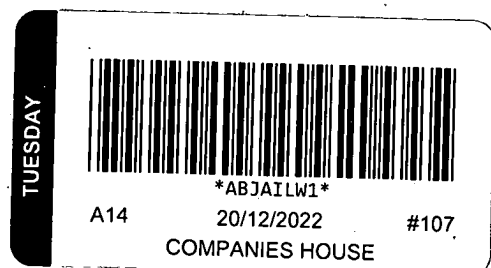


# Lenovo Technology (United Kingdom) Limited

Annual report and financial statements  
for the year ended 31 March 2022



# Lenovo Technology (United Kingdom) Limited

## Company Information

<b>Directors</b>	Colm Gleeson Christophe C Laurent Paula Caldwell
<b>Company secretary</b>	Paula Caldwell
<b>Company number</b>	04912819
<b>Registered office</b>	2 <sup>nd</sup> Floor Redwood 3 Chineham Park Crockford Lane Basingstoke Hampshire RG24 8WQ
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 141 Bothwell Street Glasgow G2 7EQ

# Lenovo Technology (United Kingdom) Limited

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# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2022

The directors present the strategic report and the audited financial statements of the company for the year ended 31 March 2022.

### Principal activities

Lenovo Technology (United Kingdom) Limited is a wholly owned subsidiary of Lenovo Group Limited, a company incorporated in Hong Kong. Lenovo Technology (United Kingdom) Limited is registered in the United Kingdom and limited by shares. The company is also included in the consolidated financial statements of Lenovo Group Limited, which are publicly available.

The principal activity of Lenovo Technology (United Kingdom) Limited during the year was the wholesale of personal computing and mobile telephone equipment and peripherals.

### Review of business

The company achieved a profit for the year of £13,545,233 (2021: £13,174,027). The operating profit for the year was £16,159,343 (2021: £15,441,486). The company's revenue in the year was £1,236,105,271 (2021: £1,210,325,903) which was mainly from the PC and mobile sales business. The company's net assets as 31 March 2022 were £132,662,914 (2021: £116,562,231).

During the year sales volumes of desktop and laptop computers increased in comparison with the prior year. As reported by IDC (International Data Corporation), Lenovo's market share increased in the UK&I market to 20.7% at the end of March 2022 (2021: 20.5%).

Lenovo Group Limited is the world's largest PC vendor with market share of 22.7% at the end of March 2022 (2021: 24.3%).

### Key performance indicators (KPIs)

The Group retained the world's number one spot in PC's during the fiscal year while maintaining its industry-leading margin. The company will continue to target premium-to-market revenue growth through further expansion in the high growth and premium segments. Product innovation remains critical to long term growth and the Group is forging a customer-centric business model to further accelerate growth.

In the assessment of the performance of this region, management focus on the following key performance indicators.

- Sales volumes
- Revenues
- Gross profit margins (Base manufacturing costs with other allocated group costs)
- Pre-tax profit (Base manufacturing costs with other allocated group costs)

On the basis of the indicators used for the management of the business, management are satisfied with the contribution of the company.

Revenue on operations has increased in the year, and PC market share increased in the UKI market in both commercial and consumer business streams.

Financial income in the overall Pre-Tax Income (PTI) aligns the company performance to the PTI target determined by limited risk distributor agreements.

# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2022

### Key performance indicators (KPIs) (continued)

	2022	2021
• Turnover	£1,236,105,271	£1,210,325,903
• Gross profit margins	3%	3%
• Profit before taxation	£16,159,343	£15,441,486

The development, performance and position of Lenovo Group Limited which includes the company, is discussed in the 'Management's Discussion and Analysis' (pages 16 to 59) of the Lenovo Group Limited annual report 2022, which does not form part of this report.

### Principal risks and uncertainties

There are various risks facing the company. The list below is not exhaustive but is intended to focus on the specific risks that the directors believe could have a significant impact on the company's performance.

#### *Economic conditions*

The level of activity in the markets in which the company operates is dependent on a number of factors such as economic cycles, business confidence and growth in the economy. A downturn in one or more of these indicators could affect the level of spending on the company's products.

#### *Competition*

The company operates in highly competitive markets. The competitive landscape is changing, with new entrants coming from non-traditional areas, and other competitors are reviewing their position within the marketplace. This presents both opportunities and threats that need to be addressed to continue to grow our business.

#### *Technology*

The company is required to continually offer new products and services to keep in line with technological developments which it does through its global research and development capabilities based in China, the United States and Japan. The company will continue to bring market leading, innovative and high quality products to the market.

#### *Parent company*

The company is a subsidiary of Lenovo International Limited and is dependent on this and other Lenovo group companies for the supply of products, brand strength and funding.

### COVID-19

COVID-19 was categorised as a pandemic by the World Health Organization in March 2020. Lenovo Technology (United Kingdom) Limited logistics and many other aspects of operations had been disrupted by COVID-19. This included mandatory closure of facilities and extended shutdown of business operations. Progress has been made in the fight against COVID-19 and transition to normalcy in United Kingdom.

Lenovo Technology (United Kingdom) Limited work closely with customers, employees and suppliers to address the impact of the COVID-19 outbreak in order to navigate this period. Lenovo Technology (United Kingdom) Limited leverages its eCommerce platform and other digital tools to engage customers virtually to drive on-line sales.

# **Lenovo Technology (United Kingdom) Limited**

## **Strategic report for the year ended 31 March 2022**

### **Corporate responsibility**

The company recognises that, as part of a wider community of employees, shareholders, customers, suppliers and others, it has a responsibility to act in a way that respects the environment and minimises any adverse impacts caused by its operations.

Through its Corporate Responsibility policy the company aims to:

- meet all relevant legislative requirements on environment issues;
- promote environmental awareness among staff and seek their active participation in minimising the environmental impact of the company's operations;
- ensure the safe disposal of manufacturing waste; and
- seek to conserve energy and natural resources by minimising waste, recycling where possible and by maximising its use of renewable resources.

The company remains committed to continuing to improve its impact on the environment.

# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2022

### Section 172 Statement

The Board of Lenovo Technology (United Kingdom) Limited consider that they have complied with the requirement of section 172 of the Companies Act 2006 to ensure all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct.

The Board working with management and listening to the feedback from Company's stakeholders acknowledge that business can only grow and prosper over the long-term if it understands and respect the views and needs of the company's investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate.

The Board seeks to understand the respective interest of these stakeholder groups so that they may be properly considered while making decisions. Lenovo actively manages its relationship with customers, employees, suppliers, investors, regulators, members of the communities in which it operates, and other stakeholders whose actions can affect the Company's performance and value.

Lenovo Technology (United Kingdom) Limited is controlled through the Board who is responsible for steering the success of the company by overseeing the overall strategy, directing and supervising its affairs in a responsible and effective manner. The Board also set the company core values and adopts proper standards to ensure that the company operates with integrity and complies with the relevant rules and regulations.

The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of control continue to be robust.

The table below sets out our key stakeholders and provide samples of how Lenovo Technology (United Kingdom) Limited engaged with them in the year as well as demonstrating stakeholder consideration in the decision-making process.

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
<b>Investors</b>		
Investor relations, Analysts, Shareholders	Quarterly and annual financial results, climate change, Diversity, Equity and Inclusion (DEI), corporate governance, ESG initiatives, goals and targets	As a Board, Directors aim to provide clear information to our parent company Lenovo Group, shareholders and investors, to ensure fair disclosure and comprehensive and transparent reporting of the company performance and activities. Lenovo is committed to safeguard shareholder's interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group. The Board has established the shareholders communication policy ("Shareholders Communication Policy") setting out various channels of communication with Shareholders and other stakeholders for ensuring fair disclosure and comprehensive and transparent reporting of the Company's performance and activities. The Nomination and Governance Committee of the Company reviews the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2022

### Section 172 Statement (continued)

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
<b>Employees</b>		
Employees	Satisfaction surveys, training & development, DEI, corporate governance, health & safety	<p>The Company's Human Rights policy communicates its respect for human rights and how it extends those rights to employees and business partners. Maintaining a diverse culture and achieving its full potential is fundamental to the Company's competitive success. A key element in the Company's workforce diversity programs is the commitment to equal employment opportunity and to prohibit discrimination, harassment, and similar inappropriate behaviour in the workplace. The Company's policy and Code of Conduct commits to providing a work environment free of discrimination and harassment based on race, colour, gender, religion, age, nationality, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability, or veteran status. Company policy prohibits management from making employment decisions based on such characteristics. These business activities and the design and administration of the Company's benefit plans must comply with all applicable laws. For qualified employees with disabilities, the Company will make reasonable accommodations needed for effective job performance in a manner that complies with applicable laws.</p>
<b>Suppliers</b>		
Suppliers, Global supply chain team	Product environmental qualities, product end of life (PELM), repairability, data privacy, product quality, climate change	<p>The Company's Product End-of-Life Management (PELM) program is an important part of its efforts to support a transition to a circular economy. The PELM program increases the beneficial reuse and recycling of products and parts and supports the elimination of end-of-life electronic products being disposed of in landfills and includes the practice of reuse, refurbishing, de-manufacturing, dismantling, reclamation, shredding, recycling, treatment, and disposal of products, parts, and peripherals when they are taken out of service, reach end-of-life, or are scrapped.</p> <p>As customers continue to have considerable interest in the Company's recycling programs, its continual improvement activities include searching for opportunities to maximize reuse and recycling.</p> <p>With a vision for a net-zero future, the Company knows the transition to a circular economy is critical. Collaboration and credibility are important to the Company during its journey to achieving net-zero and advancing a circular economy.</p>

# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2022

### Section 172 Statement (continued)

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
<b>Community</b>		
NGOs, Charities, Education, Civic, Community partnerships, Regulators/legislators	Access to technology, STEM education, employee engagement, natural disasters	<p>The Company's social investments are focused on empowering underrepresented populations with access to technology and STEM (science, technology, engineering, and math) education.</p> <p>In 2021, the Company expanded access to its regular employee matching gift and volunteer tracking benefits by launching the Love on platform for global employee engagement.</p> <p>The Company's philanthropy program launched a strategic grant round in January 2022 focused on providing digital skills training.</p>
<b>Government and Regulator</b>		
Local government, Patent board, Legal team	Regulatory and compliance, data and security, labor practices	<p>The Company's Code of Conduct (Code) mandates compliance with applicable laws in markets where it conducts business. Its policies strongly support ethical and responsible business practices, including but not limited to:</p> <ul style="list-style-type: none"> <li>Anti-Bribery and Anti-Corruption</li> <li>Anti-Competitive Practices and Fair Competition</li> <li>Intellectual Property</li> <li>Privacy &amp; Data Protection</li> </ul> <p>The Company has established clear processes and reporting channels for raising questions or reporting concerns. The Company's policy on reporting unlawful or inappropriate conduct guides employees how to raise questions or concerns regarding any aspect of their work. Employees are encouraged to raise concerns to their managers, Human Resources, the ECO, Internal Audit, or the Legal team about any potential issues</p>

This report was approved by the Board of Directors on 14 December 2022 and signed on its behalf.



**Paula Caldwell**  
Director

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Results and dividends

The profit for the financial year amounted to £13,545,233 (2021: £13,174,027). The directors do not recommend the payment of any dividends (2021: £nil).

### Future Developments

The macro landscape remains challenging due to factors as varied as the ongoing pandemic and newly emerged geopolitical risks. To help clients navigate these uncertainties, the Lenovo Group will continue to pursue innovation, with bold R&D investments, in areas that include environmental impact reduction, social equity, and fair and ethical operations.

The total available market of the global PC sector should remain at a level structurally higher than the pre-pandemic period, thanks to the strong commercial demand from the hybrid work model. The commercial upgrade cycle and the trend of premiumization will help Lenovo Technology (United Kingdom) Limited drive premium-to-market growth. Its smartphone business will focus on portfolio expansion and differentiation to take advantage of accelerated 5G adoption and the changing competitive landscape.

### Health and safety

The company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from company activity and ensure that systems are in place to address health and safety matters. Compliance with company policy is monitored centrally and an annual health and safety report is produced for the Board.

Health and safety audits and risk assessments are carried out and additional actions and controls are implemented and training conducted to ensure that employees can carry out their functions in a safe and effective manner.

### Disabled employees

All applications from disabled persons are fully considered. Should an employee become disabled, it is the company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the company that the training, career development and promotion of the disabled persons should, as far as possible, be identical with that of other employees.

### Employee involvement

Lenovo Technology (United Kingdom) Limited participates in a group operated long-term incentive programme. This programme was approved on 26 May 2005 for the purpose of rewarding and motivating directors, executives and top performing employees of the group. The long term incentive programme is designed to attract and retain the best available personnel, and encourage and motivate participants to work towards enhancing the value of the group and its shares by aligning their interests with those of the shareholders of the group.

The company continues to place importance upon the education and development of its people. There is a well-developed employee involvement programme within the company. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through regular newsletters. All employees' training and development is supported by continuing in-service education.

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Going concern

The preparation of the company's financial statements on a going concern basis is considered appropriate by management due to a letter of support obtained from Lenovo Group Limited.

Lenovo Group Limited will provide financial support to the Company such that the Company is able to operate

as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

This undertaking will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of approval of the financial statements.

Refer to the accounting policies in note 1.1 of the financial statements for the going concern assessment.

### Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity risk, currency risk and credit risk. In order to utilise Lenovo Technology (United Kingdom) Limited's size and experience, responsibility for the management of these risks has been delegated to the Lenovo Group treasury function. The policies set by the group treasury function are implemented by the company's finance department.

#### *Liquidity risk*

The company retains sufficient cash to ensure it has sufficient funds available for operations. The company would have access to longer term funding from its ultimate parent if required.

#### *Currency risk*

The company has currency risk associated with the intercompany amounts payable. Potential exposures to foreign currency exchange rate movements are monitored and managed by the Lenovo Group treasury function. The Lenovo Treasury department has put in place a financial risk management programme that focuses on the unpredictability of financial markets and seeks to minimize the potential adverse impact on the company financial performance.

#### *Credit risk*

There is a risk of financial loss to the company arising from the failure of the company's customers to meet their financial obligations for the products provided by the company.

The company manages this situation through credit control procedures and factoring certain classes of debt and management are of the view that the risk is at an acceptable level.

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Streamlined Energy and Carbon Reporting

Lenovo recognises that human activities are contributing to climate change and concurs with the findings of current climate science as described in the latest assessment report from the Intergovernmental Panel on Climate Change (IPCC). The Company also recognises that if left unchecked, current trends in climate change present serious economic and societal risks and agrees that specific actions are needed to stabilize atmospheric Green House Gas (GHG) levels and hold global average temperatures to acceptable increases.


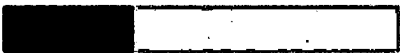



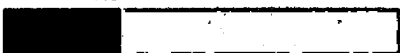

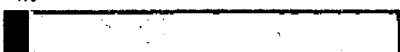
The Company is working both internally and externally to minimize and mitigate climate risks. It is committed to reducing the global carbon footprint of its business activities and has demonstrated its commitment by:

- Implementing a corporate Climate and Energy Policy
- Executing a long-term comprehensive Climate Change Strategy
- Setting corporate-wide objectives and targets which support the above Policy and Strategy

The Lenovo Group's Chief Corporate Responsibility Officer provides executive leadership for its ESG position, including climate change programs. In addition, the newly formed ESG Executive Oversight Committee provides strategic direction and facilitates the coordination of ESG efforts across the Company. The Board of Directors is briefed on the Company's climate strategy and progress towards its climate change mitigation goals.

### Science-Based Emissions Reduction Targets

In June 2020, the Company established science-based emissions reduction targets, which were validated by the Science-Based Targets initiative (SBTi). Its Scope 1 and 2 emissions reduction targets are consistent with limiting warming to 1.5°C, the most ambitious goal of the Paris Agreement, and its Scope 3 emissions reduction targets meet ambitious criteria according to the SBTi's methodology, which means they are in line with current best practices. These targets have a base year of FY 2018/19 and a target year of FY 2029/30. The following table details the Company's Science-Based Targets, road maps for their achievement, and progress against the targets in FY 2021/22.

LENOVO EMISSIONS REDUCTION TARGETS	ROAD MAP	PROGRESS AS OF FY2020/21 BASE YEAR: FY 2018/19	FY 2029/30 TARGET
 <p>Reduce absolute Scope 1 + Scope 2 GHG emissions 50%</p>	<p>Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities</p>	<p>-15%</p> 	<p>- 50%</p>
 <p>Reduce Scope 3 GHG emissions from use of sold products 25% per comparable product (for notebooks, desktops and servers)</p>	<p>Reduce product emissions through energy efficiency improvements of:</p> <ul style="list-style-type: none"> <li>•Desktops by 50%</li> <li>•Servers by 50%</li> <li>•Notebooks by 30%</li> </ul>	<p>-2%</p> 	<p>- 25%</p>
 <p>Reduce Scope 3 GHG emissions from purchased goods and services 25% per million US\$ procurement spend</p>	<ul style="list-style-type: none"> <li>•Inclusion of climate change requirements in Supplier Code of Conduct</li> <li>•Supplier climate data collected annually from subset of suppliers</li> <li>•Climate change KPIs included in supplier ESG scorecards (evaluation process)</li> </ul>	<p>-7%<sup>1</sup></p> 	<p>- 25%</p>
 <p>Reduce Scope 3 GHG emissions from upstream transportation and distribution 25% per tonne-km of transported product</p>	<ul style="list-style-type: none"> <li>•Modal shift to "greener" modes of transport</li> <li>•Optimization of transport planning</li> <li>•Increase of vehicle utilization</li> <li>•Improvement of vehicle fuel efficiency</li> </ul>	<p>+49%<sup>1</sup></p> 	<p>- 25%</p>

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Streamlined Energy and Carbon Reporting (continued)

#### Science-Based Emissions Reduction Targets (continued)

The company has explored the next steps in support of the global transition to a low-carbon economy through its path to net-zero emissions. It has been deliberate about not making a net-zero claim until one could be aligned with a global scientific standard. Lenovo Group has supported the development of a standard aligned with the latest climate science and was selected to road test the Science Based Targets initiative (SBTi) Net-Zero Standard before it was launched in October 2021. It has also performed an initial financial and feasibility study to size the next steps to support a path to net-zero by 2050. In March 2022, Lenovo Group signed the SBTi Commitment Letter pledging to set net-zero targets, including a long-term science-based target. Lenovo Group has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign and it became part of the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero campaign.

#### Operational Energy Efficiency

Given that one of the company's most significant environmental aspects is emissions associated with energy consumption, it has a goal to continually improve the energy efficiency of its operations. In FY 2021/22, Lenovo Group's initiatives for energy reduction included the installation of low-energy lighting and related electrical equipment, energy efficiency improvements to HVAC systems, better insulation, improving computer server room energy efficiency, adjusting working stations, and employee education.

#### Methodology

The Lenovo Inventory was prepared using and verified against:

- ISO 14064-1:2018: Greenhouse gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals;
- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard;
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3); and
- Greenhouse Gas Inventory Management Plan; LDL Document – GHG IMP; March 18<sup>th</sup>, 2021; EMS-00044 revision: 8.0.

TÜV SÜD Slovakia s.r.o. conducted verification activities in alignment with the principles of:

- ISO 14064-3:2019: Greenhouse gases. Part 3: Specification with guidance for the verification and validation of greenhouse gas statements; and
- International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board.

Lenovo Technology (United Kingdom) Limited and Lenovo Global Technology (UK) Limited shared same building across our sites within the United Kingdom. We do not have separate energy meters for these legal entities, employees are mixed in the offices and shared common areas together. For the purpose of this report, GHG emissions and energy used data was shared based on headcounts on ratio 69:31 between Lenovo Technology (United Kingdom) Limited and Lenovo Global Technology (UK) Limited.

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Streamlined Energy and Carbon Reporting (continued)

#### GHG emissions and energy use data for year 1 April 2021 to 31 March 2022

Lenovo Technology UK Ltd (69%)	Current reporting year 2021-2022		Comparison reporting year 2020-2021	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Energy consumption used to calculate emissions: /kWh – optional to provide separate figures for gas, electricity, transport fuel and other energy sources	Scope 1 (fuels): 126 445 kWh  Scope 2 (electricity): 727 499 kWh	Scope 1 (fuels): 24 419 203 kWh  Scope 2 (electricity + steam): 324 003 957 kWh	Scope 1 (fuels): 97 108 kWh  Scope 2 (electricity): 529 874 kWh	Scope 1 (fuels): 35 152 321 kWh  Scope 2 (electricity + steam): 313 526 428 kWh
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	23 MT/CO <sub>2</sub> e	6 035 MT/CO <sub>2</sub> e	18 MT/CO <sub>2</sub> e	7 269 MT/CO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	n/a	n/a	n/a	n/a
Emissions from business travel in rental cars or employee - owned vehicles where company is responsible for purchasing the fuel (Scope 3)	1 MT/CO <sub>2</sub> e	283 MT/CO <sub>2</sub> e	1 MT/CO <sub>2</sub> e	103 MT/CO <sub>2</sub> e
Emissions from purchased electricity (Scope 2, location - based)	153 MT/CO <sub>2</sub> e	191 556 MT/CO <sub>2</sub> e	254 MT/CO <sub>2</sub> e	162 597 MT/CO <sub>2</sub> e
Total gross CO <sub>2</sub> e based on above	177 MT/CO <sub>2</sub> e	197 874 MT/CO <sub>2</sub> e	141 MT/CO <sub>2</sub> e	185 050 MT/CO <sub>2</sub> e
Intensity ratio: tCO <sub>2</sub> e gross figure based from mandatory fields above/ e.g. £100,000 revenue	0.014 MT/CO <sub>2</sub> e /£100,000	0.35 MT/CO <sub>2</sub> e /£100,000	0.011 MT/CO <sub>2</sub> e /£100,000	0.41 MT/CO <sub>2</sub> e /£100,000

### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Colm Gleeson  
 Christophe C Laurent  
 Gareth J Holton (Resigned on 30 June 2022)  
 Paula Caldwell (Appointed on 1 July 2022)

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2022

### Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The third party indemnity is in force during the financial year and is in force up to the date of approval of the financial statements.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Disclosure of information to auditors

The directors at the time when this Directors' report is approved have confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- directors have taken all the steps that ought to have been taken in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the Board of Directors on 14 December 2022 and signed on its behalf.



**Paula Caldwell**  
Director

# Lenovo Technology (United Kingdom) Limited

# Independent auditors' report to the

# members of Lenovo Technology (United

# Kingdom) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Lenovo Technology (United Kingdom) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 31 March 2022; Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## Lenovo Technology (United Kingdom) Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non standard journals as a way to extract cash from the business or manipulate revenue. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- enquiring of management around actual and potential litigation, claims and tax disputes;
- identifying and testing unusual account combination journals entries related to cash and revenue which may be indicative of fraud; and
- incorporating an element of unpredictability into our audit plan.

## Lenovo Technology (United Kingdom) Limited

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Lorraine Quinn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
14 December 2022

# Lenovo Technology (United Kingdom) Limited

## Statement of comprehensive income for the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	1,236,105,271	1,210,325,903
Cost of sales		<u>(1,200,025,804)</u>	<u>(1,168,036,257)</u>
<b>Gross profit</b>		<b>36,079,467</b>	42,289,646
Administrative expenses		<b>(100,761,753)</b>	(88,593,465)
Other operating income	5	<u>80,841,629</u>	<u>61,745,305</u>
<b>Operating profit</b>	6	<b>16,159,343</b>	15,441,486
<b>Profit before taxation</b>		<b>16,159,343</b>	15,441,486
Tax on profit	9	<u>(2,614,110)</u>	<u>(2,267,459)</u>
<b>Profit and total comprehensive income for the financial year</b>		<u><b>13,545,233</b></u>	<u>13,174,027</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the Profit and loss account, and there are no material differences (2021:nil) between the profit before taxation and the profit for the financial year and their historical cost equivalents.

The notes on pages 19 to 31 form part of these financial statements.

# Lenovo Technology (United Kingdom) Limited

## Balance sheet as at 31 March 2022

	Note	£	2022 £	£	2021 £
<b>Fixed assets</b>					
Intangible Assets	10		6,273		-
Tangible assets	11		796,158		1,064,827
Long-term Receivable			533,587		-
Investments	12		<u>27,626,645</u>		<u>27,626,645</u>
			<b>28,962,663</b>		<b>28,691,472</b>
<b>Current assets</b>					
Cash at bank in hand		2,580,652		2,784,332	
Stocks	13	2,814,204		1,814,498	
Debtors	14	<u>380,010,764</u>		<u>309,380,629</u>	
<b>Total current assets</b>		<b>385,405,620</b>		<b>313,979,459</b>	
<b>Creditors: amounts falling due within one year</b>	15	<b><u>(247,064,018)</u></b>		<b><u>(192,976,908)</u></b>	
<b>Net current assets</b>			<b><u>138,341,602</u></b>		<b><u>121,002,551</u></b>
<b>Total assets less current liabilities</b>			<b>167,304,265</b>		<b>149,694,023</b>
<b>Creditors: amounts falling due after more than one year</b>	16		<b><u>(34,641,351)</u></b>		<b><u>(33,131,792)</u></b>
<b>Net assets</b>			<b><u>132,662,914</u></b>		<b><u>116,562,231</u></b>
<b>Capital and reserves</b>					
Called up share capital	18		8,629,511		8,629,511
Share premium account	19		13,594,527		13,594,527
Capital contribution from parent			36,949,891		34,394,441
Profit and loss account			<u>73,488,985</u>		<u>59,943,752</u>
<b>Total shareholders' funds</b>			<b><u>132,662,914</u></b>		<b><u>116,562,231</u></b>

The financial statements on pages 16 to 31 were approved and authorised for issue by the Board of directors on 14 December 2022 and were signed on its behalf.

The notes on pages 19 to 31 form part of these financial statements.

*Paula Caldwell*

**Paula Caldwell**  
Director

# Lenovo Technology (United Kingdom) Limited

## Statement of changes in equity for the year ended 31 March 2022

	Share capital £	Share Premium £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 April 2020	8,629,510	13,594,527	33,125,855	46,769,725	102,119,617
Correction of share capital	1	-	-	-	1
Correction to capital contribution from parent	-	-	(351,073)	-	(351,073)
Capital contribution in respect of share-based payment	-	-	1,619,659	-	1,619,659
Profit and total comprehensive income for the year	-	-	-	13,174,027	13,174,027
<b>At 31 March 2021</b>	<b><u>8,629,511</u></b>	<b><u>13,594,527</u></b>	<b><u>34,394,441</u></b>	<b><u>59,943,752</u></b>	<b><u>116,562,231</u></b>
At 1 April 2021	8,629,511	13,594,527	34,394,441	59,943,752	116,562,231
Capital contribution in respect of share-based payment	-	-	2,555,450	-	2,555,450
Profit and total comprehensive income for the year	-	-	-	13,545,233	13,545,233
<b>At 31 March 2022</b>	<b><u>8,629,511</u></b>	<b><u>13,594,527</u></b>	<b><u>36,949,891</u></b>	<b><u>73,488,985</u></b>	<b><u>132,662,914</u></b>

The £1 correction of share capital in the prior year was to correct the opening balance at 1 April 2020 which was incorrectly reported by £1.

The £351,073 correction to capital contribution from parent is a correction to the investment value of Lenovo Holding Company Inc based on the original consideration being incorrectly reported by £351,073.

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 1. General information

Lenovo Technology (United Kingdom) Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is provided on the Company information page. The company sells personal computing equipment, computer peripheral, mobile telephones, maintenance services and storage systems. The company sells wholly to the UK and the functional currency is sterling.

#### 1.1 Going concern

Lenovo Technology (United Kingdom) Limited is in profit position (profit after tax: £13,545,233) for the year ended 31 March 2022 and has a net current asset position of £138,341,602 as at 31 March 2022.

The preparation of the company's financial statements on a going concern basis is considered appropriate by management due to a letter of support obtained from Lenovo Group Limited.

Lenovo Group Limited will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

This undertaking will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of approval of the financial statements.

### 2. Statement of Compliance

The individual financial statements of Lenovo Technology (United Kingdom) Limited have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Lenovo Technology (United Kingdom) Limited is a qualifying entity as its results are included in the consolidated financial statements of Lenovo Group Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102 and
- v) The company is a wholly owned subsidiary of Lenovo International Limited, its ultimate parent, Lenovo Group. It is included in the consolidated financial statements of Lenovo which are publicly available. The

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 3. Principal accounting policies (continued)

company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Lenovo Group. The address of the parent's registered office is 23<sup>rd</sup> Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

#### 3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

#### 3.2 Turnover and revenue recognition

Turnover includes sales of personal computing equipment, computer peripherals and maintenance services. Sales are exclusive of value added tax. Revenue from the sale of goods is recognised, net of allowance for estimated returns, when both ownership and risk of loss are effectively transferred to customers, generally when there is persuasive evidence that a sales arrangement exists, the price is fixed or determinable, collectability is reasonably assured and delivery has occurred.

Income from the sale of services can be recognised in proportion to the service delivered if the result of the transaction relating to a service can be reliably estimated and the income probable to be received.

#### 3.3 Financial instruments

The Company have adopted section 11 (Basic Financial Instruments) of FRS 102.

##### *(a) Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.

Financial assets are derecognised when (i) the contractual right to cashflows from the asset expire or are settled or (ii) substantially all the risks and rewards of the ownership of the asset have transferred to another party.

##### *(b) Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### 3.4 Fixed asset investments

Fixed asset investments held as fixed assets are shown at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of a potential impairment.

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 3. Principal accounting policies (continued)

#### 3.5 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements – over the lease term  
Equipment – over four years  
Lease Assets – Over the 3 years lease contract

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### 3.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell after making due allowance for obsolete and slow-moving stocks.

Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### 3.7 Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatments of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102 section 29 Deferred tax.

The carrying amount of deferred tax assets is reviewed at the end of the year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. A deferred tax asset is recognised for an unused tax loss carry forward or unused tax credit only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry forwards can be utilised.

#### 3.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and loss account.

#### 3.9 Operating Lease

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 3. Principal accounting policies (continued)

#### 3.10 Employee benefits

##### *(a) Pensions*

The company pays into employees' personal pension plans and the pension charge represents the amounts payable by the company to these plans in respect of the year. The assets are held in a separately administered fund.

##### *(b) Long-term incentive programme*

Lenovo Technology (United Kingdom) Limited participates in a group operated long-term incentive programme to recognise employees' individual and collective contributions. This includes two types of awards, namely share appreciation rights and restricted share units. The group reserves the right, at its discretion, to pay the award in cash or ordinary shares of the group. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognised as an expense. 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.

At each balance sheet date, Lenovo Technology (United Kingdom) Limited revises its estimates of the number of long-term incentive awards that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Profit and loss account, and a corresponding adjustment to reserves. This is treated as a capital contribution from the parent company.

#### 3.11 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, net of a provision for doubtful debts for expected bad debts. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. The difference between fair value and face value is accounted for as interest income during the year up to the expected receipt of payment.



# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 7. Staff costs (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Sales and distribution	236	194
Administration	<u>212</u>	<u>185</u>
	<u><u>448</u></u>	<u><u>379</u></u>

### 8. Directors' remuneration

	2022	2021
	£	£
Aggregate emoluments	<u>263,131</u>	<u>282,879</u>
Company pension contributions to defined contribution pension schemes	<u>13,528</u>	<u>12,201</u>

During the year, retirement benefits were accruing to 1 director (2021: 1) in respect of defined contribution pension schemes.

During the year, 1 director (2021: 1 director) exercised options in shares of Lenovo Group Limited, and at the year end 1 director (2021: 1 director) was entitled to shares in Lenovo Group Limited under long term incentive schemes.

The highest paid director received remuneration of £263,131 (2021: £282,879).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £ 13,528 (2021: £12,201).

The highest paid director exercised 67,383 (2021:82,957) shares under the group operated long-term incentive schemes with aggregate gains amount of £58,714 (2021: £38,841)

Colm Gleeson and Christophe Laurent did not receive any emoluments in respect of services to the company in the year (2021: £nil).

### 9. Tax on profit

	2022	2021
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax on profits in year	3,580,698	2,952,624
Adjustments in respect of prior years	<u>(715,427)</u>	<u>(687,713)</u>
<b>Total current tax</b>	<u><u>2,865,271</u></u>	<u><u>2,264,911</u></u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 9 Tax on profit (continued)

	2022 £	2021 £
<b>Deferred tax</b>		
Originating and reversal of timing differences	(146,890)	2,491
Adjustment in respect of prior years	-	57
Effect of changes in tax rates	<u>(104,271)</u>	<u>-</u>
<b>Total deferred tax (note 17)</b>	<u>(251,161)</u>	<u>2,548</u>
<b>Total tax per income statement</b>	<u><u>2,614,110</u></u>	<u><u>2,267,459</u></u>

The charge for the year can be reconciled to the profit before taxation per the income statement as below:

	2022 £	2021 £
Profit before taxation	<u>16,159,343</u>	<u>15,441,486</u>
Tax on profit before taxation at standard UK rate of 19% (2021: 19%)	3,070,275	2,933,882
<b>Effects of:</b>		
Expenses not deductible	492,785	365,271
Income not taxable	-	(107,491)
Effects of group relief/ other reliefs	-	(63,118)
Adjustments in respect of prior years	(715,427)	(687,656)
Tax rate changes	(104,271)	-
Utilisation of tax losses	<u>(129,252)</u>	<u>(173,429)</u>
<b>Tax charge for the year</b>	<u><u>2,614,110</u></u>	<u><u>2,267,459</u></u>

The deferred tax asset has been calculated at 25% for the year ended 31 March 2022 (2021: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The rate change was substantially enacted on 24 May 2021, and it received Royal Assent on 10 June 2021.

Any deferred tax balances should be recognised at the rate at which they are expected to unwind.

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 10. Intangible assets

	CIP £
<b>Cost</b>	
At 1 April 2021	-
Additions	6,273
At 31 March 2022	<u>6,273</u>
<b>Accumulated Amortisation</b>	
At 1 April 2021	-
Impairment charge	-
Amortisation charge	-
At 31 March 2022	<u>-</u>
<b>Net book value</b>	
At 31 March 2021	-
At 31 March 2022	<u>6,273</u>

The Construction in progress intangible assets is Lenovo self-creation guidance of Sales solution which would be amortised after completion of the self-creation.

### 11. Tangible assets

	Leasehold Improvements £	Equipment £	Lease-Assets £	Total £
<b>Cost</b>				
At 1 April 2021	2,991,093	798,768	-	3,789,861
Additions	-	204,433	408,735	613,168
Disposals	-	(93,245)	-	(93,245)
At 31 March 2022	<u>2,991,093</u>	<u>909,956</u>	<u>408,735</u>	<u>4,309,784</u>
<b>Accumulated Depreciation</b>				
At 1 April 2021	2,164,314	560,720	-	2,725,034
Charge for the year	682,341	132,804	55,805	870,950
Disposals	-	(82,358)	-	(82,358)
At 31 March 2022	<u>2,846,655</u>	<u>611,166</u>	<u>55,805</u>	<u>3,513,626</u>
<b>Net book value</b>				
At 31 March 2022	<u>144,438</u>	<u>298,790</u>	<u>352,930</u>	<u>796,158</u>
At 31 March 2021	<u>826,779</u>	<u>238,048</u>	<u>-</u>	<u>1,064,827</u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 12. Investments

Shares in group undertakings	Lenovo Holding Company Inc £	Lenovo Saudi Arabia Ltd £	Total £
<b>Cost and net book value</b>			
At 1 April 2021	<u>27,617,960</u>	<u>8,685</u>	<u>27,626,645</u>
At 31 March 2022	<u>27,617,960</u>	<u>8,685</u>	<u>27,626,645</u>

#### Subsidiary undertakings

At 31 March 2022 and 31 March 2021, the company held ordinary share capital in the following subsidiary undertakings. In all cases the country of incorporation was the USA.

Name	Principal activity	Holding
Lenovo Holding Company Inc. - 1009 Think Pl, Morrisville, NC, 27650-9002, United States	Holding company	100%
Lenovo US Fulfilment LLC* - 6540 Franz Warner Pkwy, NC, 27377-9215, United States	Warehousing services	100%
Lenovo United States Inc.* - 1009 Think Pl, Morrisville, NC, 27650-9002, United States	Sales and distribution	100%
Stoneware Inc.* - 11555 N Meridian St #150, Carmel, IN 46032, United States * Held by subsidiary undertaking.	Development and distribution	100%

#### Minority interest

At 31 March 2022 and 31 March 2021, the company held a minority interest in the following entity

Name	Principal activity	Holding
Lenovo Saudi Arabia Ltd - Floor 26, Hamad Towers, King Fahad Rd, Riyadh 122222	Sales and distribution	10%

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 13. Stocks

	2022 £	2021 £
Stocks	<u>2,814,204</u>	<u>1,814,498</u>

### 14. Debtors

	2022 £	2021 £
Trade debtors	156,820,191	164,707,080
Amounts owed by group undertakings	222,711,130	143,430,711
Other debtors	44,960	1,006,564
Deferred tax asset (note 17)	434,463	183,302
Corporation tax	-	41,831
Prepayments and accrued income	<u>20</u>	<u>11,141</u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

380,010,764      309,380,629

### 14. Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	9,137,351	9,818,653
Amounts owed to group undertakings	144,723,334	131,693,724
Corporation tax	94,816	-
Other creditors	5,187,295	5,665,086
Other taxation and social security	43,182,316	18,236,851
Accruals and deferred income	<u>44,738,906</u>	<u>27,562,594</u>
	<u>247,064,018</u>	<u>192,976,908</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 16. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Accruals and deferred income	<u>34,641,350</u>	<u>33,131,792</u>

### 17. Deferred tax asset

	2022 £	2021 £
Asset at start of year	183,302	185,850
Adjustments in respect of prior years	-	(57)
Deferred tax credit to income statement for the year	<u>251,161</u>	<u>(2,491)</u>
At end of year	<u>434,463</u>	<u>183,302</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	283,472	134,497
Short term timing differences	<u>150,991</u>	<u>48,805</u>
	<u>434,463</u>	<u>183,302</u>
Recoverable within 12 months	<u>434,463</u>	<u>183,302</u>
	<u>434,463</u>	<u>183,302</u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 18. Called up share capital

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

	2022 £	2021 £
<b>Allotted and fully paid</b>		
8,629,511 ordinary shares of £1 each (2021: 8,629,511)	<u>8,629,511</u>	<u>8,629,511</u>

### 19. Share premium account

	2022 £	2021 £
Share premium account	<u>13,594,527</u>	<u>13,594,527</u>

### 20. Share based payments

#### *Long term incentive programme*

Lenovo Technology (United Kingdom) Limited participates in a group operated long term incentive programme. This programme was approved on 26 May 2005 for the purpose of rewarding and motivating directors, executives and top performing employees of the group. The long term incentive programme is designed to attract and retain the best available personnel, and encourage and motivate participants to work towards enhancing the value of the group and its shares by aligning their interests with those of the shareholders of the group.

Under the long term incentive programme, the group may grant awards at its discretion, using one of two types of equity based compensation (i) share appreciation rights and (ii) restricted share units, which are described below.

#### *(i) Share Appreciation Rights ("SARs")*

SARs entitle the holder to receive the appreciation in value of the group's share price above a pre-determined level. SARs are typically subject to a vesting schedule of up to four years.

#### *(ii) Restricted Share Units ("RSUs")*

RSUs are equivalent to the value of one ordinary share of the group. Once vested, RSUs are converted to an ordinary share or its cash equivalent. RSUs are typically subject to a vesting schedule of up to four years. Dividends are typically not paid on RSUs.

Under the two types of compensation, the group reserves the right, at its discretion, to pay the award in cash or in ordinary shares of the group.

Movements in the number of units of awards granted during the year and their related average fair values are as follows:

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 20. Share based payments (continued)

	SARs No.	RSUs No.
Unvested awards outstanding at 1 April 2021	4,996,394	5,570,755
Granted during the year	1,040,487	3,062,890
Vested during the year	(3,565,457)	(3,530,659)
Lapsed/cancelled	-	(176,645)
Transferred	-	(19,906)
<b>At 31 March 2022</b>	<b><u>2,471,424</u></b>	<b><u>4,906,435</u></b>
Average fair value per unit (HK\$)		
At 31 March 2021	0.71	4.69
At 31 March 2022	1.34	7.71

The SARs awarded were exercised/sold 4,559,975 units during the year (2021:10,435,658). The number of awards exercisable at the end of the year was 4,671,436 (2021: 5,665,954).

The only requirement for vesting is that individuals must be an employee of the company.

The fair values of the SARs awarded under the long-term incentive program were calculated by applying a Black-Scholes pricing model. For the year ended 31 March 2022, the model inputs were the fair value (i.e. market value) of the Company's shares at the grant date, taking into account the expected volatility of 40.6 percent (31 March 2021: 32.82 percent), expected dividends during the vesting periods of 4.00 percent (31 March 2021: 4.75 percent), contractual life of 4.4 years (31 March 2021: 4.4 years), and a risk-free interest rate of 0.435 percent (31 March 2021: 0.39 percent).

The remaining vesting periods of the awards under the long-term incentive program as at March 31, 2022 ranged from 0.14 to 2.92 years (31 March 2021: 0.15 to 2.84 years).

The charge through the Profit and loss account for 2022 was £2,555,450 (2021: £1,619,659).

The total capital contribution from the parent company as at 31 March 2022 was £22,926,462 (2021: £20,371,012).

### 21. Contingent liabilities

The company has entered into a guarantee arrangement of £33,000,000 (2021: £33,000,000) in favour of Her Majesty's Revenue and Customs office for duty deferment. There is no expected cash outflow as a result of this guarantee (2021: nil).

### 22. Pension commitments

The company makes contributions into employees' personal pension plans. The total cost of contributions to the scheme in the year was £3,057,930 (2021: £3,162,111). There were no unpaid contributions at the year end (2021: £nil).

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2022

### 23. Operating lease commitments

At 31 March the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2022	2021
	£	£
<b>Expiry date:</b>		
<b>Within 1 year</b>	622,280	780,411
<b>Between 2 and 5 years</b>	-	21,440

### 24. Related party transactions

The company is wholly owned subsidiary of Lenovo Group Limited and has therefore taken advantage of the exemption contained in FRS 102 section 33.1A Related Party Disclosures from disclosing transactions or balances with entities which form part of the Lenovo.

### 25. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Lenovo Group Limited which is incorporated in Hong Kong. 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 smallest undertaking which consolidates these financial statements is Lenovo International Limited which is incorporated in Hong Kong. Copies of these consolidated financial statements can be obtained from 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

### 26. Post balance sheet events

There are no post balance sheet events.