

Lenovo (Danmark) ApS

Vandtårnsvej 83A, 2860 Søborg
CVR No. 28 51 13 45

Annual Report

for 1 April 2022 -31 March 2023

17th financial year

Approved in the Annual General Meeting of shareholders
on 22 September 2023

.....
Chairman - Sarah Jane Rosser
of the General Meeting

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COMPANY DETAILS

Lenovo (Danmark) ApS
Vandtårnsvej 83A
2860 Søborg

CVR No. 28 51 13 45
Financial period: 31st March
Municipality of reg office: Gladsaxe

Supervisory Board

Sarah Jane Rosser
Colm Brendan Gleeson
Peter Juul Jørgensen

Executive Board

Peter Juul Jørgensen

Group annual report available at:
www.lenovo.com

Auditors

PricewaterhouseCoopers

Bankers

Citibank International PLC, Denmark Branch

MANAGEMENT'S STATEMENT

The Executive and the Supervisory Boards have presented the Annual Report for the financial year 1 April 2022 -31 March 2023. The Annual Report was discussed and adopted on 22 September 2023.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the Annual Report includes the information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion that the Annual Report gives a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year 1 April 2022 -31 March 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted by the Annual General Meeting of shareholders.

Søborg, 22 September 2023

Executive Board:

.....
Peter Juul Jørgensen

Board of Directors:

.....
Sarah Jane Rosser
Chairman

.....
Colm Brendan Gleeson

.....
Peter Juul Jørgensen

Independent Auditor's Report

To the Shareholder of Lenovo (Danmark) ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023, and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lenovo (Danmark) ApS for the financial year 1 April - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

•Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

•Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 22 September 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

Gösta Gauffin
State Authorised Public Accountant
mne45821

FINANCIAL HIGHLIGHTS

5-year summary:

	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
Key figures (in DKK thousands)					
Revenue	3,547,292	3,997,039	2,960,008	2,666,964	2,734,540
Gross profit	189,439	181,689	126,124	141,668	119,044
Profit/loss before net financials (EBIT)	67,106	59,898	33,336	50,145	39,937
Net financials	-29,924	-19,402	-2,753	-25,840	-11,707
Net profit for the year	28,917	31,555	23,728	18,909	21,968
Shareholders' equity at year-end	231,080	202,163	170,608	146,880	127,971
Total assets	562,128	1,096,274	1,033,431	910,385	524,466
Investments in tangible assets for the year	765	440	404	441	649
Number of employees	109	92	79	74	67
Ratios (%)					
Return on assets	8.1	5.6	3.4	7.0	8.9
Current ratio	301.0	144.3	136.1	131.4	132.4
Equity ratio	41.1	18.4	16.5	16.1	24.4
Return on equity	13.3	16.9	13.9	13.8	18.8

Definition of financial ratios:

Return on assets: Profit/loss before financials / Average total assets * 100

Current ratio: Current assets / Short-term liabilities * 100

Equity ratio: Shareholders' equity / Total assets * 100

Return on equity: Net profit/loss for the year / Average shareholders' equity * 100

MANAGEMENT'S REVIEW

Business activities and mission

Lenovo Group Limited is one of the world's leading computer technology companies. The Group has broadened its device business from PC to include mobile and enterprise businesses. Lenovo has been listed on The Stock Exchange of Hong Kong since 1994.

Lenovo (Danmark) ApS is a wholly owned subsidiary of Lenovo International Coöperatief U.A. in Amsterdam. The company's activities consist of sales to Danish companies. The product portfolio consists of desktop and notebook computers and related equipment. The vast majority of the sales takes place through CP retailers.

Business review

The company shows a profit for 2022/2023 of 28,917 TDKK and a total balance as at March 31, 2023 of 562,128 TDKK and equity of 231,080 TDKK. FY22/23 ended below budget, but in line with the market development. The main impact coming from Consumer business impacted by inflation, and Commercial business seeing a slowdown caused by the shipment issues in the late Covid period. Company faced severe market headwinds and its revenue declined year on year, but we successfully maintained our PC market leadership and industry leading profitability.

The company's performance for 2022/23 is in line with management's expectation as outlined in the last year's Annual Report

Expectations for the future

Lenovo (Danmark) ApS will drive sales growth in the software and services business and expanding e-commerce based on its well-established infrastructure will also help to drive new growth opportunities. Strategy remains the same and we continue with One Lenovo approach in Channel. Looking ahead at the next year, management remain cautiously optimistic. As the economy stabilizes and improves, and the commodity type of component price bottoms out, the client device market is expected to recover and resume growth in the second half of next fiscal year.

On the same level as this year, the management expect a positive result before tax for the accounting year 23/24.

Capital expenditures, employee numbers, and financing are expected to remain steady.

Unusual risks

Lenovo (Danmark) ApS is assessed not to be subject to any special risks, including operating and financial risks, apart from the usual risks in the line of business.

Knowledge resources

Lenovo (Danmark) ApS is assessed not to have any special knowledge resources, apart from the normal knowledge resources in the line of business.

Effect on the external environment

Lenovo products comply with all applicable environmental regulations, such as WEEE and RoHS. Lenovo seeks to be among the environmental leaders in all business activities. Lenovo ranked among BCG's Top 50 Innovative Companies for second year in a row.

In 2022, for the first time, the question revolved specifically around the importance of climate and sustainability (C&S) in innovation and Lenovo ranked 24th, up one place from 2021.

Lenovo (Danmark) ApS is only sales office with no manufacturing nor warehouse.

MANAGEMENT'S REVIEW-continued

Statutory Report on Social Responsibility, cf. Section 99a of the Danish Financial Statements Act

Description of the business model

The business model is described in section "Business activities and mission" on page 9.

Lenovo Danmark is, as part of the Lenovo Group, subject to the CSR policies that are implemented across the Group. In accordance with the policies, Lenovo Danmark works actively with a range of sustainability areas and, in particular, with the environment and human rights, that are mandatory for Lenovo Denmark to disclose on following Section 99 a of the Danish Financial Statements Act.

Risk assessment

Lenovo's Board and Management recognizes that risk management is the responsibility of everyone within Lenovo, and that risk is best managed when business functions take responsibility and are accountable for risk management. Lenovo's enterprise-wide risk management program is designed to enable effective and efficient identification of, and management's visibility into, critical enterprise risks. It also facilitates the incorporation of risk considerations into decision making. Rather than a separate and standalone process, risk assessment is incorporated as part of Lenovo's planning processes across all major functions of the Company. During planning, all business functions are required to identify and assess material risks that may impact the achievement of business objectives."

Environment & Climate

Operational Risks

The Group's complex supply chain may also result in exposure to hidden and uncontrollable risks typically driven by Environmental, Social and Governance (ESG) factors, such as natural resource depletion, human rights abuses, or labor practices. For example, the legal and regulatory standards of certain countries in which its indirect suppliers operate may be less robust and therefore not sufficient to meet the regulatory standards of other countries which it sells to. Non-compliance by any supplier, whether direct or indirect, may harm the Group's reputation and supply chain operations, or cause the loss of license to operate.

Content of Policy

Lenovo's programs in this area are based on a foundation of our commitment to strong environmental stewardship and continued compliance. This includes compliance with regulatory requirements and voluntary standards established by associations and the standards organizations to which Lenovo subscribes. Lenovo's Environmental Affairs Policy is the cornerstone for compliance across global operations, employees, and contractors performing work on behalf of Lenovo. This policy forms the foundation for Lenovo's ISO 14001:2015 certified Environmental Management System (EMS), which includes processes for evaluating legal and voluntary requirements and ensuring compliance across Lenovo's global design, development, and manufacturing operations.

At Lenovo, we recognize that climate change is a serious threat and as such, we address it at the highest levels of our organization. At least annually the Board of Directors is briefed on climate strategy and progress towards our climate change mitigation goals. Lenovo's Chief Legal and Corporate Responsibility Officer provides executive leadership for Lenovo's Environmental, Social and Governance (ESG) position, including climate change programs. In addition, the ESG Executive Oversight Committee (EOC) provides strategic direction and facilitates the coordination of ESG efforts across Lenovo, including the company's climate change strategy. The ESG EOC is comprised of senior management from across the business and functional areas and is chartered to promote a culture that encourages strong ESG performance, including compliance and leadership activities."

MANAGEMENT'S REVIEW-continued

Results (1 April 2022 -31 March 2023)

Through Lenovo's ISO 14001:2015 EMS program, we conduct a Significant Environmental Aspect (SEA) evaluation at least annually. This process evaluates the significant or material environmental aspects while identifying risks and opportunities that may impact the business or operations. To manage the SEAs, we establish relevant environmental objectives and targets with Key Performance Indicators addressing site operations, products, and global supply chain functions. The objectives and targets are monitored and measured for progress semi-annually as part of Lenovo's ISO 14001:2015 Environmental Management System. In January 2023, Lenovo announced its commitment to achieving net-zero greenhouse gas emissions by 2050 after validation of emissions reduction targets by SBTi. Lenovo's performance against the FY2022/23 environmental objectives and targets will be published on our website.

Expectations for the work going forward

Our long-term emissions reduction targets have been validated against SBTi's Corporate Net-Zero Standard, and Lenovo is committed to achieving net-zero greenhouse gas emissions by 2050.

Social- and employment conditions

Operational Risks

The Group's complex supply chain may also result in exposure to hidden and uncontrollable risks typically driven by Environmental, Social and Governance (ESG) factors, such as natural resource depletion, human rights abuses, or labor practices. For example, the legal and regulatory standards of certain countries in which its indirect suppliers operate may be less robust and therefore not sufficient to meet the regulatory standards of other countries which it sells to. Non-compliance by any supplier, whether direct or indirect, may harm the Group's reputation and supply chain operations, or cause the loss of license to operate.

Content of Policy

As a truly sustainable company, Lenovo is committed to the highest standards of integrity and responsibility. To ensure that we adhere to international and local best practices, we have a clearly defined corporate governance structure. Regularly reviewed, it includes our:

- Corporate governance
- Business practices
- Privacy Program

Actions

Lenovo was included in the 2023 Bloomberg Gender-Equality Index, a framework that applies an internationally standardized approach to measure performance in female leadership, gender pay parity and inclusive culture, and distinguishes companies supporting gender equality through policy development, representation, and transparency.

Results (1 April 2022 -31 March 2023)

As a member of the United Nations Global Compact, Lenovo committed to the UN Women's Empowerment Principles in 2022. Lenovo was recognized as a top-scoring company (90%) and "Best Workplace for Disability Inclusion" in the 2022 Disability Equality Index. The index recognizes companies for demonstrating leading disability inclusion practices and committing to an inclusive culture. These factors are validated through visible support from company leadership, accessible workplace and employment practices, community engagement initiatives, and supplier diversity programs.

Expectations for the work going forward

The Company adheres to world-class standards for workplace safety through its Occupational Health and Safety (OHS) Management System. The Company's global manufacturing locations are ISO 9001:2015 (Quality), ISO 14001:2015 (Environmental), and ISO 45001:2018 (OHS) certified by an accredited third-party auditor. As required by these internationally accepted standards, the management of objectives and targets at each certified facility continually foster a safe and healthy work environment for employees. Through a process of planning, education, controls, performance evaluation, and continuous improvement, health and safety programs are assimilated throughout the Company's global manufacturing footprint.

MANAGEMENT'S REVIEW-continued

Human Rights

Operational Risks

The Group's complex supply chain may also result in exposure to hidden and uncontrollable risks typically driven by Environmental, Social and Governance (ESG) factors, such as natural resource depletion, human rights abuses, or labor practices. For example, the legal and regulatory standards of certain countries in which its indirect suppliers operate may be less robust and therefore not sufficient to meet the regulatory standards of other countries which it sells to. Non-compliance by any supplier, whether direct or indirect, may harm the Group's reputation and supply chain operations, or cause the loss of license to operate.

Content of Policy

Lenovo supports universal human rights including those identified in the United Nations Declaration on Human Rights and commits to extending these rights to our employees and others directly or indirectly employed in our supply chain. This policy applies to Lenovo's worldwide operations and in those of our supply chain. Every Lenovo organization must support this policy. Lenovo will abide by the following commitments:

- Conduct business in accordance with the United Nations Declaration of Human Rights and the principles of the United Nations Global Compact and extend those requirements to all suppliers doing business with Lenovo.
- Perform due diligence across the value chain to identify risks and avoid complicity in human rights violations.
- Provide access to grievance mechanisms, investigate allegations and escalate known cases of human rights abuse to senior leadership.
- Integrate training and accountability for respecting human rights across the business and the supply chain.
- Engage internal and external stakeholders to address common challenges and advance human rights practices through continuous improvement.
- Operate legally and ethically in each country where we do business.

All corporate strategies, practices, and guidelines as well as supplier requirements must support this commitment to human rights. Concerns about possible human rights violations must be reported to Lenovo management who shall take prompt corrective action.

Actions

With operations and supply chains that extend around the world, we are uniquely positioned to support the global collective impact of business by aligning our practices to a sustainable and inclusive future. Since 2009, Lenovo has continued its role as a signatory supporter to the United Nations Global Compact (UNGC), a globally recognized platform that provides a blueprint for businesses that want to achieve a more sustainable future for all. As a business participant in the UNGC, we embrace the inspiration to demonstrate continuous improvements by aligning our operations and practices with the ten principles of the UNGC. The principles promote a value system that supports the fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption in the markets where we operate.

Results (1 April 2022 -31 March 2023)

In 2022, Lenovo worked with Workplace Pride to advance LGBTQ+ inclusion through two initiatives. The first was signing the Declaration of Amsterdam in May 2022, confirming its commitment to fostering an inclusive workplace for its LGBTQ+ employees. Then, Lenovo worked with Workplace Pride to benchmark their efforts, and was subsequently recognized as the most improved company on their LGBTQ+ inclusion index. For the sixth consecutive year, Lenovo was included in the Human Rights Campaign (HRC) Foundation's 2023 Corporate Equality Index, while receiving a score of 100 and the distinction of "Best Place to Work for LGBTQ+ Equality". The index is the premier benchmarking survey on corporate policies and practices for LGBTQ workplace equality in the United States.

MANAGEMENT'S REVIEW-continued

Expectations for the work going forward

The Company is determined to ensure that the working conditions at its locations are safe; workers are treated with respect and dignity; operations are environmentally sound; and business operations are conducted responsibly and ethically. This will also be the focus in the future through the continuous training of new and existing employees.

Anti-corruption and Bribery

Operational Risks

The Group's complex supply chain may also result in exposure to hidden and uncontrollable risks typically driven by Environmental, Social and Governance (ESG) factors, such as natural resource depletion, human rights abuses, or labor practices. For example, the legal and regulatory standards of certain countries in which its indirect suppliers operate may be less robust and therefore not sufficient to meet the regulatory standards of other countries which it sells to. Non-compliance by any supplier, whether direct or indirect, may harm the Group's reputation and supply chain operations, or cause the loss of license to operate. The risk that representatives of the Group, including its employees or agents, intentionally or inadvertently bribe a government official or other third parties in violation of applicable anti-bribery and corruption laws and regulations.

Content of Policy

Lenovo has zero tolerance for bribery and corruption. Lenovo complies with the anti-bribery and corruption laws of the countries in which we conduct business. Lenovo's Global Anti-Bribery and Corruption Policy and along with our Global Gift, Entertainment, Corporate Hospitality and Travel Policy reinforce provisions in the Code and provide additional guidance regarding compliance with global antibribery and corruption laws and regulations. The policies stress that Lenovo will not directly or indirectly solicit, offer, promise, authorize, provide, or accept anything of value to any person, including government officials, to influence action, inaction or to secure an improper advantage as defined by applicable laws.

Actions

Ethics and Compliance Office promotes the highest ethical standards of business conduct and legal compliance. It also oversees the organization's ethics and compliance program and works in partnership with the business units across the globe to ensure they operate within legal and ethical obligations. The Ethics and Compliance Office plays a critical role in providing employees with the guidance, resources, and information they need to make informed and appropriate decisions. It's also responsible for the Lenovo Code of Conduct, which set our clear expectations and guidelines for every employee.

The Code covers many areas of ethical, responsible business practices, such as:

- Anti-bribery and Anti-corruption, including a policy that reinforces provisions in the Code and provides additional specific guidance regarding bribery and corruption.
- Anti-Competitive Practices and Fair Competition, including why employees cannot enter into an agreement or discussion to set prices, limit the availability of goods or services on the market, or boycott a customer or supplier.
- Intellectual Property, including the company policy for employees to avoid any infringement of copyright or other intellectual property rights of other companies and individuals.
- To ensure that our ethical business standards, policies, and practices are being met, our internal audit team conducts about 40-45 advisory projects each year."

MANAGEMENT'S REVIEW-continued

Results (1 April 2022 -31 March 2023)

To help employees understand these requirements, training on anti-bribery and corruption is provided. In FY2022/23, 97% of Lenovo's computer-based employees completed the assigned anti-bribery and corruption mandatory eLearning course. In addition, 21 facilitator-led sessions focused on anti-bribery and corruption basics and case studies were provided to over 11,000 China based employees of the Company. Lenovo also provides Code training to new employees, which includes antibribery and corruption topics. The Board of Directors and Senior Leadership Team are provided a facilitator-led training session on anti-bribery and corruption. Bribery and corruption risks are also evaluated as part of Lenovo's Enterprise Risk Management Program risk assessment to ensure Lenovo's internal controls effectively address and mitigate bribery and corruption risk to the enterprise.

Expectations for the work going forward

Continuous monitoring of changes in the legal and regulatory environment to ensure compliance with applicable laws and regulations. Lenovo will continuously monitor changes in the legal and regulatory environment to ensure compliance with applicable laws and regulations.

Statutory Report on Gender Composition in Management, cf. Section 99b of the Danish Financial Statements Act

Lenovo's Commitment to Diversity and Nondiscrimination is accessible on our website along with other corporate policies at https://www.lenovo.com/us/en/social_responsibility/

Lenovo wants to promote a corporate culture according to which appointments are based on competencies. It is important for everybody to have equal access to the Board of Directors and Top Management irrespective of gender, age, national origin, religion or political orientation.

The Board values diversity as a factor in selecting candidates to serve on the Board and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company and forms an important part of the nomination policy (the "Nomination Policy") as adopted by the Board.

In compliance with Danish law, Lenovo (Danmark) ApS has set a target to elect at least one female member of the supervisory board. The supervisory board currently consists of 3 members, and one of them is female now. The target is achieved in the financial year 2022/23.

It is the company's target to have at least 40% women in the management group. Although in the financial year 2021/22 the goal was met as 43% of the management group was comprised by women, in the financial year 2022/23 the goal was not met as 38% of the management group was comprised by women, due to a female left the group. The 40% target will remain in FY2023/24, to keep this target, the company invests in several career programs to ensure it is developing that pipeline through learning, sponsorship, and mentorship programs in partnership with its employee resource groups, business leaders, and Human Resource teams. The longest-running programs include the Women's Leadership Development Program (WLDP) to develop female executive talent, and the Mosaic Leadership Development Program (MLDP) which aims to develop executive talent from underrepresented backgrounds.

Statutory Report on Data Ethics in Management, cf. Section 99d of the Danish Financial Statements Act

The Company maintains a Global Privacy and Data Protection Program, which leads the organization's commitment to responsibly using and protecting customer, consumer, employee and partner identifiable information. The Lenovo Global Privacy and Data Protection Program develops and maintains policies, processes, training, and other mechanisms and resources to ensure that the Company is in compliance with global privacy and related data protection laws and regulations. These policies and the Company's commitments in this area are communicated to all employees via the Lenovo Privacy Basics course which new employees are required to take within 30 days of their employment with the Company, and on a recurring basis thereafter. It is the individual and collective responsibility of the Company's employees and contractors to act in accordance with the requirements of the Company's privacy and security policies and standards and to report privacy and security incidents or vulnerabilities in a timely manner. The Lenovo Global Privacy and Data Protection Program, Chief Security Office, Chief Information Security Office, and the Company's product security teams maintain incident reporting mechanisms and work together to investigate, mitigate, and prevent privacy and security incidents that could impact the Company, its customers, users, or employees.

INCOME STATEMENT for 1 April to 31 March

		2022/23	2021/22
	Notes	DKK	DKK
Revenue	1	3,547,291,617	3,997,039,277
Cost of Goods Sold		-3,376,730,338	-3,810,956,452
Other operating Income		47,084,181	45,281,755
Other External Expenses		-28,206,750	-49,676,038
Gross profit		189,438,710	181,688,542
Staff costs	2	-121,829,381	-121,397,614
Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	3	-503,577	-392,473
Profit before net financials		67,105,752	59,898,455
Other financial income	4	2,542,865	8,666,033
Other financial expenses	4	-32,467,133	-28,067,753
Profit before tax		37,181,484	40,496,735
Tax for the year	5	-8,264,822	-8,942,072
NET PROFIT FOR THE YEAR		28,916,662	31,554,663

BALANCE SHEET at March 31

		2023	2022
	Notes	DKK	DKK
ASSETS			
Fixed assets			
Other plant, operating equipment	6	1,071,558	838,942
Tangible assets		1,071,558	838,942
Total fixed assets		1,071,558	838,942
Current assets			
Trade receivables		260,985,455	245,709,299
Receivables from group enterprises		210,827,435	777,233,240
Other receivables		1,323,081	1,484,053
Deferred tax asset	7	56,241,577	56,179,083
Income taxes receivable		19,899,292	0
Prepayments	8	181,657	3,538,261
Receivables		549,458,497	1,084,143,936
Cash		11,597,898	11,290,986
Total current assets		561,056,395	1,095,434,922
TOTAL ASSETS		562,127,953	1,096,273,863

BALANCE SHEET at March 31

		2023	2022
	Notes	DKK	DKK
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	126,000	126,000
Share premium		10,346,645	10,346,645
Retained earnings		220,606,960	191,690,298
Total shareholders' equity		231,079,605	202,162,943
Deferred income (long-term part)	10	142,733,995	132,850,751
Long-term liabilities		142,733,995	132,850,751
Provisions			
Reinstalment provision		1,659,375	1,659,375
Provision for waste disposal of electronic equipment		280,248	365,453
Total provisions		1,939,623	2,024,828
Liabilities other than provisions			
Trade payables		12,386,005	19,634,394
Payables to group enterprises		40,198,682	578,804,420
Income taxes payable		0	5,007,300
Other payables		24,919,576	58,263,941
Deferred income	10	108,870,467	97,525,286
Short-term liabilities		186,374,730	759,235,341
Total liabilities other than provisions		329,108,725	892,086,093
TOTAL EQUITY AND LIABILITIES		562,127,953	1,096,273,863

BALANCE SHEET at March 31**Notes**

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Accounting policies	17

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings/ Accumulated loss	Total
Shareholders' equity at 1/4 2022	126,000	10,346,645	191,690,298	202,162,943
Profit in the year	0	0	28,916,662	28,916,662
Shareholders' equity at 31/3 2023	126,000	10,346,645	220,606,960	231,079,605

NOTES

Note 1. Revenue

The whole of revenue is attributable to one continuing activity, the wholesale of personal computing equipment and peripherals.

All revenue arose within Denmark.

	2022/23	2021/22
	DKK	DKK
Note 2. Staff costs		
Analysis of staff costs:		
Wages and salaries	109,694,985	110,176,744
Pension costs	10,668,542	10,728,129
Other staff costs	1,465,854	492,741
	121,829,381	121,397,614

Average number of employees	109	92
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Pursuant to section 98b (3), (ii) of the Financial Statement Act, remuneration to the Executive Board is not disclosed for 2022/2023 or 2021/2022. No remuneration has been paid to the Board of Directors in either years.

Note 3. Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment

Other plant, operating equipment	503,577	392,473
	503,577	392,473

Note 4. Other financial income and expense

Other financial income

Other financial income	-5,178	-547
Exchange adjustments	-2,537,687	-8,665,486
	-2,542,865	-8,666,033

Other financial expenses

Interest paid to group enterprises	29,436,792	19,640,447
Other financial expenses	157,738	183,726
Exchange adjustments	2,872,603	8,243,580
	32,467,133	28,067,753

Total	29,924,268	19,401,721
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NOTES

	2022/23	2021/22
	DKK	DKK
Note 5. Tax for the year		
Estimated income tax charge, excl. interest surcharges	8,327,316	28,104,280
Change in provision for deferred tax	-62,494	-19,162,208
TOTAL	8,264,822	8,942,072

Note 6. Other plant and equipment**Other plant, operating equipment****Cost**

Balance at 1 April	7,143,764	6,946,360
Additions in the year	765,069	439,631
Disposals in the year	-316,108	-242,227
Cost at 31 March	7,592,725	7,143,764

Depreciation and write-downs

Balance at 1 April	-6,304,823	-6,118,728
Depreciation in the year	-503,577	-392,473
Accumulated depreciation and write-downs of disposals	287,233	206,379
Depreciation and write-downs at 31 March	-6,521,167	-6,304,823
Carrying amount at 31 March	1,071,558	838,942

NOTES

	2022/23 DKK	2021/22 DKK
Note 7. Deferred tax asset		
Balance 1 April 2022	56,179,083	37,016,875
Movement in tax asset during the year	62,494	19,162,208
Balance 31 March 2023	<u>56,241,577</u>	<u>56,179,083</u>

The tax asset relates to temporary differences in fixed assets and in accruals for reinstatement, bonuses & commission and marketing expenses. Deferred tax asset is expected to be utilised by future positive earnings in the coming years.

Deferred tax assets has been calculated based on a tax percentage of 22 %.

Note 8. Prepayments

Other prepayments	181,657	3,538,261
	<u>181,657</u>	<u>3,538,261</u>

Note 9. Share capital

capital, DKK 126,000:

126 class A shares of DKK 1,000 each	126,000	126,000
	<u>126,000</u>	<u>126,000</u>

The share capital has not changed in the last 5 years.

All shares have the same share class.

NOTES

2022/23
DKK

2021/22
DKK

Note 10. Deferred income

Deferred income relates to service agreements which have a duration period from 1 – 5 years.

Within 1 year	108,870,467	97,525,286
Within 1-5 years	142,733,995	132,850,751
Total	251,604,462	230,376,037

Note 11. Proposed distribution of profit

Retained earnings	28,916,662	31,554,663
None dividend to be distributed	28,916,662	31,554,663

Note 12. Contingent liabilities

Lease obligations under operating leases, Total future payments:

Within 1 year	4,998,448	4,818,871
Within 1-5 years	2,780,171	6,138,201
Total	7,778,619	10,957,072

The Danish Group companies are jointly and severally liable for tax on the jointly tax incomes etc. of the group. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Note 13. Related parties

The Company buys goods and receives certain administrative services from other group companies.

Lenovo International Coöperatief U.A, Entrée 250A, Amsterdam, The Netherlands, holds 100% of the shares in Lenovo (Danmark) Aps. The ultimate parent is Lenovo Group Limited.

Related parties with a controlling interest in Lenovo Denmark ApS:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Lenovo International Cooperatief U.A.	Netherlands	Parent
Lenovo International Limited	Hong Kong	Parent
Lenovo (Singapore) Pte. Ltd	Singapore	Parent
Lenovo (BVI) Limited	British Virgin Islands	Parent
Lenovo Group Limited	Hong Kong	Ultimate Parent

NOTES

Lenovo Group Limited is the largest group which consolidates these financial statements. Copies of the financial statements of this undertaking may be obtained from 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. However, no such transactions have taken place during the year.

All intercompany transactions have been made at arm's length.

Note 14. Share-based remuneration

At March 31, 2023, share options had been issued, at market value on the time of issue, to a number of managing employees in the Company. The allotment of share options depends on the fulfillment of certain financial accounting performance measures, both short-term and long-term. The option scheme concerns shares in the ultimate parent, Lenovo Group Limited (Hong Kong). The share options can be utilized by 25 % p.a. from the date of issue. At March 31, 2023, the share option scheme consists of 670,297 shares. Costs related to payment of the option scheme are paid by the ultimate parent, Lenovo Group Limited (Hong Kong), where it is taken to their profit and loss account.

	2022/23	2021/22
	DKK	DKK

Note 15. Fee to auditors appointed at the general meeting

Fees for the statutory audit of the financial statements	329,919	287,333
fees for other services	9,250	8,500
	339,169	295,833

Note 16. Post balance sheet events

After the end of the financial year, no significant events have occurred that might influence the evaluation of the company's financial condition.

NOTES

Note 17. Accounting policies

Basis of Preparation

The Annual Report of Lenovo (Danmark) ApS has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

In accordance with the Danish Financial Statements Act paragraph 86,4, the Company has not disclosed a cash flow statement, since the Company's cash flows are included in the cash flow statement of the parent company, Lenovo Group Limited.

Certain amounts have been reclassified in the comparative figures for 2021/22 to ensure the same presentation. The reclassifications have had no effect on net profit, total assets and equity.

Accounting policies are consistent with last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

NOTES

Note 17. Accounting policies- continued

Income statement

Revenue

Revenue from sale of goods held for sale, finished goods and services is recognized as revenue at the time of delivery and when the risk passes to the buyer and the amount can be stated reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Cost of goods sold

Cost of goods sold comprises expenses incurred to generate the revenue for the year.

Other operating income

Other operating income include revenue from all other operating activities which are not related to the principal activities of the company.

Other external expenses

Other external expenses include distribution expenses and expenses regarding management and administration of the company.

Staff costs

Staff costs comprises salary, pension and other staff related expenses for the year.

Amortisation/depreciation and write-downs

This item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment. Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the below assessments of the useful life of the assets.

Property, plant and equipment are depreciated on a straight-line basis, based on the cost.

Amortisation/depreciation are measured by reference to the following assessment of the useful life:

NOTES

Note 17. Accounting policies- continued

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Demomodels	1 year

The residual value and the useful life of assets are reviewed at the end of each reporting period.

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statements, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointed taxed with the Danish sisters company. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

Other plant and equipment comprise other fixtures, fittings, tools and equipment. Other plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for other plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

The scrap values are assessed on a yearly basis.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

NOTES

Note 17. Accounting policies- continued

Income taxes

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities. The company is administration company for the joint taxation.

Provisions

Provisions comprise expected expenses relating to future reinstalment costs, WEEE costs etc. Provisions are recognised when, at the balance sheet date, the enterprise has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value.

Liabilites payable

Liabilites payable are measured to amortised cost value, which in all are equal to nominal value.

Share based payment

Lenovo (Danmark) ApS participates in the Lenovo Group Limited operated long-term incentive program to recognise employees' individual and collective contributions. This includes two types of awards, namely share appreciation rights and restricted share units. Lenovo Group Limited reserves the right, at its discretion, to pay the award in cash or ordinary shares. The fair value of the employee services received in exchange for the grant of the long term incentive awards is recognised as an expense by the ultimate parant, Lenovo Group Limited (Hong Kong).

The total amount to be expensed over the vesting period is determined by reference to the fair value of the long term incentive awards granted. Non-market vesting conditions (for example profitability and sales growth targets) are included in the assumptions about the number of long term incentive awards that are expected to become exercisable / vested.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent reporting years. Income due to be recognized in more than 12 months is classified as long-term deferred income on the balance sheet.