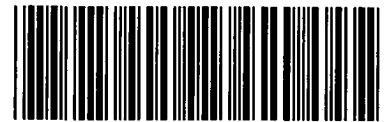


Registered number: 04912819

# Lenovo Technology (United Kingdom) Limited

Annual report and financial statements  
for the year ended 31 March 2023

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# Lenovo Technology (United Kingdom) Limited

## Company Information

<b>Directors</b>	Colm Gleeson Paula Caldwell Sarah Rosser
<b>Company secretary</b>	Paula Caldwell
<b>Company number</b>	04912819
<b>Registered office</b>	Third Floor 25 Templer Avenue Farnborough GU14 6FE
<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 2023

The directors present the strategic report and the audited financial statements of the company for the year ended 31 March 2023.

### 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 £10,711,179 (2022: £13,545,233). The operating profit for the year was £13,320,132 (2022: £16,159,343). The company's revenue in the year was £969,391,238 (2022: £1,236,105,271) which was mainly from the PC and mobile sales business. The company's net assets as 31 March 2023 were £147,036,324 (2022: £132,662,914).

During the year sales volumes of desktop and laptop computers decreased in comparison with the prior year, the PC industry is facing significant challenges in the current market dynamics due to deteriorating macroeconomic conditions and excess inventory. As reported by IDC (International Data Corporation), Lenovo's market share decreased in the UK&I market to 18.5% at the end of March 2023 (2022: 20.7%).

Lenovo Group Limited is still the world's largest PC vendor with market share of 22.4% on Mar 31, 2023 (2022: 22.7%) research.

### 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

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 decreased in the year, and PC market share decreased in the UKI market in both commercial and consumer business streams, caused by the declining demand and challenging macro-economic conditions.

# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2023

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

	2023	2022
• Turnover	£ 969,391,238	£1,236,105,271

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 57) of the Lenovo Group Limited annual report 2023, 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.

#### *Complex External Global Conditions*

Adverse economic conditions may result in postponements of or decreases in spending and investment, affecting the company's sales. The external factors are beyond company control and may affect the ability or ease of doing business with customers and/or suppliers, increasing the cost of operations and uncertainty of its financial performance. The company vigilantly monitors its external environment, including geo-political developments, and adapts its strategies to address shifting dynamics in the country in which it operates to position the company for a better outcome.

#### *Customer Engagement*

In this competitive environment, brand recognition and awareness and good customer experiences are important success factors to the company. Failure to engage and resonate with customers may adversely affect the company's results through loss of customer loyalty or damaged brand reputation from bad publicity.

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

## **Strategic report for the year ended 31 March 2023**

### **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 2023

### 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 ensures 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 examples 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 and Inclusion (D&I), 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 group 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 2023

### Section 172 Statement (continued)

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
<p><b>Employees</b></p> <p>Employees</p>	<p>Training and development; corporate governance; health and safety; community engagement</p>	<p>The Company's 70-20-10 approach to employee development recognizes that employees learn through three distinct types of experiences: on-the-job training and assignments (70%), developmental coaching, reverse coaching and mentoring relationships (20%), and coursework and formal training (10%). The Company has enhanced its management and leadership development program to provide support for managers during their leadership progression by offering specific training experiences. These courses are delivered globally both in-person and virtually and are carefully designed around the Company's leadership priorities and skills that support the Company's mission, vision and culture.</p> <p>The Company fosters a philosophy that values a health and safety culture. Employee participation is essential to the success of health and safety management. Employee awareness is carried out through online tools (e.g. e-learning), classroom trainings, knowledge promotion emails, and promotion activities such as Safety Month, and ESG week. To strengthen the Company's social impact and employee engagement, the Company's philanthropy program empowered the leaders of its employee resource groups by facilitating partnerships with community organizations that are aligned to their diversity segment.</p>
<p><b>Suppliers</b></p> <p>Suppliers, Global supply chain team</p>	<p>Environmental performance; human rights; labour practices; distribution; health and safety; Diversity and inclusion; climate change; supplier training</p>	<p>The Company's corporate-wide environmental standards and specifications require its product designers to consider environmentally conscious design practices to facilitate and encourage recycling and minimization of resource consumption. The Company's priority is for its suppliers to use environmentally preferable materials whenever applicable. Compliance to the standard and specifications is monitored as part of the Product Compliance Review Board Process.</p> <p>The Company is committed to eradicating forced labour in all its forms including slavery and human trafficking at every stage of business operations. It holds a firm position that there is zero tolerance for forced labour and any documented instances will be met with immediate action, including discontinuing the business relationship with any suppliers that overlook this practice.</p> <p>In FY 2022/23, the Company started a Supplier Emission Reduction program with key suppliers to push more actions around climate change in its supply chain. The program aims to work with suppliers along the climate action journey. For suppliers who have just started their journey, they are expected to participate in the CDP disclosure and report their emissions data. For suppliers who are more mature, the Company works with the suppliers to set emission reduction targets, procure renewable energy, and implement energy efficiency improvement projects. Also, the Company encourages suppliers to engage their own supply chain and share their experience and knowledge with the industry.</p>

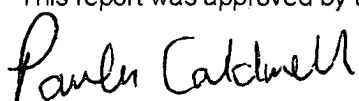
# Lenovo Technology (United Kingdom) Limited

## Strategic report for the year ended 31 March 2023

### Section 172 Statement (continued)

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
<b>Community</b>		
NGOs, Charities, Education, Civic, Community partnerships	Access to technology, Science, Technology, Engineering and Math (STEM) education	The Company's social investments are focused on empowering underrepresented populations with access to technology and STEM education. The global philanthropy team has established global giving guidelines and compliance processes that are localised for alignment across the diverse markets where Lenovo does business. Share the Company's Smarter Technology for All vision with communities around the world through employee volunteerism aligned to its mission and vision.
<b>Government and Regulator</b>		
Local government, Patent board, Legal team	Regulatory requirements and trends; compliance requirements; data security and privacy requirements; labour practice requirements	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: Anti-Bribery and Anti-Corruption Anti-Competitive Practices and Fair Competition Intellectual Property Privacy & Data Protection 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.

This report was approved by the Board of Directors on 7 December 2023 and signed on its behalf.



**Paula Caldwell**  
Director

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2023

### Results and dividends

The profit for the financial year amounted to £10,711,179 (2022: £13,545,233). The directors do not recommend the payment of any dividends (2022: £nil).

### Future Developments

Declining demand and challenging macro-economic conditions have caused the sales of PC and tablet to decrease. The tide has been building toward a market slowdown for some time, the situation is expected to stay for the remainder of 2023, with macroeconomic factors continuing to worsen and the industry still grappling with elevated inventory levels.

However, Commercial demand, both from businesses and schools, will remain a bright spot throughout the forecast as hybrid work and 1:1 deployment in schools have permanently increased the size of the total addressable market. The sunsetting of Windows 10 is expected to drive PC refreshes in 2024 and 2025 while tablets benefit from educational deployments and refreshes. 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 2023

### 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.

### 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 2023

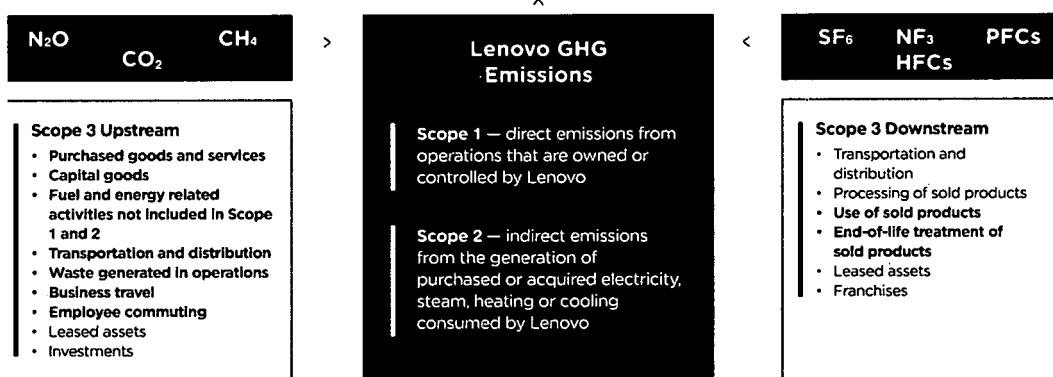
### Streamlined Energy and Carbon Reporting

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 stabilise 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 ESG Executive Oversight Committee (EOC), chaired by the Chief Corporate Responsibility Officer, provides strategic direction and facilitates the coordination of ESG efforts across Lenovo Group, including proposing recommendations for the effective management of ESG programs. 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 on ESG issues, including updates on topics discussed by the ESG EOC, are also provided to the Board and its Committees from the Chief Corporate Responsibility Officer. Concentrated discussion on ESG issues, including climate change, assists the Board in making the most appropriate decisions and providing oversight based on the long-term risks and opportunities that impact its stakeholders and the business. At least annually, the Board is briefed on Lenovo Group's ESG KPIs including Lenovo Group's climate strategy and progress towards its climate change mitigation goals.



Notes: Scope 3 categories in **bold black** are tracked and evaluated and in some cases as described in the following sections actions are being taken to drive emissions reductions.  
 Scope 3 categories in **red** are not relevant to Lenovo Group.

### Science-Based Emissions Reduction Targets and Net-Zero Strategy

Lenovo Group has responded to the Science Based Targets initiative (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, an official partner of the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero campaign. SBTi is a partnership between the UN Global Compact, CDP, World Resources Institute and World Wide Fund for Nature. Lenovo Group is an early adopter of the science-based emissions reduction approach, after receiving SBTi approval for near-term 2030 emissions reduction targets in 2020. For near-term targets, Lenovo Group's Scope 1 and 2 emissions reduction targets are consistent with limiting warming to 1.5°C, the






# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2023

### Streamlined Energy and Carbon Reporting(continued)

#### Science-Based Emissions Reduction Targets and Net-Zero Strategy(continued)

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. On January 19, 2023, Lenovo Group announced its SBTi validated target to reach net-zero greenhouse gas (GHG) emissions by 2050. Lenovo Group's net-zero target is to achieve a 90 percentage reduction across Scope 1, 2, and 3 emissions. Lenovo Group was the first PC and smartphone maker and one of the first 139 companies in the world to establish a net-zero target validated by SBTi. Lenovo Group's long-term 2050 net-zero target coincides with its near-term, SBTi-validated 2030 emissions reduction targets. By working with SBTi and aligning to their Net-Zero Standard, which is also the world's first framework for corporate net-zero target setting, Lenovo Group is taking a scientific, collaborative, and accountable approach to reducing emissions. Aligning goals to the SBTi helps hold companies accountable for their emissions reduction. Without aligning to SBTi, it is difficult to validate or know when a net-zero target is reached. These targets have a base year of FY 2018/19, near-term target year of FY 2029/30, and net-zero target year of FY 2049/50. The following table details Lenovo Group's Science-Based Targets, road maps for their achievement, and progress against the targets in FY 2022/23.

LENOVO EMISSIONS REDUCTION NEAR-TERM TARGETS		ROAD MAP	STATUS AS OF FY 2022/23 BASE YEAR: FY 2018/19	FY 2029/30 TARGET
	Reduce absolute Scope 1 + Scope 2 GHG emissions (related to Lenovo's operations) by 50%	Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities	On-Track	- 50%
	Reduce Scope 3 GHG emissions (value chain) from use of sold products -35% on average for comparable products <sup>2</sup>	Reduce product emissions through energy efficiency improvements, engaging customers to use more renewable energy	On-Track <sup>1</sup>	- 35%
	Reduce Scope 3 GHG emissions (supply chain) from procured goods and services 66.5% per million US\$ gross profit <sup>2</sup>	<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> <li>Expand supplier program to greater number of suppliers/ data capabilities and SBTi level of commitment</li> </ul>	On-Track <sup>1</sup>	- 66.5%
	Reduce Scope 3 GHG emissions from global logistics operations by 25% per tonne-km of transported product	<ul style="list-style-type: none"> <li>Modal shift to lower carbon modes of transport</li> <li>Optimization of transport planning</li> <li>Increase of vehicle utilization</li> <li>Improvement of vehicle fuel efficiency</li> </ul>	On-Track <sup>1</sup>	- 25%
LENOVO EMISSIONS REDUCTION LONG-TERM TARGETS		ROAD MAP	STATUS AS OF FY 2022/23 BASE YEAR: FY 2018/19	FY 2049/50 TARGET
	Reduce all GHG emissions by 90% - absolute reduction of Scope 1, 2 and 3 emissions. Neutralize remaining 10% of emissions through carbon capture, reforestation, or other means	Above concepts continue drive energy efficiency at Lenovo sites, for products, expand supplier program in commitment	On-Track <sup>1</sup>	- 90%

<sup>1</sup> Lenovo Group is in the process of improving input data for this Scope 3 category. The status reported here is the best available estimate at the time of publication. In the FY 2023/24 ESG Report, overall supporting data and target status will reflect any improved input data.

<sup>2</sup> Updated based on SBTi net-zero approved target

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2023

### Streamlined Energy and Carbon Reporting(continued)

#### Operational Energy Efficiency

Given that one of Lenovo Group'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 2022/23, Lenovo Group's initiatives for energy reduction included the following methods.

- Energy Conservation – Active Method:
  - Installation of low-energy equipment (including LED lighting, smart lighting system, air compressor, air conditioning, and sewage treatment plant motors automation)
  - Energy-efficiency improvement to air compressor and heating, ventilation, and air conditioning (HVAC) system
  - Building Automation System deployment
- Energy Conservation – Passive Method:
  - Installation of energy-efficient windows or low-emissivity windows
  - Adoption of energy-saving and environmentally friendly materials in new construction
- ISO 50001:2018 Energy Management System
  - Various manufacturing sites, office locations in EMEA, and the Beijing headquarters location are ISO 50001:2018 certified.
- Energy Conservation Education
  - Employee awareness training
  - Energy conservation promotion (emails and tip signs)

#### 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 18th, 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 72:28 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 2023

### Streamlined Energy and Carbon Reporting (continued)

#### GHG emissions and energy use data for year 1 April 2022 to 31 March 2023

Lenovo Technology (United Kingdom) Limited (72%)	Current reporting FY 2022-2023		Comparison reporting FY 2021-2022	
	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): 103 222 kWh Scope 2 (electricity): 836 064 kWh	Scope 1 (fuels): 29 021 605 kWh Scope 2 (electricity + steam): 348 807 669 kWh	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
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	19 MT/CO <sub>2</sub> e	6 277 MT/CO <sub>2</sub> e	23 MT/CO <sub>2</sub> e	6 035 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	720 MT/CO <sub>2</sub> e	1 MT/CO <sub>2</sub> e	283 MT/CO <sub>2</sub> e
Emissions from purchased electricity (Scope 2, location -based)	163 MT/CO <sub>2</sub> e	199 829 MT/CO <sub>2</sub> e	153 MT/CO <sub>2</sub> e	191 556 MT/CO <sub>2</sub> e
Total gross CO <sub>2</sub> e based on above	183 MT/CO <sub>2</sub> e	206 826 MT/CO <sub>2</sub> e	177 MT/CO <sub>2</sub> e	197 874 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	0.019 MT/CO <sub>2</sub> e /£100,000	0.43 MT/CO <sub>2</sub> e /£100,000	0.014 MT/CO <sub>2</sub> e /£100,000	0.35 MT/CO <sub>2</sub> e /£100,000

The reason for increasing the intensity ratio for global number for CO<sub>2</sub>e gross figure based from mandatory fields above/ e.g. £100,000 revenue, is mainly due to the significantly decreasing global annual turnover while the CO<sub>2</sub> emissions increased slightly due to new manufacturing site in ownership of Lenovo. In the past, local intensity ratio was lower, due to turnover being higher and the emissions being stable. This has resulted in FY 22/23 being reported as 0.019 MT/CO<sub>2</sub>e /£100,000 compared to FY 21/22 that was reported as 0.014 MT/CO<sub>2</sub>e /£100,000. The big difference between global and UK number is due to the fact, that in UK are located only offices, while in the global number are reported manufacturing sites and Research & Development sites with the most significant energy uses.

#### 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 (Resigned on 23 March 2023)  
 Gareth J Holton (Resigned on 30 June 2022)  
 Paula Caldwell (Appointed on 1 July 2022)  
 Sarah Rosser (Appointed on 28 March 2023)

# Lenovo Technology (United Kingdom) Limited

## Directors' report for the year ended 31 March 2023

### 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 7 December 2023 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 2023 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, including 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 2023; 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 2023 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  
7 December 2023

# Lenovo Technology (United Kingdom) Limited

## Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	969,391,238	1,236,105,271
Cost of sales		<u>(924,324,145)</u>	<u>(1,200,025,804)</u>
<b>Gross profit</b>		<b>45,067,093</b>	<b>36,079,467</b>
Administrative expenses		(115,196,208)	(100,761,753)
Other operating income	5	<u>83,449,247</u>	<u>80,841,629</u>
<b>Operating profit</b>	6	<b>13,320,132</b>	<b>16,159,343</b>
<b>Profit before taxation</b>		<b>13,320,132</b>	<b>16,159,343</b>
Tax on profit	9	<u>(2,608,953)</u>	<u>(2,614,110)</u>
<b>Profit and total comprehensive income for the financial year</b>		<b><u>10,711,179</u></b>	<b><u>13,545,233</u></b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2023 or 2022 other than those included in the Profit and loss account and there are no material differences (2022:nil) between the profit before taxation and the profit for the financial year and their historical cost equivalents.

The notes on pages 20 to 32 form part of these financial statements.

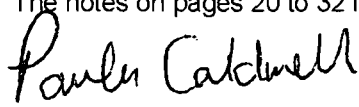
# Lenovo Technology (United Kingdom) Limited

## Balance sheet as at 31 March 2023

	Note	£	2023 £	£	2022 £
<b>Fixed assets</b>					
Intangible Assets	10		<b>138,649</b>		6,273
Tangible assets	11		<b>5,394,993</b>		796,158
Long-term Receivable			-		533,587
Investments	12		<b><u>27,626,645</u></b>		<u>27,626,645</u>
			<b>33,160,287</b>		28,962,663
<b>Current assets</b>					
Cash at bank in hand		<b>2,141,147</b>		2,580,652	
Stocks	13	<b>9,500,328</b>		2,814,204	
Debtors	14	<b><u>269,445,482</u></b>		<u>380,010,764</u>	
<b>Total current assets</b>		<b>281,086,957</b>		385,405,620	
<b>Creditors:</b> amounts falling due within one year	15	<b><u>(133,539,924)</u></b>		<u>(247,064,018)</u>	
<b>Net current assets</b>			<b><u>147,547,033</u></b>		<u>138,341,602</u>
<b>Total assets less current liabilities</b>			<b>180,707,320</b>		167,304,265
<b>Creditors:</b> amounts falling due after more than one year	16		<b><u>(33,670,996)</u></b>		<u>(34,641,351)</u>
<b>Net assets</b>			<b><u>147,036,324</u></b>		<u>132,662,914</u>
<b>Capital and reserves</b>					
Called up share capital	18		<b>8,629,511</b>		8,629,511
Share premium account	19		<b>13,594,527</b>		13,594,527
Capital contribution from parent			<b>40,612,122</b>		36,949,891
Profit and loss account			<b><u>84,200,164</u></b>		<u>73,488,985</u>
<b>Total shareholders' funds</b>			<b><u>147,036,324</u></b>		<u>132,662,914</u>

The financial statements on pages 17 to 32 were approved and authorised for issue by the Board of directors on 7 December 2023 and were signed on its behalf.

The notes on pages 20 to 32 form part of these financial statements.

  
**Paula Caldwell**  
 Director

# Lenovo Technology (United Kingdom) Limited

## Statement of changes in equity for the year ended 31 March 2023

	Share capital £	Share Premium £	Capital contribution reserve £	Profit and loss account £	Total shareholders' funds £
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	-	-	-	<u>13,545,233</u>	<u>13,545,233</u>
<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>
At 1 April 2022	8,629,511	13,594,527	36,949,891	73,488,985	132,662,914
Capital contribution in respect of share-based payment	-	-	3,662,231	-	3,662,231
Profit and total comprehensive income for the year	-	-	-	<u>10,711,179</u>	<u>10,711,179</u>
<b>At 31 March 2023</b>	<b><u>8,629,511</u></b>	<b><u>13,594,527</u></b>	<b><u>40,612,122</u></b>	<b><u>84,200,164</u></b>	<b><u>147,036,324</u></b>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 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: £ 10,711,179) for the year ended 31 March 2023 (2022: £13,545,233) and has a net current asset position of £147,547,033 as at 31 March 2023 (2022: £138,341,602).

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

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 3. Principal accounting policies (continued)

Group. It is included in the consolidated financial statements of Lenovo which are publicly available. The 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 2023

### 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 2023

### 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.

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 4. Turnover

Turnover is attributable to the wholesale of personal computing equipment, computer peripherals, mobile telephones and maintenance services. The company sells wholly to the UK.

The company operates in a single business segment. The geographical composition of net turnover is as follows:

	2023 £	2022 £
United Kingdom	<u>969,391,238</u>	<u>1,236,105,271</u>

The revenues can be divided into the following categories:

	2023 £	2022 £
Merchandise	914,369,756	1,194,001,456
Lease	5,116,711	2,329,616
Services	<u>49,904,771</u>	<u>39,774,199</u>
	<u>969,391,238</u>	<u>1,236,105,271</u>

### 5. Other operating income

Other operating income represents intercompany recharges to the group company for non-sales and distribution costs.

### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of tangible fixed assets:		
- owned by the company	1,094,323	870,950
Auditors' remuneration - fees payable for the statutory audit	71,190	60,745
Operating lease rentals	1,126,580	691,316
Difference on foreign exchange	<u>(4,386,564)</u>	<u>(9,099,025)</u>

### 7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	55,290,061	50,997,231
Social security costs	7,387,415	6,950,615
Other pension costs (note 22)	3,285,694	3,057,930
Share based payment charge (note 20)	<u>3,662,230</u>	<u>2,555,450</u>
	<u>69,625,400</u>	<u>63,561,226</u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 7. Staff costs (continued)

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

	2023	2022
	No.	No.
Sales and distribution	227	236
Administration	<u>315</u>	<u>212</u>
	<u><b>542</b></u>	<u><b>448</b></u>

### 8. Directors' remuneration

	2023	2022
	£	£
Aggregate emoluments	<u><b>492,602</b></u>	<u>263,131</u>
Company pension contributions to defined contribution pension schemes	<u><b>22,908</b></u>	<u>13,528</u>

During the year, retirement benefits were accruing to 2 director (2022: 1) in respect of defined contribution pension schemes.

During the year, 2 director (2022: 1 director) exercised options in shares of Lenovo Group Limited, and at the year end 2 director (2022: 1 director) was entitled to shares in Lenovo Group Limited under long term incentive schemes.

The highest paid director received remuneration of £290,226 (2022: £263,131).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,561 (2022: £13,528).

The highest paid director exercised 47,954 (2022: 67,383) shares under the group operated long-term incentive schemes with aggregate gains amount of £37,057 (2022: £58,714)

Colm Gleeson and Christophe Laurent did not receive any emoluments in respect of services to the company in the year (2022: £nil).

### 9. Tax on profit

	2023	2022
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax on profits in year	3,167,754	3,580,698
Adjustments in respect of prior years	<u>(598,703)</u>	<u>(715,427)</u>
<b>Total current tax</b>	<u><b>2,569,051</b></u>	<u><b>2,865,271</b></u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 9 Tax on profit (continued)

	2023 £	2022 £
<b>Deferred tax</b>		
Originating and reversal of timing differences	(41,250)	(146,890)
Adjustment in respect of prior years	94,179	-
Effect of changes in tax rates	<u>(13,027)</u>	<u>(104,271)</u>
<b>Total deferred tax (note 17)</b>	<u>39,902</u>	<u>(251,161)</u>
<b>Total tax per income statement</b>	<u>2,608,953</u>	<u>2,614,110</u>

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

	2023 £	2022 £
Profit before taxation	<u>13,320,132</u>	<u>16,159,343</u>
Tax on profit before taxation at standard UK rate of 19% (2022: 19%)	2,530,825	3,070,275
<b>Effects of:</b>		
Expenses not deductible	725,263	492,785
Income not taxable	(129,584)	-
Adjustments in respect of prior years	(504,524)	(715,427)
Tax rate changes	(13,027)	(104,271)
Utilisation of tax losses	-	(129,252)
<b>Tax charge for the year</b>	<u>2,608,953</u>	<u>2,614,110</u>

The deferred tax asset has been calculated at 25% for the year ended 31 March 2023 (2022: 25%).

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 2023

### 10. Intangible assets

	CIP £
<b>Cost</b>	
At 1 April 2022	6,273
Additions	<u>132,376</u>
At 31 March 2023	<u>138,649</u>
<b>Accumulated Amortisation</b>	
At 1 April 2022	-
Impairment charge	-
Amortisation charge	<u>-</u>
At 31 March 2023	<u>-</u>
<b>Net book value</b>	
At 31 March 2022	<u>6,273</u>
At 31 March 2023	<u>138,649</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 2022	2,991,093	909,956	408,735	4,309,784
Additions	152,388	305,463	5,245,234	5,703,085
Disposals	<u>-</u>	<u>(44,947)</u>	<u>-</u>	<u>(44,947)</u>
At 31 March 2023	<u>3,143,481</u>	<u>1,170,472</u>	<u>5,653,969</u>	<u>9,967,922</u>
<b>Accumulated Depreciation</b>				
At 1 April 2022	2,846,655	611,166	55,805	3,513,626
Charge for the year	104,474	172,151	817,698	1,094,323
Disposals	<u>-</u>	<u>(35,020)</u>	<u>-</u>	<u>(35,020)</u>
At 31 March 2023	<u>2,951,129</u>	<u>748,297</u>	<u>873,503</u>	<u>4,572,929</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 2023	<u>192,352</u>	<u>422,175</u>	<u>4,780,466</u>	<u>5,394,993</u>

\*Assets leased out under operating leases

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 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 2022	<u>27,617,960</u>	<u>8,685</u>	<u>27,626,645</u>
At 31 March 2023	<u>27,617,960</u>	<u>8,685</u>	<u>27,626,645</u>

#### Subsidiary undertakings

At 31 March 2023 and 31 March 2022, 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 2023 and 31 March 2022, 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

	2023 £	2022 £
Stocks	<u>9,500,328</u>	<u>2,814,204</u>

### 14. Debtors

	2023 £	2022 £
Trade debtors	96,527,863	156,820,191
Amounts owed by group undertakings	171,362,173	222,711,130
Other debtors	-	44,960
Deferred tax asset (note 17)	394,560	434,463
Corporation tax	229,112	-
Prepayments and accrued income	<u>100,205</u>	<u>20</u>
	<u>268,613,913</u>	<u>380,010,764</u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 14. Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Trade debtors includes £831,569 falling due after more than one year.

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

	2023 £	2022 £
Trade creditors	7,100,893	9,137,351
Amounts owed to group undertakings	64,491,892	144,723,334
Corporation tax	-	94,816
Other creditors	3,182,982	5,187,295
Other taxation and social security	17,693,516	43,182,316
Accruals and deferred income	<u>41,070,641</u>	<u>44,738,906</u>
	<u><b>133,539,924</b></u>	<u><b>247,064,018</b></u>

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

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

	2023 £	2022 £
Accruals and deferred income	<u>33,670,996</u>	<u>34,641,350</u>

### 17. Deferred tax asset

	2023 £	2022 £
Asset at start of year	434,463	183,302
Adjustment in respect of prior years	(94,179)	-
Deferred tax credit to income statement for the year	54,276	251,161
At end of year	<u><b>394,560</b></u>	<u><b>434,463</b></u>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	50,495	283,472
Short term timing differences	<u>344,065</u>	<u>150,991</u>
	<u><b>394,560</b></u>	<u><b>434,463</b></u>
Recoverable within 12 months	228,458	434,463
Recoverable after 12 months	<u>166,102</u>	<u>-</u>
	<u><b>394,560</b></u>	<u><b>434,463</b></u>

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 18. Called up share capital

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

	2023	2022
	£	£
<b>Allotted and fully paid</b>		
8,629,511 ordinary shares of £1 each (2022: 8,629,511)	<u>8,629,511</u>	<u>8,629,511</u>

### 19. Share premium account

	2023	2022
	£	£
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 2023

### 20. Share based payments (continued)

	SARs No.	RSUs No.
Unvested awards outstanding at 1 April 2022	2,471,424	4,906,435
Granted during the year	326,695	5,599,228
Vested during the year	(1,829,800)	(3,261,054)
Lapsed/cancelled	(334,010)	(769,429)
Transferred	<u>326,801</u>	<u>143,340</u>
<b>At 31 March 2023</b>	<b><u>961,110</u></b>	<b><u>6,618,520</u></b>
Average fair value per unit (HK\$)		
At 31 March 2022	1.34	7.71
At 31 March 2023	1.74	7.75

The SARs awarded were exercised/sold 3,175,866 units during the year (2022: 4,559,975). The number of awards exercisable at the end of the year was 3,685,411 (2022: 4,671,436).

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 2023, 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 39.7 percent (31 March 2022: 40.6 percent), expected dividends during the vesting periods of 4.6 percent (31 March 2022: 4.00 percent), contractual life of 4.4 years (31 March 2022: 4.4 years), and a risk-free interest rate of 2.5 percent (31 March 2022: 0.435 percent).

The remaining vesting periods of the awards under the long-term incentive program as at March 31, 2023 ranged from 0.14 to 3.22 years (31 March 2022: 0.14 to 2.92 years).

The charge through the Profit and loss account for 2023 was £3,662,231 (2022: £2,555,450).

The total capital contribution from the parent company as at 31 March 2023 was £26,588,692 (2022: £22,926,462).

### 21. Contingent liabilities

The company has entered into a guarantee arrangement of £33,000,000 (2022: £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 (2022: 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 £3,285,694 (2022: £3,057,930). There were no unpaid contributions at the year end (2022: £nil).

# Lenovo Technology (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 March 2023

### 23. Operating lease commitments

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

	Land and buildings	
	2023	2022
	£	£
<b>Expiry date:</b>		
<b>Within 1 year</b>	<b>434,658</b>	622,280
<b>Between 2 and 5 years</b>	<b>2,209,007</b>	-
<b>Over 5 years</b>	<b>1,821,060</b>	-

### 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.