\$1,347)

Beginning Cash Balance			4,728	7,991	11,981	15,478	20,087	25,084
Change in Cash			\$3,263	\$3,990	\$3,497	\$4,609	\$4,997	\$5,287
Ending Cash Balance			\$7,991	\$11,981	\$15,478	\$20,087	\$25,084	\$30,371

Appendix VII: Public Company Comparables

Lenovo Public Comparable Companies

Company Name	Ticker	Share Price	Diluted Shares	Equity Value	Net Debt	Enterprise Value	EBITDA LTM	EBIT LTM	Net Income LTM	EV/EBITDA LTM	EV/EBIT LTM	P/E LTM
Dell Technologies	DELL	125.37	1,361	170,629	18,948	189,577	12,282	9,147	7,077	15.4x	20.7x	24.1x
HP	HPQ	28.34	954	27,036	4,908	31,944	5,972	5,107	4,359	5.3x	6.3x	6.2x
Acer	2353	31.30	3,006	94,094	(34,779)	59,315	6,627	4,142	5,915	9.0x	14.3x	15.9x
Quanta Computer	2382	9.90	3,958	39,182	(5,070)	34,112	2,590	2,205	2,048	13.2x	15.5x	19.1x
Asustek	2357	22.57	743	508,048	1,281	18,047	1,328,978	1,232	1,375	13.6x	14.7x	12.2x
Micro-Star International	2377	3.70	845	3,123	(754)	2,368	8,610	240	229	8.3x	9.9x	13.6x
All Peers												
Maximum		\$125.37	\$3,958	\$508,048	\$18,948	\$189,577	\$ 1,328,978	\$9,147	\$7,077	15.4 x	20.7 x	24.1 x
75th Percentile		\$30.56	2,595	151,495	4,001	53,015	11,364	4,866	5,526	13.5 x	15.3 x	18.3 x
Average		\$36.86	\$1,811	\$140,352	(\$2,578)	\$55,894	\$ 227,510	\$3,679	\$3,501	10.8 x	13.5 x	15.2 x
25th Percentile		\$13.07	872	30,073	(3,991)	21,521	6,136	1,475	1,544	8.5 x	11.0 x	12.5 x
Minimum		\$3.70	743	3,123	(34,779)	2,368	2,590	240	229	5.3 x	6.3 x	6.2 x
APAC Only												
Maximum		\$31.30	3,958	508,048	1,281	59,315	1,328,978	4,142	5,915	13.6 x	15.5 x	19.1 x
75th Percentile		\$24.75	3,244	197,583	(245)	40,413	338,702	2,689	3,015	13.3 x	14.9 x	16.7 x
Median		\$16.87	\$2,138	\$161,112	(\$9,831)	\$28,461	\$ 336,701	\$1,955	\$2,392	11.0 x	13.6 x	15.2 x
25th Percentile		\$8.35	819	30,167	(12,497)	14,127	5,618	984	1,089	8.8 x	13.2 x	13.3 x
Minimum		\$3.70	743	3,123	(34,779)	2,368	2,590	240	229	8.3 x	9.9 x	12.2 x
Lenovo	992	\$1.50	14,886	\$22,328	(\$3,448)	\$18,880	\$ 3,999	\$2,501	\$1,793	4.7x	7.5x	12.5x
<i>Lenovo at Peer Median (All)</i>		\$3.13	14,886	46,649	(3,448)	43,201	3,999	2,501	1,793	10.8 x	13.5 x	15.2 x
<i>Lenovo at Peer Median (APAC only)</i>		\$3.19	14,886	47,471	(3,448)	44,023	3,999	2,501	1,793	11.0 x	13.6 x	15.2 x