

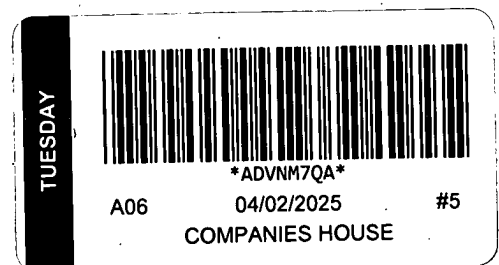
31 March

YAZAKI EUROPE LIMITED

# 2024

Company Registration No. 01490660

## Annual Report and Financial Statements



## **REGISTERED OFFICE**

Beechwood House

2-3 Commercial Way, Christy Close

Basildon, Essex,

United Kingdom

SS15 6EF

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## **AUDITOR**

Deloitte LLP

Statutory Auditor

4 Brindley place

Birmingham

B1 2HZ

England

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## **BANKERS**

**MUFG Bank, Ltd.**

**Ropemaker Place, 25 Ropemaker Street**

**London, United Kingdom**

**EC2Y 9AN**

**Citibank, N.A., London Branch**

**Citigroup Centre | 33 Canada Square**

**London, United Kingdom**

**E14 5LB**

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## STRATEGIC REPORT

### OVERVIEW OF CONDITIONS AND BUSINESS PERFORMANCE

The economic activity was resilient through the global disinflation of 2022–23. As global inflation decreased from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. The global growth of GDP, estimated at 3.2 percent in 2024, is projected to continue at the same pace in 2025. The forecast for 2024 is revised up by 0.1 percentage point from the January 2024 World Economic Outlook (WEO) Update, and by 0.3 percentage points from the October 2023 WEO. The pace of expansion is low by historical standards, owing to both medium-term factors, such as high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geo-economic fragmentation.

The EU economy, following robust post-pandemic growth, slowed down last year, with real GDP barely rising in the first three quarters of 2023, achieving only a modest 0.5% increase. The European Commission has revised the EU's growth outlook for 2024 to 0.9% (from 1.3% in the Autumn forecast), while economic activity is expected to expand by 1.7% in 2025. According to the latest forecast from the European Commission, EU inflation stood at 6.3% in 2023 and is projected to decrease to 3% in 2024 and to 2.5% in 2025. The decline in consumer energy prices has played a significant role, and recent months have seen a broader moderation in inflation, indicating a reduction in price pressure.

Despite this inflationary context in 2023, global car manufacturing reached nearly 76 million units, a substantial 10.2% increase from the previous year. This surge was driven by positive production trends that emerged across regions globally.

In 2023, EU car production increased significantly, surpassing 12 million units and marking an 11.3% rise compared to 2022. This positive outcome is attributed to the gradual easing of supply chain challenges, allowing for improved production volumes. Western European car producers demonstrated strong performance, with Germany leading in volume terms, recording a substantial 18.7% increase in production.

In 2023, the EU car market expanded robustly by 13.9% compared to 2022, reaching a volume of 10.5 million units. Most EU markets enjoyed strong growth, including the four largest: Italy (+18.9%), Spain (+16.7%), France (+16.1%), and Germany (+7.3%). Despite the overall growth, a comparison with pre-pandemic volumes highlights how far registrations have dropped, with registrations currently standing at 19% less than the pre-pandemic volume of 13 million units registered in 2019. When looking at sales by power source, battery-electric cars emerged as the third-most-popular choice for buyers. In December, their market share surged to 18.5%, contributing to a full-year share of 14.6%, surpassing diesel, which remained steady at 13.6%. The volume of battery-electric cars surpassed 1.5 million units, indicating a substantial 37% increase compared to 2022. Petrol cars maintained dominance with a market share of 35.3%, while hybrid-electric cars claimed second spot, commanding a 25.8% market share.

Within the fiscal year 2023-2024 Group sales decreased by 2.5% against the EU's Market Growth Trend. The total sales of €2,463m in FY24 represented a decrease of €64m over the prior year mainly driven by Electric car sales drop driven by infrastructure, the high cost of EVs and high pressure from Chinese competitors. Those factors have become a significant barrier to broader mass adoption for zero-emission cars.

The cash generated from operations was €107m as at 31 March 2024. The business generated positive cashflows during the period compared to prior year where cash of €-17m.

**STRATEGIC REPORT (CONTINUED)**

**OVERVIEW OF CONDITIONS AND BUSINESS PERFORMANCE (CONTINUED)**

In addition, the sales team has also successfully concluded ongoing negotiations with several customers to pass on partially the impact coming from material cost increase, volumes decrease, wages increase mainly in Turkey, early termination of projects and obsolescence that were targeting to finalize by end of March 2024. Cost of sales decreased by €104m or 4.5% compared to the prior year to reach €2,217m, this is in line with the drop in revenue and due to €37m line stoppage incurred last year due to down time recharges which was not incurred in current year. The gross profit margin increased by 1.8% to 10%. In total the gross profit was rising from €205m in the prior year to €245m which represents an increase of 19.6%.

Design and development cost increased by 21.7% to €92m, and distribution costs rose by €4m to €88m mainly due to increase of fuel cost, shortages in transportation markets and premium freight which increased primarily due to the challenges in the distribution across the red sea. Relative to sales the cost ratio for distribution cost was going up from 3.3% to 3.6%. Administrative expenses have increased by 22.6% to €103m. The ratio of administrative expenses to sales has increased from 3.3% to 4.2% mainly explained by management fees increase of €26m which is due to the organisation transformation. The other operating loss has increased by €28m to a net other operating loss of €-39m and this was mainly influenced by net exchange rate losses of €10.4m (2023: loss of €11.3m) resulting mainly from new product developments and depreciation of Turkish Lira for our business within Turkey. Although being basically protected for the currency fluctuation as sales prices are agreed based on euros, the agreements for local regulative requirements to convert payments into Turkish Lira are not fully effective in terms of hedging this exposure. On another hand The Group has incurred €25m cost linked to new product development that has been put on hold considering the recent market development regarding EV. Therefore, The Group realised an operating loss (EBIT) of €-77m which increased by €27m from last year.

Following the market trend of increasing interest rates, the average interest rate as at 31 March 2024 is 4.29% while the average interest rate as at 31 March 2023 is 3.86% hence the net finance cost of the Group has increased from €9m in the prior year to €25.5m in the reporting period.

In total the Group made a loss of €136m for the reporting year resulting from the high pressure on the gross profit margin through price increases for raw materials and commodities, continuous shortage of parts and the significant impact from the wars (Russia/Ukraine, Gaza/Israel, Red-Sea crisis) and high exchange loss during the year. Whilst The Group received compensation for price increases in raw materials and commodities, this was not received from all customers.

In the reporting year The Group kept deploying its strategic orientation for product diversification. We were on track in terms of bookings of new businesses in Electrical Distribution System, Connection Systems and Electronics businesses. We are enhancing our new product portfolio in Electronics and Connection Systems thanks, to a strong global efforts in engineering and innovation. We are qualifying our new products with our customers and confirm the market opportunities in the coming years linked to the electrification and the evolution of the architectures. The Group's product quality, measured by number of customer claims, have been further improved.

## STRATEGIC REPORT (CONTINUED)

During the reporting year The Group was awarded significant new business to be launched in the upcoming years.

## OVERVIEW OF CONDITIONS AND BUSINESS PERFORMANCE (CONTINUED)

Group Treasury manages corporate finance and liquidity management centrally for all Yazaki companies in the EMEA region no matter whether Yazaki Europe Limited, Y-EMEA or Yazaki Corporation. This includes cash pooling, risk management (FX and commodities), financing and bank relationship management. The total credit commitment by banks and Yazaki Corporation was €840m at the end of the financial year and was stable throughout the financial year. €265m was available as undrawn credit commitments as of 31 March 2024. The total net debt position managed by central Group treasury increased from €488m to €527m. Strong focus on cash conservation and a positive free cash flow is the clear direction set by senior management to ensure The Group's competitiveness and ability to invest into further business growth. The total assets of The Group for the year were €1,230m (2023: €1,247m) mainly driven by current asset. For further details, refer to Note 21.

In line with the prior year, the structure of the Statement of Comprehensive Income presents what the Directors believe to be an appropriate presentation of the costs of The Group by function.

## RESULTS AND DIVIDENDS

The Group's Consolidated Profit and Loss Account for the year is set out on page 37. No interim dividend was paid during the year (2023: €nil), and the Directors do not recommend the payment of a final dividend (2023: €nil).

Regarding further details about the reasons for the change in results we refer to the section overview of conditions and business performance.

## KEY PERFORMANCE INDICATORS

The Directors consider the key performance indicators of The Group to be turnover, earnings before interest and tax (EBIT) and profit after tax. These KPIs allow measurable value that indicates how well the company is doing regarding generating revenue and profits. Monitoring the KPIs shows whether the business is achieving its short-term goals. During the transformation phase Management identifies what the business is earning operationally and what are unusual non-recurring items, spent for cost reduction and future profitability improvement. Every month Management reviews a financial management report in terms of sales development, cost efficiency, profitability, projects status, net results, free cash flow and net debts and reassess identified risks and opportunities compared to the forecasts. Management reports are shared and reviewed by the global Group Management of Yazaki Corporation as well.

Regarding further details about the key performance indicators, we refer to the section overview of conditions and business performance.

The Group also monitor non-financial KPIs such as the quality indicators. The Directors consider the key performance indicators to be Quality claims & Parts per Million (PPM), this indicator shall be used to measure the quality performance for OEM carlines and manufacturing plants monthly against the set targets.

## STRATEGIC REPORT (CONTINUED)

### RESEARCH AND DEVELOPMENT ACTIVITIES

As in the prior year, The Group continues to design and develop automotive cable harnesses, electrical components, electronic instrumentation systems and components in close cooperation with its customer base. This product development is based close to customer locations with a strong support from development teams in more cost competitive countries. Dedicated research and development centres are providing development services within The Group and to related parties within the wider Yazaki Corporation Group.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal business risks and uncertainties facing the business are the level of consumer demands as well as changes in the needs and expectations of future products and services in a fast changing and adopting global automotive industry. As part of the business and risks, the ongoing uncertainties regarding the political and economic situations within the supply chain need to be taken into consideration. The company therefore will further strengthen and improve the supply chain risk management activities and geopolitical compliance activities.

The ongoing challenges that OEMs are facing regarding electrification and fierce competition from Chinese car manufacturers which continues to challenge The Group's production volume. High volatility of demands (and its realization by production) is a continuous challenge for the fix cost structure and Headcount management of The Group and requires permanent proactive adjustments to adequately respond. The Group is managing these operational risks with high focus on its rolling forecasts and quick decisions on necessary corrective actions with a close cross functional approach. In addition, the group has also reduced technical unemployment cost in case of activity drop within the plants

The changes in the global automotive industry led to continuous new challenges for the OEM's, Suppliers and of course to The Group. In this intensely competitive environment, increasing industry challenges and pressures are adding the demand for automotive manufacturers to come up with even more innovations and automation in order to remain competitive.

In order to decrease fleet average on CO2 emissions, the electrification of the drivetrain of future vehicles is a key focus area with the current core of four different variants of powertrain electrification: Hybrid electric vehicles (HEV), Plug-in hybrids (PHEV), Range extender vehicles (EREV), Battery electric vehicles (BEV) and fuel cell electric vehicles (FCEV). For Yazaki, the electrification offers new business opportunities and we do not see that the conversion from conventional combustion engine cars will have a disruptive impact on the business model. New technical requirements for energy management in electric cars offers new potential for The Group's electronic components. At the same time increasing number of sustainability requirements will have to be taken into account for staying in business in a more and more competitive environment. In addition, the group is rolling out a diversification strategy by acquiring new business opportunities through M&A transaction like JUHA GROUP.

The directors of Yazaki Europe Limited ("YEL") report on the matters that are outlined in section 172(1) (A) to (F) of the Companies Act 2006 (hereafter 'S172').

## STRATEGIC REPORT (CONTINUED)

Each of the Directors of Yazaki Europe Limited acted in a way they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard to the matters as set out in S172. In performing their duties, the Directors of Yazaki Europe Limited have had regard to broader stakeholder interests. The Board of Directors fostered and maintained an open and transparent dialogue with key stakeholders.

### BOARD'S STATEMENT ON S172

In light of the above the Directors are guided by the Yazaki Corporation Corporate Policy as well as the Fundamental Management Policy which are the building blocks of Yazaki globally. Considering each of the S172 matters, the Directors had regard to:

#### a) The likely consequences of long-term decisions

In the next few years, The Group expects to see increased demand from our customers in a much more diverse portfolio on mobility solutions, driven by the global trends in society on electrification, sustainability management and influenced by digitalization. In this context, aspects on safety, connectivity, advanced entertainment features, as well as changing technologies will affect the importance of our products.

With a view to these aspects this may overall result in higher demands from customers on more technologically complex and diversified Electric and Electronic Distribution Systems, including connection systems and electronics, and therefore we expect higher value unit sales per car. The Group identified potentials outside the automotive business where Yazaki's capabilities and competences provide value to customers and offer opportunities for long term growth.

These developments may partly offset the continual price reduction demands of car manufacturers, salary inflation, increase in energy cost and raw materials and logistics across European and North African Countries, all operated in an automotive market that is still highly volatile in terms of expected volume. Apart from these ongoing challenges the automotive industry is facing, the Group won new additional and profitable business that are already agreed with its customers to continue delivering best in market products and customer expected quality for society. These business opportunities will further strengthen the Groups path and efforts to increase the EBIT. The Group is proceeding with the execution of the defined holistic Transformation Strategy that is based on the pillars of business excellence, product diversification and human development, that is targeted to be completed during the coming business years.

The Group is further continuing the improvements on standardization and optimization of the value chain processes, including the legal and organizational transformation. The Group continued successful activities on phase-out and optimization of loss-making businesses by operating a proactive engagement towards the customers to take into consideration the customer's needs. During the Year optimization was also focussed on the effective and efficient use of overhead functions by setting a focus on process integration and collaboration between the Central Functions. This will finally lead to an optimization of SG&A cost and will result in benefiting better business performance. Those structural long-term activities in connection with current activities towards business excellence will be considered to impact the overall business and financial performance in the future and will further contribute to the overall successful transformation towards a competitive and sustainable Premium Automotive Supplier. All such developments will offer further opportunities and contribute to a sustainable growth in line with the company's long-term strategy.

**STRATEGIC REPORT (CONTINUED)**

**BOARD'S STATEMENT ON S172 (CONTINUED)**

**b) The interests of the company's employees**

The Company is committed to Yazaki Groups principle to make a substantial contribution to the success of the global business through caring for employees by creating a corporate culture that prioritises individuality and teamwork while empowering people's dreams. Human Development is one of the three pillars for a future-ready organization that contributes to the growth of each individuals' capabilities and that drives a prosperous business in a challenging and fast changing automotive industry. In this Fiscal Year the Talent Management Initiative was further deployed and executed striving to proactively identifying talents and providing opportunities to grow for Talents across the entire organization that is available for various career paths. As part of the talent initiative process, Mentoring and Coaching programs have been going on. In the course of these tailored programs Senior Executives engage with our Talents to accompany and contribute to the development of our identified talents and to strengthen next leadership generation.

Another vocal point for this Fiscal Year was a clear focus by the management to continue implementation of started in the previous year's Cultural Transformation Program to discuss and integrate defined values in line with the Yazaki Spirit in our business functions and locations. These activities driven by Human Resources have facilitated and created commitment on binding corporate culture as a fundamental basis for our sustainable growth together created and driven by our employees. Communication plays an essential role in employee engagement and collaboration with the society. The company further facilitated mutual communication and interaction with the employees and consequently to introduced, maintained or developed various arrangements for regular communication and exchange, that is offered in-person as well as digitally supported to reach all employees. Among these activities are regular All Employee Meetings, Skip-Level Talks, Weekly Newsletters, and employee engagement campaigns such as the "Yazaki Spirit Awards".

All such employee engagement activities are intended to provide employees systematically with information on matters of concern to them and also serve as a regular basis to consult with employees so that their views have been taken into account in making decisions that may affect the employees. During these activities the company transparently made employees aware of financial and economic situation and shared factors that affect the performance of the company in the future. Also, in this year the company encouraged employee's active involvement in the "Yazaki Spirit Awards" to propose and vote for outstanding performances and commitment in line with the expected company's culture.

In particular, proactive Employee engagement has been a focal point in this year, which has been facilitated by question-and-answer sessions, e.g. during the All Employee Meetings, followed by information during Weekly Newsletters of the company in order to inform and respond to questions coming from the employees. In particular the Employee Engagement Survey that was conducted across the Group was intended to receive feedback and insides from our employees in relation to their perception on various topics, amongst them, strategy and culture, collaboration, performance, leadership, decision-making, working environment. The Employee Engagement Survey was independently assessed and the results have been shared with the leadership team. Based on the discussed results improvement plans have been initiated that are currently performed with the employees to improve overall employee satisfaction. All the before mentioned employee engagement activities by the company have been planned, aligned and designed by the management and the Board of Directors in order to ensure effective.

## STRATEGIC REPORT (CONTINUED)

### BOARD'S STATEMENT ON S172 (CONTINUED)

The Directors ensure continuous interaction with stakeholders and employees to ensure that they have enough information to reach appropriate conclusions about the risks faced by the Company and allow any appropriate action to be undertaken.

#### **c) The impact on the community and the environment**

As a part of global organisation, the Company adapts to dynamic market changes, processes and community development to create value and be successful while consistently making significant and positive contributions to the benefit and development of society. The Company has endeavoured to use innovative technologies for the benefit of customers and to improve products, safety standards and the environment, and these values will not change. Sustainability is understood as a crucial part of the Company's values as a good corporate citizen.

In this term the Directors continued to strengthen the organization and taking efforts to the challenging requirements on Life Cycle Assessment and related Carbon neutrality within the whole Supply Chain as a strategic task. In this Fiscal Year various initiatives have been deployed within the organization by support of sustainability champions functions to contribute to achievement of our defined sustainability goals. Amongst these are initiatives on green energy management for our facilities and the efforts on sustainable engineering concepts development to improve our business opportunities in line with expectations from society. As defined by our vision and continuous efforts related to our Corporate Policy the Company is taking a proactive approach and is in constant alignment and communication with our customers, suppliers, local communities and participates in Working Groups such as the Automotive Supplier Association and convenes as a good corporate citizen and in best tradition with our company values. As a responsible employer, the Company has a vision to achieve the best through understanding cultural and social differences. This approach allows for the achievement of long-term and sustainable financial success and growth, and also contributes to the creation of socio-economic stability. Yazaki takes continuous efforts to integrate internationally accepted methodology and trends towards measuring sustainability activities related to Social Development Goals (SDG) and continuously improves these activities in line with the holistic sustainability approach along the spheres of people, business and environment. By taking these steps this will further facilitate benchmark and transparency on the Company's efforts on sustainability activities with other companies.

The latest sustainability report of the Yazaki group of companies in EMEA region – YEL is a part of, is available on the website [www.yazaki-europe.com/about-us/sustainability](http://www.yazaki-europe.com/about-us/sustainability).

#### **d) The desirability of the company maintaining a reputation for high standards of business conduct**

The Directors are committed to the Yazaki Group of companies in EMEA region statement for Corporate Social Responsibility and Sustainability. This includes sincere dialogue with employees, establishing comfortable workplaces, further enhancement of personnel system, preventing discrimination and harassment, preventing child labour and forced labour and responding to the UK Modern Slavery Act. The Company is governed by various policies (amongst others CSR and Human Rights) that are in place to maintain a high standard which can be found on the website of:

Yazaki Corporation (indirect shareholder): [www.yazaki-group.com](http://www.yazaki-group.com).

Yazaki Europe Limited: [www.yazaki-europe.com](http://www.yazaki-europe.com).

**STRATEGIC REPORT (CONTINUED)**

**BOARD'S STATEMENT ON S172 (CONTINUED)**

**e) The need to act fairly as between members of the company**

The Company is owned by Yazaki Europe Middle East Africa NV ("YEMEA") registered under the laws of Belgium, under Company Number 0787.626.142, with registered seat and address at: Bedrijfsstraat 1220, 3660 Oudsbergen, Belgium, since 21 March 2024, as the result of transfer of all shares of the Company by Yazaki Corporation to YEMEA. In consideration of the transfer of the shares of the Company, YEMEA issued a share in its share capital to Yazaki Corporation. Both Yazaki Corporation and YEMEA are collectively committed to continue to build future growth by serving future market demands and technology transformation through a current difficult economic and social environment.

**GOING CONCERN**

The Group meets its day-to-day working capital requirements through its bank facilities with a credit limit of €840m (external facilities €640m and Yazaki Corporation €200m), (2023: €779m) and loans from related parties of €349m (2023: €312m). The Group has undrawn facilities available at the year-end of €265m (2023: €236m) and for YEL Group €86m from the date of these financial statements being approved and signed. The YEL Group also has access to €130m of undrawn facilities under the parent company YEMEA N.V.

The Group's short term bank facilities mature within one year, while the long-term facilities expire within seven years from the financial statement being approved and signed. The external facilities are subject to annual reviews and guaranteed by the Group's parent company Yazaki Corporation. The directors believe the facilities will be renewed based on historic and current negotiations. The Group's management forecasts and projections, taking account of reasonable changes in performance, show that the Group should be able to operate within the level of its current facilities for at least 12 months from the date of approval of these financial statements.

The forecast for the next 24 months has been updated with recent OEM volume expectations and factored in challenges such as the high cost of EVs and high pressure from Chinese competitors. Management has taken all required actions to adjust the capacity temporarily in respect to the committed capacity to our customers. Considering this and our most recent forecasts, we do not deem these challenges will have a material impact on The Group's ability to continue in operation as a going concern. In addition to this, as part of The Group's assessment on goodwill impairment, future forecasts for sales to some of The Group's key customers have been prepared and reviewed. These forecasts have suggested that forecasted sales to these customers for future periods are likely to be profitable therefore bring economic benefits into The Group.

Yazaki Corporation has provided a letter of support valid until 31<sup>st</sup> March 2026 to the YEL Group which provides financial support to YEL if required. The Directors have assessed Yazaki Corporation's financial health through their Audited Financial statements and all available post year end information. The Group is comfortable relying on Yazaki Corporation's ability to provide financial support because Yazaki Corporation has a positive net asset balance, is in a strong cash position and has available facilities to support the European operations including YEL.

The Directors have a reasonable expectation that The Group has adequate resources to continue in operational existence for the next 12 months from the date of these financial statements being approved and signed. The Directors therefore believe it appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

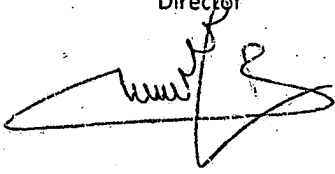
YAZAKI EUROPE LIMITED 31 MARCH 2024

The Group has disclosed and considered the events after the reporting period in note 32.

This report was approved by the Board of Directors on 4<sup>th</sup> of February 2025, and was signed on its behalf by:

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R. Kharibach  
Director

A handwritten signature in black ink, appearing to be 'R. Kharibach', written over a horizontal dotted line.

## DIRECTORS' REPORT

### DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiary undertakings (together "The Group") for the year ended 31<sup>st</sup> March 2024. Information about the use of financial instruments by The Group and its subsidiaries is given in note 3.11 to the financial statements. Details of subsequent events since the Statement of Financial Position date are contained in note 32 to the financial statements. An indication of likely future developments in the business of the company and details of research and development activities are included in the strategic report.

The Directors recommendation about the payment of dividends is stated in the strategic report. Also, we would like to refer to note 1 regarding the existence of branches outside the United Kingdom.

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

- H. Lemmens
- R. Kharibach (Appointed on 18/12/2024)
- A. Di Vece (Resigned on 17/12/2024)
- M. Katsumata (Resigned on 16/12/2024)
- A. Ishigami (Resigned on 12/12/2024)
- J. Kitami (Resigned on 18/12/2024)
- M. Yamada (Resigned on 16/12/2024)
- N. Sugie (Resigned on 15/12/2024)
- M. Kanda (Resigned on 20/09/2023)
- Eiji Shimochi (Appointed on 22/01/2024 and Resigned on 17/12/2024)
- Ergun Tan (Appointed on 22/01/2024 and Resigned on 16/12/2024)

### PRINCIPAL ACTIVITY

Regarding the principal activity of The Group, we refer to note 1.

### DIRECTORS' INDEMNITIES

Indemnity insurance is provided by the company in respect of the Directors.

### GOING CONCERN

Regarding further details related to the going concern we refer to note 3.4.

### FINANCIAL RISK MANAGEMENT

Regarding the financial risk management, we refer to note 4.

**DIRECTORS' REPORT (CONTINUED)**

**EMPLOYEES**

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

The Group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, The Group encourages the involvement of employees by means of employee meetings.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, The Group continues employment wherever possible and arranges retraining.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with The Group continues and that appropriate training is arranged. It is the policy of The Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

An indication of how the directors have considered the business relationships with suppliers, customers and others in their decision making are included in the Board's Statement on S172.

Regarding the GHG emissions, please refer "sustainability report".

We have reported on all sources of carbon emissions and energy usage required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended within the Sustainability report section.

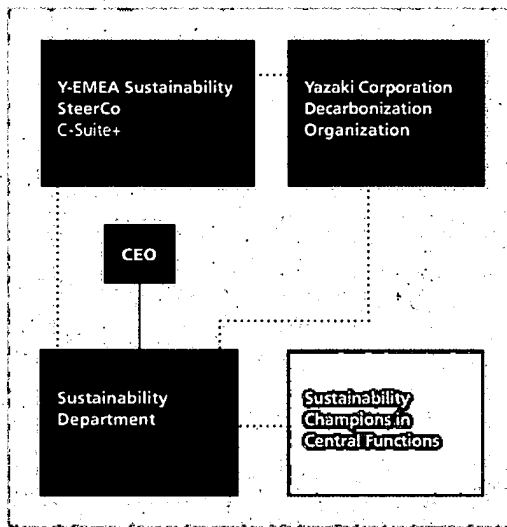
**SUSTAINABILITY REPORT**

This Climate Financial Disclosure Report has been prepared to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022 (the “Regulations”), ensuring that Yazaki Europe Limited (YEL Group) meets the new UK requirements for transparency and accountability. It is important to note that YEL Group is a subsidiary of Yazaki EMEA N.V (Y-EMEA). Therefore, while the regulatory requirement applies specifically to YEL Group, our disclosed approach to climate management is implemented at the holding level, encompassing the entire Yazaki EMEA region. The following pages provide an overview of our corporate approach towards climate change.

**1. Governance**

Advancing our organizational culture toward sustainability is a strategic, long-term commitment that demands a shared vision and dedication at every level of our company. To lead this initiative, our company has instituted a governance model for sustainability, ensuring the effective implementation of the sustainability approach across the business. This model is designed to uphold Y-EMEA's capacity to fulfill Yazaki Corporation's Decarbonization Organization strategies and targets while also taking into account sustainability requirements from customers and other external stakeholders.

**Yazaki EMEA Sustainability Governance Structure**



**Board Oversight**

The Senior Leadership Team (4 C-Suite) and the Chairman assumes full commitment to the management of the Company' sustainability approach being committed to addressing climate-related risks and opportunities, integrating them into the company's overall strategic direction.

Y-EMEA Senior Leadership Team (C-level) considers the impact of climate change on business strategy and is responsible for overseeing climate-related matters with the support of the Sustainability & EHS functions.

Climate-related issues are regularly reviewed and discussed at the Sustainability Steering Committee (SSC).

## **SUSTAINABILITY REPORT (CONTINUED)**

The SSC is a deliberative body of the Senior Leadership Team (SLT), responsible for the assessment, decision, debate, and monitoring of the implementation of Y-EMEA's Sustainability Strategy and Ambitions. It plays a pivotal role in shaping our sustainability strategy, providing valuable insights, and ensuring that sustainability considerations are integrated into our decision-making processes.

This committee is comprised by the Chairman, Senior Leadership Team (C-Suite), cross-functional top management and the Sustainability team. Regular meetings are held bi-monthly, fostering continuous dialogue among committee members.

There is also an EHS Steering Committee (EHS SC) dedicated to reviewing overall environmental performance, including climate-related issues. The EHS SC meets monthly and is comprised of the President of each Business Division (C-level) and the leaders from the EHS department.

Both Y-EMEA Sustainability and EHS Steering Committees are responsible for assessing climate-related risks and opportunities affecting our operating sites (including YEL) in the EMEA region to support the Senior Leadership Team with climate related oversight.

Y-EMEA's progress is reported to the Senior Leadership Team on regular basis which provides the central governance mechanism, overseeing climate-related strategy, ambitions and progress.

### **Management's Role**

The Senior Leadership Team (C-Suite) is supported by the Sustainability Department for coordinating the development of Yazaki EMEA' Sustainability Strategy, its implementation and reporting on progress, in collaboration with the Central Functions and Business Areas.

The Sustainability Department leads the management of sustainability and decarbonization-related initiatives, reporting directly to the CEO. The Sustainability department is responsible to maintain ongoing communication with Yazaki Corporation with regular updates on the decarbonization strategy and performance.

The Sustainability & EHS teams are responsible for identifying and managing climate-related risks and opportunities. Supported by a cross-functional network of internal sustainability champions and external specialists where appropriate, they ensure the implementation of the C-Level's directives. This includes integrating climate considerations into daily operations and decision-making processes, as well as ensuring compliance with climate-related regulations.

Our internal Sustainability Champions network comprised with members strategically positioned across various central functions, play a crucial role in championing sustainability and decarbonization related initiatives within their respective spheres of influence.

In addition, an annual EHS Management System Performance Review is conducted, involving Y-EMEA leadership, to assess annual EHS performance against targets.

Yazaki Corporation organizes a Global Environmental Committee meeting twice a year, involving all regions, to discuss and align on global environmental and decarbonization strategies.

## SUSTAINABILITY REPORT (CONTINUED)

### 2. Strategy and Risk Management

Climate-related risks are managed through risk assessments and monitoring, implementation of mitigation measures and stakeholders' engagement, including customers and suppliers, to address decarbonization challenges.

In addition to the sustainability governance model in force described above, the Head of Sustainability & EHS makes part of the Y-EMEA Internal Control Committee (ICC) meetings ensuring integration of sustainability risks, with a special focus on environmental, health and safety risks, within the company's risk management framework. The ICC is operated by a cross-functional approach with the objective to monitor the efficiency and effectiveness of the incorporated Internal Control System (ICS) in Y-EMEA. The Y-EMEA ICC has the purpose to reasonably guarantee four objectives: – effectiveness and efficiency of operations, – reliability of financial reporting, – compliance with laws and regulations concerning business activities, – safeguarding assets, including the achievement level and issues to be solved.

We have reported on all sources of carbon emissions and energy usage required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended within the Sustainability report section in Strategic report.

#### Climate-Related Risks and Opportunities

Several potential climate-related risks and opportunities that may impact Y-EMEA's business, including YEL operations, have been identified through the following two sustainability and EHS processes:

##### a. Double Materiality Assessment

In 2023, Yazaki EMEA sustainability department conducted a preliminary double materiality analysis as part of our proactive measures to meet the European Union (EU) Corporate Sustainability Reporting Directive requirements. This analysis aimed to provide comprehensive insights into Y-EMEA's impact on society and the environment, as well as its exposure to Environmental, Social, and Governance (ESG) risks and opportunities. The assessment focused on two key dimensions: – Impact materiality – the Y-EMEA's economic, social and environmental impacts on people or the environment – Financial materiality – the impact of sustainability topics on Y-EMEA's business value.

We collected feedback from 44 stakeholders (internal and external), ensuring a diverse representation of perspectives associated to each of the ESG topics under analysis. Stakeholders have been invited to share their perception for Y-EMEA region overall on the following:

- **Impact Materiality:** rate level of actual/potential positive and negative impacts, associated to each of the 24 sustainability topics that Y-EMEA's operations and products may have on people, environment and society (applied to internal and external stakeholders)
- **Financial Materiality:** rate the likelihood of occurrence of risks and opportunities associated to each of the 24 topics that Y-EMEA is or may be exposed to and the potential magnitude of financial effects on our activity (applied to internal stakeholders only)

- **Priority Topics and Performance:** select 10 priority topics and rate Y-EMEA's performance level in managing topics (applied to internal and external stakeholders)

We have identified as material topics for our business those perceived by our internal and/or external stakeholders to have a moderate to high level of impact and/or financial materiality. Considering the analysis of answers obtained, a weighted scoring methodology has been designed to value the perception of key internal stakeholders that through their roles have more direct exposure, management influence as well as visibility on impacts, risks and opportunities associated to the ESG topics under analysis.

The results were communicated in the Annual Sustainability Report 2023. The main findings associated to stakeholders' perception for climate change and energy are as follows:

- On average, the stakeholders consider that Y-EMEA's operations and products may have a moderate positive and negative impact associated to climate change and energy on people, environment and society.

- On average, the stakeholders consider that Y-EMEA's operations and products may have a moderate positive impact associated to climate change and energy on people, environment and society associated.

- 74% of respondent internal stakeholders and 54% of respondent external stakeholders consider Y-EMEA's operations and products may have a moderate to very high-level negative impact associated to climate change on people, environment and society associated.

- 90% of respondent internal stakeholders and 85% of respondent external stakeholders consider Y-EMEA's operations and products may have a moderate to very high-level positive impact associated with climate change adaptation and mitigation.

- Internal stakeholders, considering their knowledge about our Company's operations, value chain and business relationships, were asked to rate the likelihood of occurrence of risks and opportunities associated to each topic that Y-EMEA is or may be exposed to and also the potential magnitude of financial effects on our activity. Climate change and energy consumption risks and opportunities have been rated on average with a moderate level for both likelihood of occurrence and magnitude of financial effects on Y-EMEA.

- In spite of the perceived moderate level for the climate related risks and opportunities, both climate and energy are within the top 10 topics the majority of both internal and external stakeholders consider Y-EMEA should prioritize.

The double material assessment results are reviewed on an annual basis. Moving forward, as Y-EMEA progresses in its journey toward EU CSRD compliance, these preliminary results will be continuously monitored and serve as an input to the development of our Corporate Sustainability Strategy and Annual sustainability Report.

#### **b. ISO 14001 Certification and Environmental Management Systems**

Yazaki EMEA's Environment, Health & Safety department is responsible for overseeing the ISO 14001 certifications maintenance, focusing on assessing environmental impacts from manufacturing operations, including those related to climate change. ISO 14001 defines environmental aspects as elements of activities, products, or services that has or may have an impact on the environment. Yazaki

EMEA ensures compliance through regular analyses, with risks and opportunities ranked from 1 to 3 (low to high) based on probability, severity, benefit and feasibility. Actions are implemented for any risk and/or opportunity with a score equal to or above 4. The identification of risks and opportunities are conducted at group and manufacturing site levels and associated documents are reviewed once per year or when there are significant changes in the conditions.

The main results of these analysis are presented in the management review and integrated in the decarbonization strategy development.

The combination of the outputs from both processes (points a. and b.) are shown in the table below. All the risks and opportunities have been identified with impact on a short (1 year), medium (2-5 years) and long term (> 5 years) time horizons.

Main climate change-related risks exposure		Main actual and potential impacts to Y-EMEA business	Mitigation Measures
Extreme Weather Events	Physical risks to employees from heatwaves and cold snaps (e.g., dehydration).	<ul style="list-style-type: none"> <li>- Employees' dehydration due to extreme temperature and cold snaps</li> <li>- Cost increase associated to higher air conditioning use</li> </ul>	<ul style="list-style-type: none"> <li>- Ensuring quality potable water availability and temperature regulation within plants.</li> <li>- Monitoring power usage and improve equipment efficiency</li> </ul>
	Production interruptions due to fire from high temperatures and floods affecting manufacturing plants and transportation (own operations and supply chain).	<ul style="list-style-type: none"> <li>- Revenue loss due to interruption of production and materials supply</li> </ul>	<ul style="list-style-type: none"> <li>- Conducting fire prevention audits and reinforcing fire prevention measures during heatwaves.</li> <li>- Following the YEMEA Crisis Management Manual and local contingency plans.</li> </ul>
Policy and Regulatory changes	Risk of non-compliance with the regulatory updates	Increased compliance costs related to climate change policies and carbon taxes	<ul style="list-style-type: none"> <li>- Conducting Quarterly and annual legal audits to ensure compliance with evolving regulations.</li> </ul>
	Stricter emissions regulations		<ul style="list-style-type: none"> <li>- Defining and deploying of decarbonization ambitions and plans</li> <li>- Establishing green electricity contracts where available</li> </ul>
Energy Price	Volatile energy prices and higher energy costs	<ul style="list-style-type: none"> <li>- Cost increase due to increased electricity prices</li> </ul>	<ul style="list-style-type: none"> <li>- Conducting feasibility studies for self-generation technology installation.</li> <li>- Identifying and implementing energy efficiency measures</li> </ul>
Changing customer preferences in term of sustainability approach	Changing emissions reduction goals due to customer requirements.	<ul style="list-style-type: none"> <li>- Increased costs to meet customers' demands on carbon reduction, associated to:                             <ul style="list-style-type: none"> <li>- carbon emission reduction investments at our facilities,</li> <li>- procurement of alternative and more sustainable materials,</li> <li>- R&amp;D investments</li> <li>- carbon offsetting,</li> </ul> </li> <li>- Decreased revenue due to failure to meet customer demands</li> </ul>	<ul style="list-style-type: none"> <li>- Encouraging carbon footprint reduction initiatives and establishing medium- long-term carbon reduction strategies.</li> <li>- Establishing 100% renewable electricity contracts where available</li> <li>- Searching for less carbon and energy intensive materials</li> </ul>

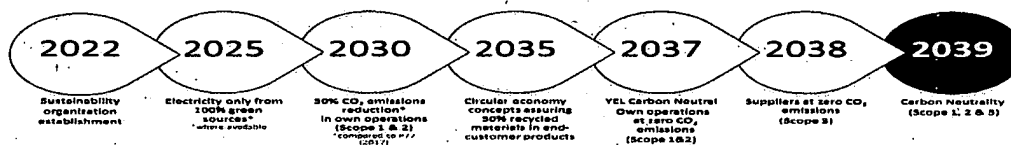
Potential climate change-related opportunities		Main actual and potential impacts to Y-EMEA business	Actions
Product development Innovation, Green Energy and low carbon materials usage	Green energy adoption	- Mitigation of electricity price risks caused by changes in fossil fuel prices - Enhanced brand reputation	Feasibility studies on green energy and power purchase agreements availability, including self-generation installation, by country and by plant
	Cost Savings and efficiency Improvements	- Improved plant energy, water and waste efficiency and associated cost savings	- Support and oversee implementation of Initiatives targeting water consumption reduction, waste reduction, and energy efficiency at plant level - Annual best practice standardization and plant insulation improvement - Investing in energy-cost effective technologies
	Development of carbon neutral/low carbon/ energy-efficient products portfolio	- Increased revenue by satisfying customer demands on developing low carbon-footprint products - Enhanced brand reputation - Increased costs associated to procurement of alternative and more sustainable materials and R&D investments	- Development of decarbonization plans focused on product development, including principles on circular economy and sustainability across the supply chain

**Impact on the Strategy**

Beyond our responsible and ethical practices, and in pursuit of our decarbonization ambitions, we acknowledge the impact of our business on both society and the environment in a holistic manner.

Y-EMEA has strategically incorporated sustainability within the corporate strategy under the pillar of Business Excellence to address the expectations of both our market and society, as well as the complex regulatory landscape in Europe. Sustainability stands as a significant megatrend in the Automotive industry, marked by escalating Original Equipment Manufacturers (OEMs) demands for decarbonization and energy transition. Our customers base now seeks comprehensive sustainability information concerning our company and products.

In response to this evolving European Union regulatory and market landscape, Y-EMEA has established decarbonization ambitions to be achieved by 2039 in its region and in alignment with the decarbonization targets set by Yazaki Corporation for the entire Group. These ambitions are outlined through several key milestones.



Our strategy is to integrate climate-related considerations into our core business operations. Climate-related risks and opportunities influence our strategy in several ways and we have set a decarbonization roadmap that includes several levers of action. This includes and is not limited to:

**SUSTAINABILITY REPORT (CONTINUED)**

- Expanding the renewable energy share, where available, and enhancing energy efficiency to reducing emissions across our facilities.
- Collaborating with suppliers and logistics providers to create a sustainable and resilient supply chain.
- Investing in R&D to develop innovative, low-carbon automotive components and solutions.

Y-EMEA uses several key metrics to assess climate-related risks and opportunities and monitor its progress on a regular basis. with YEL performance embedded in these metrics.

**Our progress**

	KPI	UoM	P77	P82	P83
			2017	2022	2023
<b>DECARBONIZATION AMBITIONS</b>					
Consume electricity only from 100% green sources. where available by 2025	Share of renewable electricity	%	-	49%	68%
	Sites with 100% green electricity	No.		4	15
Reduce 50% CO2 emissions in own operations (Scope 1&2) , compared to P77 (2017) by 2030	Scope 1+2 total CO2 emissions	tCO2e	47 341	34 147	*
	Reduction of scope 1+2	%		-28%	*
	Target execution	%		56%	*
Develop Circular economy concepts assuring. 50% recycled materials in end-customer product by 2035	Recycled content	%	-	-	**10-25% in wires (representing 60% of wire harness composition)
Y-EMEA Carbon neutral own operations at zero CO2 emissions (Scope 1&2) by 2037	Target execution	%	-	28%	*
Suppliers at zero CO2 emissions (Scope 3) by 2038	Purchased goods and services total CO2 emissions (tCO2e)	tCO2e	516 258	345 146	*
	Reduction %	%	-	-33%	*
Achieve Carbon neutrality (scope 1, 2 and 3) by 2039	Scope 1+2+3 total CO2 emissions	tCO2e	752 795	633 802	*
	Reduction of scope 1+2+3	%	-	-16%	*

\*P83 business year data collection is in progress for GHG emissions calculations. Therefore, results are not available at the close of this report. It will be communicated in the next Y-EMEA Sustainability Report.

\*\* We utilize recycled and bio-based materials, with some development components incorporating 100% recycled content. However, we are currently unable to quantify the total percentage of recycled materials, which we estimate to be less than 1% for the components under development. For purchased components, we have initiated the process of collecting this data. Efforts are underway to implement automated tools to establish a baseline. In our primary business of wire harnesses, wires constitute more than 60% of the product, with current recycled material content ranging between 10-25%.

**SUSTAINABILITY REPORT (CONTINUED)**

**Resilience of the Strategy**

Ensuring the resilience of our business model against climate-related risks involves consideration of different climate scenarios. This helps to identify potential risks and opportunities (that are being mentioned above), allowing strategic adjustments to mitigate adverse impacts and capitalize on beneficial changes.

To provide insights into climate trends over the mid-to-long term and ensure business resilience against climate impacts, our Sustainability Department identified two public available scenarios for different climate trajectories to perform a qualitative assessment aimed to understand the potential impacts of climate risks and opportunities on our operations and financial performance and integrate those insights into our planning processes.

This way we enhance our ability to make informed strategic decisions and investments and adopt effective risk management approaches, ensuring that our strategy remains resilient and our business prepared to face diverse climate futures.

<p><b>High-Emission Scenario (RCP 8.5)</b></p>	<p>RCP 8.5 is a high greenhouse gas emissions scenario, often referred to as the "business-as-usual" scenario, where there is minimal mitigation effort, leading to significant warming. This scenario assumes continued high greenhouse gas emissions by end of the century, including increase of energy use mostly from fossil fuels, limited availability of renewable energy and low implementation of climate policies. This context leads to severe climate impacts such as increased temperatures, extreme weather events, and significant sea level rise.</p>
<p><b>Low-Emission Scenario (RCP 2.6)</b></p>	<p>RCP 2.6 is a low greenhouse gas emissions scenario that assumes substantial mitigation efforts, aiming to keep global temperature rise below 2°C by the end of the century. This scenario assumes that emissions will decline becoming negative by end of the century as well as aggressive mitigation efforts to limit emissions, including decline in the use of fossil fuel.</p>

RCP 8.5 and RCP 2.6 are well-established and widely used in the scientific community, having been developed by the Intergovernmental Panel on Climate Change (IPCC). This ensures that our analysis is based on robust scenarios, providing credibility and reliability to our assessments.

Based on these scenarios we made a qualitative assessment. The high emission scenario (RCP 8.5) presents higher risks due to potential supply chain disruptions, operational challenges, and increased regulatory pressures. However, it also opens opportunities for innovation in materials and products and renewable energy projects. There is the need to focus on enhancing supply chain resilience, exploring renewable energy where feasible and search for resilient infrastructure markets/opportunities. The low emission scenario (RCP 2.6) presents lower immediate risks but will lead to stronger regulations and requirements that requires significant adjustments in product portfolio and investments in sustainable practices. There is the need to prioritize the development of low-carbon and energy-efficient products as well as sustainable manufacturing practices. Adapting quickly to market shifts towards low-carbon technologies will be crucial.

**SUSTAINABILITY REPORT (CONTINUED)**

In summary, managing physical and transition risks under RCP 2.6 involves proactive compliance with regulations, continuous investment in technologies for transition to a low-carbon economy, and leveraging market shifts towards sustainability. Under RCP 8.5, the focus shifts to building robust physical infrastructure to withstand extreme weather, staying agile for sudden regulatory changes, and preparing for market volatility due to severe climate impacts.

**3. GHG Emissions**

We measure Y-EMEA annual corporate carbon footprint assessing emissions across scope 1, 2 and 3 in alignment with the GHG Protocol standards. This comprehensive approach allows us to thoroughly account for:

- direct emissions from our operations associated to fuel combustion in buildings, our company's vehicle fleet and fugitive gases (Scope 1),
- indirect emissions from purchased electricity and district/municipal heating (Scope 2) and
- a broad spectrum of indirect emissions throughout our value chain (Scope 3), comprising purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste treatment, business travel, employee commuting and upstream leased asset.

**Y-EMEA GHG Emissions**

tcO <sub>2</sub> e (business year data)	2017 (P17)	2022 (P22)	Var. P22-P17
<b>Scope 1</b>	<b>9,815</b>	<b>7,033</b>	<b>-28%</b>
Diesel Fuel	3,094	1,343	-57%
Gasoline	593	914	54%
Heating Oil	16	0	-100%
Propane Gas	128	253	97%
Natural Gas	4,012	2,550	-36%
Refrigerants	1,973	1,973	-
<b>Scope 2 - Market Based</b>	<b>37,526</b>	<b>27,114</b>	<b>-28%</b>
<b>Scope 2 - Local Based</b>	<b>61,274</b>	<b>53,233</b>	<b>-13%</b>
Electricity - Market Based	37,290	26,850	-28%
Electricity - Local Based	61,038	52,969	-13%
Municipal/District Heating	236	264	12%
<b>Total (Scope 1 and 2) - Market Based</b>	<b>47,341</b>	<b>34,147</b>	<b>-28%</b>

Total (Scope 1 and 2) - Local Based	71 089	60 266	-15%
Scope 3	705 454	599 655	-15%
Purchased Goods & Services	516 258	345 146	-33%
Capital Goods	20 834	24 839	19%
Fuel and Energy Related Activities	15 001	13 467	-10%
Upstream Transportation and Distribution	67 630	129 422	91%
Waste Generated in Operations	24 443	37 749	54%
Business Travel	4 356	2 280	-48%
Employee Commuting	55 985	46 004	-18%
Upstream Leased Assets	947	748	-21%
Total (Scope 1, 2 and 3) - Market Based	752 795	633 802	-16%
Total (Scope 1, 2 and 3) - Local Based	776 543	659 921	-15%

During the last Business Year 2022 (July 2022 to June 2023), Y-EMEA emissions amounted to 633.8 ktCO<sub>2</sub>e1. Emissions from scopes 1 and 2 contributed 5% of the total, while scope 3 accounted for 95%. Compared to the baseline year 2017, Y-EMEA direct and indirect emissions (Scope 1, 2, and 3) decreased by 16%, while the emissions from our facilities (Scope 1 and 2) decreased by 28%.

The GHG emissions associated with YEL Group entities are disclosed on the table below.

YEL GHG emissions and energy usage data – UK and offshore		
Financial Years (April 1, 2023 to March 31, 2024 and Previous Year)	2024	2023
Emissions from combustion of gas (Scope 1 – tonnes of CO <sub>2</sub> e)	386,97	367,49
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO <sub>2</sub> e)	313,16	526,87

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Emissions from municipal heating (Scope 2 – tonnes of CO2e)	27,06	43,49
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2. Market-Based – tonnes of CO2e)	554,76	386,73
Emissions from business travel in rental cars (Scope 3 - tonnes of CO2e)	13,10	14,65
<b>Total gross CO2e based on above</b>	<b>1 295,05</b>	<b>1 339,24</b>
Energy consumption used to calculate emissions – kwh	6 750 035,78	7 347 258,13

**Methodology:**

Y-EMEA GHG Emissions are monitored on an annual basis covering our 12 months business reporting period for manufacturing plants and calendar year reporting for offices. A GHG emissions inventory is produced every year and the results disclosed on our Annual Sustainability Report disclosed in our website (Sustainability - Yazaki Europe (yazaki-europe.com)).

The GHG emissions data cover carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) emissions and have been estimated according to GHG Protocol using emission factors from several databases (US EPA Emission Factor Hub, DEFRA, USEEIO database, Ecoinvent, and/or published studies). Global Warming Potentials (GWP) obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) were used to convert GHG emissions into carbon dioxide equivalents (CO<sub>2</sub>e). Some assumptions have been taken to estimate emissions according to data available. For the calculation of Scope 1 and 2 emissions, we utilized the annual energy consumption data per energy type and per site, alongside the annual amount of refrigerant purchased.

For Scope 3 emissions, we based our calculations on the annual spend for categories such as purchased goods and services, capital goods, upstream transportation and distribution, and car rentals for business travel. All spend-based calculations considered inflation by integrating Consumer Price Index (CPI) figures from the U.S. Department of Labor Bureau and Labor Statistics with spend data.

Emissions from waste generated in our operations were calculated using a mass-based approach, categorized by waste type and disposal method. We also incorporated distance data for air and train travel and the number of hotel nights for business travel.

Employee commuting emissions were estimated using average commuting distances per transportation mode and site, derived from available data or extrapolated. Lastly, for emissions related to upstream leased assets, we estimated the consumption of energy through extrapolation based on the dimensions (sqm) of the facilities.

More information can be found on our Annual Sustainability Report disclosed in our website (Sustainability - Yazaki Europe (yazaki-europe.com)).

In conclusion, Y-EMEA is dedicated to addressing the challenges and opportunities posed by climate change. Through robust governance, strategic planning, comprehensive risk management, and clear metrics and targets, we aim to mitigate climate-related risks and leverage opportunities, ensuring the long-term sustainability and resilience of our business.

**SUSTAINABILITY REPORT (CONTINUED)**

**Appendix - CFD Index**

CFD Regulations and summary of related BEIS guidance		Company response	
		Location of disclosure, if provided	Further considerations (e.g., reasons for non-inclusion of disclosure; plans and time frames to make disclosures)
<b>a) A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities</b>	<b>Allocation of Responsibility:</b> Person or Committee that has responsibility for identifying and managing risks and opportunities. If no directors have oversight of climate risks and opportunities and/or no person, or persons, within the company have responsibility for assessing or managing climate risks and opportunities, this should be stated.	1. Governance – p. 16-17	-
	<b>Frequency of Governance Processes:</b> Frequency that climate risks and opportunities are considered.	1. Governance – p. 16-17	-
	<b>Role of the UK Board:</b> Extent to which climate information is considered by the UK Board.	1. Governance – p. 16-17	-
<b>(b) A description of how the company identifies, assesses, and manages climate related risks and opportunities</b>	<b>Climate Risk Process:</b> Disclose the systems and processes in place that enable risks and opportunities associated with climate change to be identified, assessed and managed.	2. Strategy and Risk Management/Climate-Related Risks and Opportunities p. 17-22	-
	<b>Frequency of Climate Risk Assessment:</b> Disclose how frequently this risk identification exercise is refreshed.	2. Strategy and Risk Management/Climate-Related Risks and Opportunities p. 17-22	-
	<b>Boundaries of Climate Risk Assessment:</b> Disclose whether risks and opportunities are identified at subsidiary level and reported up through The Group, or, whether risk and opportunity identification is done at group level only.	2. Strategy and Risk Management/Climate-Related Risks and Opportunities p. 17-22	-

<p><b>(c) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company</b></p>	<p><b>Climate Risk Integration:</b> Provide an explanation regarding the extent to which climate related risk is currently integrated into the overall approach to risk management or whether the identification, assessment and management of climate-related risks are subject to separate processes and procedures. This information will help a reader to understand the maturity of the approach adopted in respect of climate risks, the level of resource that has been assigned to understanding this systemic risk and whether process changes are likely to occur in the future.</p>	<p>2. Strategy and Risk Management p. 17-22</p>	<p>-</p>
<p><b>(d) A description of i. the principal climate-related risks and opportunities arising in connection with the operations of the company, and ii. the time periods by reference to which those risks and opportunities are assessed</b></p>	<p><b>Climate Risk Identification:</b> Disclose the material physical and transition climate risks that have the potential to impact the Company.</p>	<p>2. Strategy and Risk Management/ Climate-Related Risks and Opportunities p. 17-22</p>	<p>-</p>
	<p><b>Link to Time Horizons:</b> Climate risks and opportunities should be linked to all relevant time horizons - short, medium and long term, which may be outside of the companies usual financial planning cycle.</p>	<p>2. Strategy and Risk Management/ Climate-Related Risks and Opportunities p. 17-22</p>	<p>-</p>
	<p><b>Define Time Horizons:</b> Explain how the time periods (short, medium and long term) have been determined.</p>	<p>2. Strategy and Risk Management/ Climate-Related Risks and Opportunities p. 17-22</p>	<p>-</p>
<p><b>(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company</b></p>	<p><b>Climate Impacts:</b> The description of the actual and potential impacts should be as granular as is necessary to understand the impact of crystallization of that risk and should be specific. Where impacts are material to an understanding of the business or its strategy, they should be disclosed.</p>	<p>2. Strategy and Risk Management/ Climate-Related Risks and Opportunities p. 17-22</p>	<p>-</p>
	<p><b>Mitigations:</b> The mitigations, where appropriate, that the business has already put in place and the mitigating actions it is planning to take.</p>	<p>2. Strategy and Risk Management/ Climate-Related Risks and Opportunities &amp; Impact on the strategy p. 17-22</p>	<p>-</p>
<p><b>(f) An analysis of the resilience of the business model and strategy of the company, taking into consideration of different climate-related scenarios</b></p>	<p><b>Scenario Analysis:</b> Select scenarios most relevant to its business, include the rationale for selection of those scenarios and source of selected scenarios.  Where mitigating actions are being put in place, disclosures should include the extent of the mitigating measures and residual risks.  It is important that businesses disclose the assumptions and estimates that underpin the scenario analysis exercise.</p>	<p>2. Strategy and Risk Management/ Resilience of the Strategy p. 17-22</p>	<p>-</p>

	<p>Companies may decide to focus on the most relevant geographies or lines of business initially.</p>		
	<p><b>Resilience Assessment:</b> Provide an assessment of the resilience of its business model and strategy in the light of risks arising in the event of different climate change scenario projections.</p>	<p>2. Strategy and Risk Management/ Resilience of the Strategy p. 17-22</p>	-
<p><b>(g) A description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets</b></p>	<p><b>Climate Targets:</b> A description of the targets used by the company to manage climate risks and to realise climate opportunities and of performance against those targets.</p> <p>The targets should, where possible, be linked to the risks and impacts identified under disclosures (d), (e) and (f). Targets may be linked to both an overarching reduction in emissions, and a reduction in individual risks and their impacts that have been identified.</p>	<p>2. Strategy and Risk Management/ Impact on the strategy</p> <p>p. 17-22</p>	-
	<p><b>Timeframes:</b> Include a timeframe over which the company intends to meet those targets and how it monitors and assesses progress in meeting those targets.</p>	<p>2. Strategy and Risk Management/ Impact on the strategy</p> <p>p. 17-22</p>	-
<p><b>(g) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based</b></p>	<p><b>Climate Metrics (KPIs):</b> Climate-related KPIs it uses to assess progress against the targets set out under (g) to manage climate risks and opportunities, how these are calculated, and, if different from the targets set, how the KPIs relate to targets.</p> <p>Where a company changes a climate-related KPI used to manage its climate-related risks and opportunities, the reason for the change should normally be disclosed together with explanations of why the new KPI is more effective than the previous measurements.</p>	<p>2. Strategy and Risk Management/ Impact on the strategy</p> <p>p. 17-22</p> <p>3. GHG Emissions p. 22-23</p>	-

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**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

In accordance with section 418 of the Companies Act 2006, the Directors confirm that:

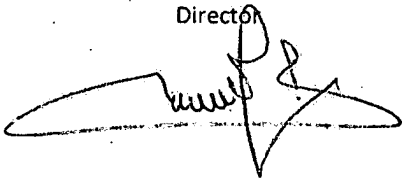
a) so far as each Director is aware, there is no relevant audit information of which The Group's auditor is unaware; and

b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that The Group's auditor is aware of that information.

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution to recommend its reappointment to the shareholder has been passed at a recent board meeting.

Approved and authorised for issue by the Board of Directors:

.....  
R. Kharibach .  
Director

A handwritten signature in black ink, appearing to read 'R. Kharibach', is written over a horizontal dotted line. The signature is stylized and includes a large, sweeping horizontal stroke at the beginning.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted International Financial Reporting Standards. The financial statements also comply with the International Financial Reporting Standards (IFRSs) as issued by the IASB. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial Statements also comply with International Financial Reporting Standards (IFRSs) as issued by IASB. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements of the IFRS standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 The Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and The Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Yazaki Europe Limited

Report on the audit of the financial statements

Opinion

**In our opinion:**

- the financial statements of Yazaki Europe Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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.

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 group's and parent 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.

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

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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 auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Pensions Act 2008, Employment Rights Act 1996, Equity Act 2010, Corporation Tax Act 2010, Value Added Tax Act 1994, The Income Tax Regulations 2003 and Base Erosion and Profit shifting (BEPS) established by Organisation for Economic Co-operation and Development (OECD); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty: Equality Act 2010, Health and Safety Law.

We held discussions amongst the audit engagement team including significant component audit teams and relevant internal specialists including tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

There is a significant risk of material misstatement due to fraud related to revenue recognition. This risk has been pinpointed to manual adjustments to revenue. We have performed substantive procedures over the manual adjustments to revenue which includes pricing adjustments and compensation claims. We have performed audit procedures to assess the design and implementation of the key controls related to this significant fraud risk. We have agreed the manual adjustments to third party evidence to gain assurance over the revenue recognition.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

**YAZAKI EUROPE LIMITED 31 MARCH 2024**

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the European Tax Authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Manmeet Kalsi*

Manmeet Kalsi (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
4 February 2025

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 €'000	2023 €'000
Revenue	6	2,462,744	2,526,471
Cost of goods sold		(2,217,675)	(2,321,491)
<b>GROSS PROFIT</b>		<b>245,069</b>	<b>204,980</b>
Research and development costs	7	(91,768)	(75,409)
Distribution costs	7	(88,415)	(84,333)
Administrative expenses	7	(102,775)	(83,667)
Other operating income /expenses	8	(39,103)	(10,969)
<b>OPERATING LOSS</b>		<b>(76,992)</b>	<b>(49,398)</b>
Finance income	12	20,322	6,407
Finance costs	11	(45,847)	(15,768)
<b>LOSS BEFORE TAX</b>		<b>(102,517)</b>	<b>(58,759)</b>
Income tax	13	(9,935)	(3,775)
Deferred tax	13	(23,472)	1,874
<b>LOSS FOR THE YEAR</b>		<b>(135,924)</b>	<b>(60,660)</b>

All results are derived from continuing activities. There is no non-controlling interest and therefore, the total loss is directly attributable to the owners of the Company.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 €'000	2023 €'000
<b>LOSS FOR THE YEAR</b>		<b>(135,924)</b>	<b>(60,660)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net actuarial (losses)/gains under defined benefit pension plans and similar obligations	27.2	(1,523)	4,665
<b>Net items that will not be reclassified subsequently to profit or loss</b>		<b>(1,523)</b>	<b>4,665</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net losses on currency translation from foreign subsidiaries (Losses)/gains	23.3	356	(123)
Hedging reserve (Losses)/gains	23.4	185	-
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR</b>		<b>(1,167)</b>	<b>4,542</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(137,091)</b>	<b>(56,118)</b>

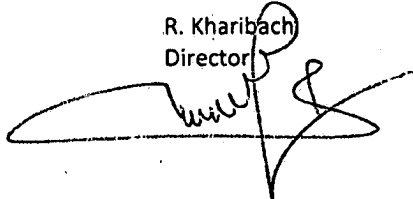
YAZAKI EUROPE LIMITED 31 MARCH 2024

STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2024

	Note	GROUP		COMPANY	
		2024 €'000	2023 €'000	2024 €'000	2023 €'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	33,825	37,569	32,267	35,325
Right of use asset	18	19,231	17,820	11,456	13,112
Intangible assets	16	73,732	78,834	11,653	17,512
Goodwill	17	154,810	154,810	-	-
Financial assets - investments	19	26,717	26,717	382,158	382,158
Financial assets - loans	20	-	28,350	-	28,350
Deferred tax assets	26	16,554	42,929	26,349	53,966
		<b>324,869</b>	<b>387,029</b>	<b>463,883</b>	<b>530,423</b>
<b>Current assets</b>					
Inventories	22	118,738	141,738	59,839	60,996
Trade and other receivables	21	694,547	696,888	577,773	462,626
Cash and cash equivalents	14	92,130	21,338	72,021	51,563
		<b>905,416</b>	<b>859,964</b>	<b>709,633</b>	<b>575,185</b>
<b>Total assets</b>		<b>1,230,285</b>	<b>1,246,993</b>	<b>1,173,516</b>	<b>1,105,608</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Financial liabilities – borrowings	25	105,359	42,923	98,431	38,760
Pension liabilities	27	12,744	10,765	1,539	983
Deferred tax liabilities	26	12,439	15,531	18,174	18,174
		<b>130,542</b>	<b>69,219</b>	<b>118,144</b>	<b>57,917</b>
<b>Current liabilities</b>					
Trade and other payables	24	539,834	494,482	360,906	282,576
Financial liabilities - borrowings	25	698,707	683,274	814,883	777,895
Provisions	28	319	2,602	230	1,976
Current income tax liabilities	13	464	92	464	435
		<b>1,239,324</b>	<b>1,180,450</b>	<b>1,176,483</b>	<b>1,062,882</b>
<b>Total liabilities</b>		<b>1,369,864</b>	<b>1,249,669</b>	<b>1,294,627</b>	<b>1,120,799</b>
<b>EQUITY</b>					
Share capital	23.1	65,302	65,302	65,302	65,302
Share premium		68,403	68,403	68,403	68,403
Merger reserve	23.2	174,817	174,817	174,817	174,817
Retained earnings		(366,690)	(230,767)	(428,860)	(322,626)
Exchange reserves	23.3	(80,926)	(81,282)	(562)	(1,245)
Other reserves	23.4	(487)	851	(210)	158
<b>Total equity</b>		<b>(139,581)</b>	<b>(2,676)</b>	<b>(121,110)</b>	<b>(15,191)</b>
<b>Total liabilities and equity</b>		<b>1,230,285</b>	<b>1,246,993</b>	<b>1,173,516</b>	<b>1,105,608</b>

The loss for the financial year dealt with in the financial statements of the parent company was €106,234,075 (2023: €26,882,717). The financial statements of Yazaki Europe Limited, registered number 1490660, were approved and authorised for issue by the Board of Directors on 4<sup>th</sup> February 2025, and will be signed on its behalf by:

R. Kharibach  
Director



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024**

<b>GROUP</b>	<b>Note</b>	<b>Share capital €'000</b>	<b>Share premium €'000</b>	<b>Merger reserve €'000</b>	<b>Retained earnings €'000</b>	<b>Exchange reserve €'000</b>	<b>Other reserves €'000</b>	<b>Total €'000</b>
<b>AS AT 1 APRIL 2022</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(170,107)</b>	<b>(81,159)</b>	<b>(3,814)</b>	<b>53,442</b>
Loss for the year		0	0	0	(60,660)	0	0	(60,660)
Other Comprehensive Income		0	0	0	0	(123)	4,665	4,542
Other Comprehensive Income		0	0	0	0	(123)	4,665	4,542
<b>AS AT 31 MARCH 2023</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(230,767)</b>	<b>(81,282)</b>	<b>851</b>	<b>(2,676)</b>
<b>AS AT 1 APRIL 2023</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(230,767)</b>	<b>(81,282)</b>	<b>851</b>	<b>(2,676)</b>
Loss for the year		0	0	0	(135,924)	0	0	(135,924)
Other Comprehensive Expense	23.3 & 23.4	0	0	0	0	356	(1,338)	(981)
Other Comprehensive Expense		0	0	0	0	356	(1,338)	(981)
<b>AS AT 31 MARCH 2024</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(366,691)</b>	<b>(80,926)</b>	<b>(487)</b>	<b>(139,581)</b>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

COMPANY	Note	Share capital €'000	Share premium €'000	Merger reserve €'000	Retained earnings €'000	Exchange reserve €'000	Other reserves €'000	Total €'000
<b>AS AT 1 APRIL 2022</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(295,743)</b>	<b>513</b>	<b>(1,348)</b>	<b>11,944</b>
Loss for the year		0	0	0	(26,883)	0	0	(26,883)
Other Comprehensive Expense		0	0	0		(1,758)	1,506	(252)
<b>AS AT 31 MARCH 2023</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(322,626)</b>	<b>(1,245)</b>	<b>158</b>	<b>(15,191)</b>
<b>AS AT 1 APRIL 2023</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(322,626)</b>	<b>(1,245)</b>	<b>158</b>	<b>(15,191)</b>
Loss for the year		0	0	0	(106,234)	0	0	(106,234)
Other Comprehensive Income	23.3 & 23.4	0	0	0	0	497	(183)	315
<b>AS AT 31 MARCH 2024</b>		<b>65,302</b>	<b>68,403</b>	<b>174,817</b>	<b>(428,860)</b>	<b>(748)</b>	<b>(25)</b>	<b>(121,110)</b>

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
Loss after income tax		(135,924)	(60,660)	(106,234)	(26,883)
Adjustments for:					
▪ Tax expense	13	33,408	1,901	28,121	(6,559)
▪ Depreciation	15	15,125	12,242	14,726	11,442
▪ Amortisation and impairment charge	7	22,237	21,810	6,068	10,052
▪ Depreciation of leased assets	7	5,421	5,993	3,385	3,743
▪ Loss on sale of property, plant and equipment		5	(33)	1	72
▪ unrealised forex (gain) or loss		374	(4,247)	(609)	1,906
Finance income	12	(20,322)	(6,407)	(17,365)	(5,217)
Finance costs	11	45,847	15,768	42,889	14,879
		<b>(33,829)</b>	<b>(13,633)</b>	<b>(29,018)</b>	<b>3,435</b>
Changes in working capital:					
▪ Decrease/(increase) in inventories	22	22,999	(19,448)	1,157	(3,013)
▪ (Increase) / Decrease in trade and other receivables	21	72,867	(72,521)	(17,633)	4,775
▪ Increase / (decrease) in trade and other payables	24	45,352	88,965	78,330	(4,190)
▪ Other working capital movements	34	(206)	(325)	739	(5,434)
<b>CASH GENERATED/(USED) FROM OPERATIONS</b>		<b>107,183</b>	<b>(16,962)</b>	<b>33,575</b>	<b>(4,427)</b>

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		€'000	€'000	€'000	€'000
<b>CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES</b>					
Cash generated/(used) from operations		107,183	(16,963)	33,575	(4,427)
Net interest received		(25,117)	(6,806)	(24,765)	(7,094)
Income tax (paid)/received		(5,816)	(6,061)	2,810	(4,252)
<b>Net cash generated / (used in) from operating activities</b>		<b>76,250</b>	<b>(29,830)</b>	<b>11,620</b>	<b>(15,773)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment (PPE)	15	(11,884)	(12,631)	(11,797)	(10,056)
Proceeds from sale of PPE		498	301	162	297
Additions to intangible assets	16	(20,475)	(6,661)	(1,824)	(2,438)
New Loans given to related parties	20, 21	(78,700)	(81,100)	(131,700)	(122,500)
Recovery of Loans from related parties	20, 21	36,850	45,900	60,450	61,800
<b>Net cash used in investing activities</b>		<b>(73,711)</b>	<b>(54,191)</b>	<b>(84,709)</b>	<b>(72,897)</b>
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>					
Loan proceeds received	25	135,689	251,204	157,417	338,804
Repayment of loan Liabilities	25	(59,100)	(166,608)	(59,272)	(249,555)
Lease payments	18	(8,337)	(5,878)	(4,597)	(3,480)
<b>Net cash generated from financing activities</b>		<b>68,252</b>	<b>78,718</b>	<b>93,548</b>	<b>85,768</b>
<b>NET INCREASE/ (DECREASE) IN CASH</b>		<b>70,791</b>	<b>(5,303)</b>	<b>20,459</b>	<b>(2,902)</b>
Cash and cash equivalents at beginning of the period		21,338	26,640	51,563	54,464
Effect of foreign exchange rate changes		(1)	(1)	(1)	0
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>92,129</b>	<b>21,337</b>	<b>72,020</b>	<b>51,562</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 1. GENERAL INFORMATION

The Company is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is Beechwood House, 2-3 Commercial Way, Christy Close, Basildon, Essex, United Kingdom, SS15 6EF.

On 4 of March 2024, Yazaki Corporation, Tokyo, Japan, as a Transferor, concluded Share Transfer Agreement with Yazaki Europe Middle East Africa NV with registered office at Bedrijfsstraat 1220, 3660 Oudsbergen, Belgium, as a Transferee, in terms of transfer of all shares of the Company. In consideration of the transfer of the shares of the Company by the Transferor to the Transferee, the Transferee issued on the same day 1 share of EUR 0,01 in the capital of the Transferee at par to the Transferor.

Yazaki Middle East Africa NV became the registered holder of 45,000,000 fully paid ordinary shares of £1.00 each in the capital of the company as of 21 March 2024.

The ultimate parent company, which draws up The Group financial statements for the largest and smallest Group of undertakings of which the Company is a member, is Yazaki Corporation, Tokyo, Japan.

The principal activities of The Group and the Company during the year were the importing and selling of motor car electrical components and the design, production, development and sale of cable harnesses, electronic systems for automobiles and integrated microprocessor-controlled components for automotive electronic systems through a number of sales offices in Europe. The Group has branches in the United Kingdom, Germany, Sweden, Spain, Belgium, Croatia and Slovenia, and subsidiaries in Germany, France, Spain, Turkey and Romania. The majority of The Group's sales are made in the European Union. These financial statements are presented in Euros (€), which is the currency of the primary economic environment in which The Group operates and are rounded to the nearest €. Foreign operations are included in accordance with the policies set out in note 3.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, The Group has adopted the below new standards.

IFRS Standard in issue	Status	Related to	Effective Date
▪ IFRS S1	Standard	General Requirements for Disclosure of Sustainability-related Financial Information.	01/01/2024
▪ IFRS S2	Standard	Climate-related Disclosures	01/01/2024
▪ IAS 12	Standard	Amendment International Tax Reform – Pillar Two Model Rules	Financial Year beginning at or after 01/01/2023

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. BASIS OF ACCOUNTING

The consolidated Group and Company financial statements of Yazaki Europe Limited have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated Group and Company financial statements have been prepared under the historical cost convention as modified by the revaluation of assets and liabilities disclosed at fair value.

The Group has taken advantage of section 408 of the Companies Act 2006 and is exempt from publishing the parent's own Profit and Loss account and Statement of Comprehensive Income.

The Group and the Company have determined the functional currency of most subsidiaries to be the Euro under IAS 21 based on its primary economic environment. The Group has also chosen to present the financial statements in Euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying The Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

#### 3.2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company, its subsidiaries, made up to 31 March each year.

The purchase method of accounting is used to account for the acquisition of subsidiaries by The Group. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of The Group's share of the identifiable net assets acquired is recorded as goodwill. Further information on goodwill is given in note 17.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by The Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3. SCOPE OF CONSOLIDATION

The following companies are subsidiaries of Yazaki Europe Limited over which The Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are fully consolidated from the date on which control is transferred to The Group and deconsolidated from the date that control ceases. Control is achieved when The Group:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

Company	Place of incorporation / Principal place of business	Ownership (ordinary share capital)	Directly or indirectly held
Yazaki Europe Limited-Paris SARL	Bâtiment E, Parc d’Affaires le Val Saint Quentin, 2 rue René Caudron, 78960 Voisins- le-Bretonneux, France)	100%	Directly
Yazaki Systems Technologies GmbH	Im Gewerbepark B.32, 93059 Regensburg, Germany	100%	Directly
Yazaki Systems Technologies France SAS	Bâtiment E, Parc d’Affaires le Val Saint Quentin, 2 rue René Caudron, 78960 Voisins- le-Bretonneux, France	100%	Indirectly
Yazaki Systems Technologies Spain S.L.U.	Cl Gutierre de Cetina 19- 1°E, 28017 Madrid, Spain	100%	Indirectly
Yazaki Systems Technologies Turkey Otomotiv Sanayi Ve Ticaret Ltd. Sti.	Ahmet Yesevi Mah. Piknik Cad. Hasat Sk. Üründül Plaza No:2, 16140 Nilufer Bursa, Turkey	100%	Indirectly
Yazaki Systems Automotive s.r.l.	Calea Floreasca Nr. 55, Etaj 2, Biroul Nr 206/1, Sectorul 1, 014453 Bucuresti, Romania	100%	Indirectly

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4. GOING CONCERN

The Group meets its day-to-day working capital requirements through its bank facilities with a credit limit of €840m (external facilities €640m and Yazaki Corporation €200m), (2023: €779m) and loans from related parties of €349m (2023: €312m). The Group has undrawn facilities available at the year-end of €265m (2023: €236m) and for YEL Group €86m from the date of these financial statements being approved and signed. The YEL Group also has access to €130m of undrawn facilities under the parent company YEMEA N.V.

The Group's short term bank facilities mature within one year, while the long-term facilities expire within seven years from the financial statement being approved and signed. The external facilities are subject to annual reviews and guaranteed by the Group's parent company Yazaki Corporation. The directors believe the facilities will be renewed based on historic and current negotiations. The Group's management forecasts and projections, taking account of reasonable changes in performance, show that the Group should be able to operate within the level of its current facilities for at least 12 months from the date of approval of these financial statements.

The forecast for the next 24 months has been updated with recent OEM volume expectations and factored in challenges such as the high cost of EVs and high pressure from Chinese competitors. Management has taken all required actions to adjust the capacity temporarily in respect to the committed capacity to our customers. Considering this and our most recent forecasts, we do not deem these challenges will have a material impact on The Group's ability to continue in operation as a going concern. In addition to this, as part of The Group's assessment on goodwill impairment, future forecasts for sales to some of The Group's key customers have been prepared and reviewed. These forecasts have suggested that forecasted sales to these customers for future periods are likely to be profitable therefore bring economic benefits into The Group.

Yazaki Corporation has provided a letter of support valid until 31<sup>st</sup> March 2026 to the YEL Group which provides financial support to YEL if required. The Directors have assessed Yazaki Corporation's financial health through their Audited Financial statements and all available post year end information. The Group is comfortable relying on Yazaki Corporation's ability to provide financial support because Yazaki Corporation has a positive net asset balance, is in a strong cash position and has available facilities to support the European operations including YEL.

The Directors have a reasonable expectation that The Group has adequate resources to continue in operational existence for the next 12 months from the date of these financial statements being approved and signed. The Directors therefore believe it appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5. FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of The Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The results and financial position of all The Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates; and
- all resulting exchange differences are recognised in The Group Statement of Comprehensive Income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

#### 3.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at depreciated historical cost. Historical cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These costs include the present value of dismantling, removal and restoration of its sites.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The Group does not capitalise borrowing costs.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful life.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Asset	Useful life in years		
Buildings			20
Leasehold improvements		Life of Lease	
Motor vehicles			3
Furniture, fixtures and fittings	3	-	10
Machinery and equipment	3	-	10

Depreciation is recognised in the Profit and Loss account. The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted prospectively if changes in estimates are identified.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Profit and Loss account during the period in which they are incurred.

The Assets under construction are not depreciated.

#### 3.7. INTANGIBLE ASSETS

Intangible assets are shown at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised over their useful lives and tested for impairment whenever there are indications to suggest that the intangible asset may have sustained impairment. The term and method of amortisation applied for intangible assets with finite useful lives are reviewed at least at the end of every financial year. Any changes in the term and method of amortisation required as a result of changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset are treated as changes in estimates. Amortisation is recognised in the Profit and Loss account.

- **Intangible asset separately acquired**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with development or maintenance of computer software programmes are recognised as an expense as incurred in the Statement of Comprehensive Income. Costs that are directly associated with the development of identifiable and unique software products controlled by The Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Internally-generated intangible assets**

Design and development costs that meet the criteria of IAS 38 are recognised as intangible assets; all other design and development costs are recognised in the Profit and Loss account. Costs as part of the Fixed-term contract procurement process for a new supply agreement, which are directly associated to securing the contract and where the bidder has already in effect secured the contract right as

#### 3.8. INTANGIBLE ASSETS

- **Internally-generated intangible assets**

preferred supplier and the costs represent upfront contract costs, will be recognised as intangible assets and amortised in line with the revenue for which these payments were made.

When determining if the contract is open ended, the costs are treated as a potential upfront rebate and recognised as other receivables. Costs which are not reimbursable and are payable regardless of the award of the contract are recognized as expense.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Profit and Loss account in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

- **Intangible asset useful life**

Amortisation of intangible assets, excluding Goodwill, is calculated using the straight-line method to allocate their cost over their estimated useful lives.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset	Useful life in years		
Computer software	3	-	5
Design and development			3
Other intangibles	3	-	9

#### 3.9. GOODWILL

Goodwill arising in the acquisition of a business represents the excess of fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisition is capitalised, not amortised and tested annually for impairment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Cash generating units have been established based on the car lines with main customer contracts. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for the goodwill is not reversed in a subsequent period.

#### 3.10. INVESTMENTS

Investments are shown at fair value. The Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, The Group engages third party qualified valuers to perform the valuation.

#### 3.11. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of The Group's assets, property, plant and equipment, investments, and intangible assets (excluding goodwill), are reviewed at least once every year to determine whether there are any indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group views the lowest level of cash-generating unit as one of the branch offices.

For details of incurred impairments, we refer to notes 21 and 22.

#### 3.12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in The Group's statement of financial position under IFRS 9 when The Group becomes a party to the contractual provisions of the instrument.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 3.12.1. FINANCIAL ASSETS

Financial assets include investments, loans, trade and other receivables and cash and cash equivalents. The classification is dependent on the business model in which they are held and on the contractual terms for the cash flows that the financial asset gives rise to. The classification is done on portfolio level based on management's intention and past transactions and expectations about future sales activity. The assessment, whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding are done on the level of individual financial instruments.

Financial assets will be classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Profits and losses from financial assets that are classified and measured at fair value are recorded directly in the profit and loss account.

Financial assets that are classified and subsequently measured at fair value through other comprehensive income are initially recognized at fair value and subsequent unrealised profits or losses are recorded in comprehensive income. Upon de-recognition of these assets cumulated profits and losses are recognised in the profit and loss account.

Financial assets that are classified and subsequently measured at amortised cost, are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A provision for impairment of these assets is established on the expected credit loss model where provisions are recognised based on expectations of potential credit losses.

In general, Yazaki Europe performs an individual valuation of each unpaid item. Therefore, each individual account has to be reviewed for impairment and, if necessary, an impairment charge is recorded. Due to the large number of customer accounts, it might be difficult to review each individual account for impairment.

Therefore, two estimation techniques are available to estimate the allowance for doubtful accounts based on the portfolio of accounts receivable. These are the percentage-of-sales method and the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

aging method, which are regarded as delivering values for doubtful accounts which are very close to the sum of the values determined if the accounts had been reviewed for impairment individually.

As far as the percentage of sales method is concerned historical data is analysed to ascertain the relationship between credit sales and bad debts. The derived percentage is then applied to the sales revenue of the current period. For the aging method an analysis of the customer receivables at the date of the statement of financial position is prepared. These accounts are categorized by the number of days or months they have remained outstanding. Based on the entities past experience historical

#### 3.12.1 FINANCIAL ASSETS (CONTINUED)

Bad debts percentages are applied to each of these aggregated amounts, with larger percentages being applied to the older accounts.

Within The Group, the aging method shall be used, applying the aging clustering defined as below:

Calculation for provision should be done when we notice that outstanding invoices are overdue, and/or in situations when there is indication that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Any movement in the amount of the provisions is recognised in the Profit and loss account.

Accounts Receivable aging clustering to be used for provision calculation:

Overdue	Expected Credit Loss rate
60-90 days	25%
90-180 days	50%
180 - 360 days	75%
> 360 Days	100%

#### TRADE RECEIVABLES

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any movement in the amount of the provision is recognised in the Profit and loss account.

Before accepting any new customer, The Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Profit and Loss account within administrative expenses. When trade receivables

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are uncollectible, they are written off against the allowance account for trade receivables. Any recoveries of previously written off amounts are credited against selling and marketing costs in the Profit and Loss account.

#### 3.12.1 FINANCIAL ASSETS (CONTINUED)

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of less than three months. Bank overdrafts are shown within borrowings under current liabilities on the statement of financial position.

##### DERIVATIVES

Derivatives are recognised at the time when the obligation to purchase or to sell has been committed. They are measured at fair value through profit and loss. Financial derivatives with positive fair values are stated under trade and other receivables; those with negative fair values are stated under borrowings.

According to the hedge accounting standards, three broad types of hedges qualify for hedge accounting:

- **Fair Value Hedge:** Gain/loss on the derivative is offset by the gain/loss on the hedged item for changes in the hedged risk (both marked through earnings)
- **Net Investment Hedge:** Hedge of FX risk associated with a subsidiary with a different functional currency than that of the parent company; gains and losses are reported consistent with cumulative translation adjustments in other comprehensive income as a separate component of stockholder's equity.
- **Cash Flow Hedge:** Gain/loss on the derivative is recognized in OCI and reclassified into earnings in the periods during which the hedged transactions impact earnings. This is the most common type of hedging employed by corporations.

There is Three Common Hedging products:

- **Interest rate swaps** synthetically convert floating rate debt to a fixed rate. The borrower pays a fixed swap rate to the swap provider in exchange for a floating rate (i.e. 3-month LIBOR). The floating rate received from the swap provider cancels out the floating rate paid on loan, so the borrower is left paying just the fixed swap rate — an agreed-upon rate based on expectations of LIBOR.
- **FX Forward contracts** allow two parties to exchange foreign currencies on a pre-defined future date at a pre-defined exchange rate.
- **Commodity futures** are like forward contracts, except they are traded on an exchange rather than over the counter and marked to market daily, causing cash collateral to change hands during the lifetime of the contract.

For more details about the Hedge contract in place, we refer to note 23.4.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

### **3.12.2 FINANCIAL LIABILITIES**

All financial liabilities are measured subsequently at amortised cost using the effective interest method. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by The Group, are measured in accordance with the specific accounting policies.

### **EQUITY INSTRUMENTS**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by The Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **TRADE PAYABLES**

Trade payables are recognised initially at fair value and subsequently recognised at amortised cost using the effective interest method.

### **FINANCIAL LIABILITIES - BORROWINGS**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless The Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs that are related to the construction of fixed assets are not capitalised but recognised in the Profit and Loss account as such costs arise.

### **3.13. INVENTORIES**

Raw materials are carried at the lower of average cost and net realisable value. The cost of finished goods comprises the purchase costs and any additional costs incurred to get the inventory to its current location and condition in the normal course of business. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories includes an allowance for slow-moving items and technical obsolescence by reviewing the ageing of the inventory and comparing this to future sales orders to determine the inventories which appear to be obsolete.

### **3.14. INCOME TAX EXPENSE**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where The Group's operations generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3.15. DEFERRED TAX

Deferred tax, pursuant to IAS 12, is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (temporary concept). Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by The Group and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 3.16. EMPLOYEE BENEFITS

#### 3.16.1 Pension obligations

The Group operates both defined contribution schemes and defined benefit schemes. For the defined contribution schemes The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The assets of the plans are held separately from those of The Group in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by The Group are reduced by the amount of forfeited contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The obligations under defined benefit plans are measured by application of the projected unit credit method. The actuarial measurement is conducted on the basis of assumptions regarding discount rates, the expected income from plan assets, future wage and salary increases, mortality and future increases in pension benefits, the expected employee turnover and the trend of healthcare costs. By virtue of the long-term horizon of such plans, these estimates are subject to considerable uncertainty. Actuarial gains and losses, due to adjustments and changes to the actuarial assumptions based on historical experience values, are recognised in equity (accumulated other Comprehensive Income) in the period in which they occur. The current service cost is classified as operating expenses. The provision is measured by an independent actuary on yearly basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3.16.2 Termination benefits

Termination benefits are payable when employment is terminated by The Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

### 3.16.3 Other long-term employee benefits

The Group grants to a certain number of employee's service anniversary bonuses. The corresponding obligations are determined with the aid of the projected unit credit method. Furthermore, certain employees of the French subsidiary receive a one-time payment when they enter the statutory retirement system, provided that certain clearly defined conditions are met. Such provisions are measured on the basis of actuarial data.

## 3.17. PROVISIONS

Provisions for product liabilities and legal claims are recognised when The Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present

Obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. If the effects are material, provisions are determined by discounting the expected future cash flows. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## 3.18. REVENUE RECOGNITION

Revenue is measured based on the consideration to which The Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The standard provides a single principle-based five-step model that applies to all contracts with customers.

### a) Identify the Contract

A Customer contract exists if all of the following criteria are met:

- The parties of the contract have approved the contract and are committed to perform their respective obligations. The approval of the contract should be written, the entity identifies each party's rights regarding the goods and services to be transferred.
- The entity identifies the payment terms for the goods or services to be transferred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Yazaki enters into the contracts near the same time, regarding the fact that the first purchase orders follow shortly after entering into the Commercial and Program Agreement "CPA" and there is only a short time between the single purchase orders. Furthermore, the contracts are negotiated as a package with a single commercial objective; this is to deliver a fully developed, applicable end product. In addition, it can be stated that the amount of consideration to be paid in one contract (e.g. one purchase order) depends on the price or performance of the other contract (for example the CPA or another purchase order).

Therefore, the price of purchase orders at a later point of time during the contract term, when the fixed D&D amount might be already fully amortized, depends on the price of a purchase order at an earlier point of time. According to this argumentation, the requirements for the combination of contracts are met and the CPA has to be combined with the single purchase orders

### **Contract modifications:**

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A contract modification exists when parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. A contract modification could be approved in writing.

In Yazaki's present business transactions, there are no indicators for contract modifications. However, if there will be some indicators in the future, it has to be analysed if a contract modification according to IFRS 15.18 exists and the method how the potential contract modification is accounted for has to be evaluated according to IFRS 15.20 and 21.

### **b) Identify the performance obligations**

The Group assess the goods or services promised in the contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

- a) Good or service (or a bundle of goods or services) that is distinct; or
- b) A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The list below shows the types of contracts that might qualify as a single performance obligation:

- Tooling.
- Design & Development (D&D).
- Prototyping.
- Production and supply with wiring harness (Mass production).
- Supply with spare parts (Maintenance).
- Inline sequencing.
- Resident engineers & Quality residents.
- Warranty (potentially to be qualified as "service-type warranty"): Since the OEM wants to provide the final consumer to use a product without any malfunction, warranty requirements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

are also passed on to its suppliers. These warranties are always accepted by the supplier because if these terms are not accepted business with the OEM is not possible. Some OEMs require a life-time warranty for all their products, other a term of 7 to 15 years, depending on the individual specifications of the OEM.

For compensation received from customers, it is based on past performance obligations due to previous volumes and price increases. The negotiation with the customers in relation to the compensation claims do not relate to future revenue and only related to previous volumes and price increases.

Compensation income was also recognised due to the transfer of business from one location to another upon request from customers.

### **c) Determine the transaction price**

According to IFRS 15.47 The Group consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

In accordance with IFRS 15.48 the nature, timing and amount of consideration promised by a customer affect the estimate of the transaction price. When determining the transaction price, Yazaki considers the effects of all of the following:

- a) variable consideration.
- b) constraining estimates of variable consideration.
- c) the existence of a significant financing component in the contract.
- d) non-cash consideration; and
- e) consideration payable to a customer.

The compensation received from customer as lump sum payment due to past performance obligations are recognized as revenue in the period where it was received in line with IFRS 15.

### **d) Allocate the transaction price**

Generally, only one single performance obligation is identified in contracts with customers. Therefore, an allocation of the transaction price based on the relative standalone selling prices according to IFRS 15.73 et seqq. is not necessary.

### **e) Recognise revenue**

At contract inception, The Group determine whether to satisfy a performance obligation at a point of time or over time.

In accordance with IFRS 15.35 The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- a) the customer simultaneously receives and consumes the benefits provided by The Group's performance as The Group performs.
- b) The Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- c) The Group's performance does not create an asset with an alternative use to The Group and The Group has an enforceable right to payment for performance completed to date.

### 3.19. DIVIDEND, INTEREST INCOME AND EXPENSE

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to The Group and the amount of income can be measured reliably):

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

Interest expense is recognised, when it is probable that an outflow of resources embodying will be required to settle the obligation and the amount can be measured reliably.

### 3.20. LEASES

#### The Group as lessee:

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, The Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, The Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever The Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms

and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that The Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### **The Group as lessor:**

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by The Group.

Leases for which The Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When The Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of The Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on The Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, The Group applies IFRS 15 to allocate the consideration under the contract to each component.

## **4. FINANCIAL RISK MANAGEMENT**

### **4.1. FINANCIAL RISK FACTORS AND OVERVIEW**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on The Group's financial performance. The Group reviews each of these risks and has a risk management programme that seeks to limit the adverse effects on financial performance. The Directors consider the use of financial instruments to manage interest rate risk and foreign currency risk in appropriate circumstances.

### **4.2. MARKET RISK**

#### ***Foreign exchange risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of Turkish Lira and Romanian New Leu.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 4.2. MARKET RISK (CONTINUED)

The Group tries to minimise these impacts but is exposed to risk from the currency movement between the Euro Zone and its suppliers in Eastern and Southern Europe and the Far East.

Foreign exchange risk arises from future commercial transactions and recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency. In addition, The Group faces currency risk where it operates in non-Euro territories.

Foreign exchange risk is monitored at a Group level and transactions are conducted and denominated in Euro whenever possible. Where there is deemed to be foreign currency exposure on a contract this currency risk is, wherever possible, transferred to the customer or supplier. If deemed to be significant

The Group makes use of foreign exchange forward contracts to protect itself against volatility in foreign currency rates. Where the risk cannot be transferred, it is borne by The Group.

The table below illustrates the hypothetical sensitivity of The Group 10% increase and decrease for Romanian New Leu/Euro exchange rates at the year-end date (2023: 10% New Leu/Euro), assuming all other variables remain unchanged. The 10% increase and decrease is based of The Group's historical analysis. The sensitivity analysis is based on the profit before tax contributions from each country. Positive figures represent an increase in profit.

	Change in the profit or loss before tax	
	31 March 2024	31 March 2023
	€'000	€'000
<b>EUR strengthens by:</b>		
Romanian entities (Romanian New Leu 10%)	(399)	(307)
<b>EUR weakens by:</b>		
Romanian entities (Romanian New Leu 10%)	399	307

#### - *Price risk*

The Group faces the risk of fluctuation in commodity and raw material prices, principally the price of copper, due to the nature of its products. The Group effectively manages this primarily through suitable trading arrangements with the customers. The Group does not use financial instruments to hedge such fluctuations in raw material prices.

#### - *Cash flow risk*

Cash flow risk is moderate because the majority of sales are made to major car makers who require lengthy payment terms. The Group meets its day-to-day working capital requirements through its bank facilities.

#### - *Interest rate risk*

The Group has significant borrowings and loans. The interest rate risk is low because of the low interest rates in short to medium term despite Group borrowings having increased during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing position and alternative financing. In addition to this The Group has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets include cash balances and intercompany loans receivable, which earn interest at a variable rate.

The Group's policy, regarding interest bearing assets and interest-bearing liabilities, is to utilise intercompany funding in preference to external funding. Funding facilities have floating interest rates which are determined periodically. Interest rates are currently at historical lows but are expected to rise incrementally in the foreseeable future.

For the year ended 31 March 2024 if interest rates on Euro denominated net borrowings had been 10 basis points higher / lower with all other variables held constant, post-tax profit for the year would have been €747,000 lower / €747,000 higher (2023: €675,000 lower / €675,000 higher).

The table below analyses The Group's as well Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of financial position date to the contracted maturity date. The amounts disclosed in the table are contractually undiscounted cash flows.

GROUP	<1 year	1-5 years	> 5 Years	Total	Thereof Variable
<b>At 31 March 2023 €'000</b>					
Borrowings	683,274	0	25,504	708,778	708,778
Lease liabilities	4,677	10,165	2,577	17,419	17,419
Trade and other payables	494,483	0	0	494,483	494,483
<b>At 31 March 2024 €'000</b>					
Borrowings	698,706	0	86,661	785,367	785,367
Lease liabilities	4,605	10,440	3,654	18,699	18,698
Trade and other payables	539,834	0	0	539,834	539,834

Included within the borrowings amount at 31 March 2024 is an overdraft of €31,361,399 (2023: €23,441,446).

COMPANY	<1 year	1-5 years	> 5 Years	Total	Thereof Variable
<b>At 31 March 2023 €'000</b>					
Borrowings	777,895	0	25,504	803,399	803,399
Lease liabilities	2,836	7,905	2,515	13,256	13,256
Trade and other payables	282,576	0	0	282,576	282,576
<b>At 31 March 2024 €'000</b>					
Borrowings	814,883	0	86,661	901,544	901,544
Lease liabilities	3,065	7,555	1,150	11,770	11,770
Trade and other payables	360,906	0	0	360,906	360,906

The borrowings are at an average weighted interest rate of 4.14% for the year (2023: 1.94%).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Credit risk*

Credit risk refers to the risk that a counter party will not meet its contractual obligations resulting in financial loss to The Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss. For this The Group has implemented policies that require appropriate credit checks on potential customers before sales are made and financial institutions where cash deposits are held. Where existing customers are thought to be a credit risk, trading activity is monitored on a weekly basis to ensure that any potential risks are minimised.

The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group's credit risk is low as sales are largely made to major car makers who pay on a timely basis.

The Group has made loans to affiliated companies and these are considered low risk as there is no uncertainty over repayment. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's surplus cash deposits are with global financial institutions with high credit ratings as noted in the table below.

<b>Counterparty</b>	<b>Long Term Rating</b>
Mitsubishi UFJ Financial Group	A-
Mizuho Bank	A-
Sumitomo Mitsui Banking Corporation Europe	A-
Sumitomo Mitsui Trust	A
Shizuoka Bank	A-
Citibank	A+

Accordingly, these financial instruments are deemed to have low credit risk at the reporting date.

The presumption, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due has been rebutted for trade and other receivables.

#### *Liquidity risk*

The Group is funded largely by a combination of short-term external facilities and intercompany funding which are designed to ensure that The Group has sufficient funds for its operations and future development. The external facilities are subject to annual reviews and guaranteed by The Group's parent company, Yazaki Corporation.

In order to ensure that The Group's long-term funding strategy is aligned with its strategic objectives, the Treasury Department regularly assesses the maturity profile of The Group's debt, alongside the prevailing financial projections. This enables it to ensure that funding levels are appropriate to support The Group's plans.

The current funding arrangements of The Group consist of uncommitted guaranteed credit facilities at the year-end of €839.6m in total (including €200m from Yazaki Corporation). The terms of the credit contain no financial covenants.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group prepares a rolling daily cash forecast covering an eight-week period reviewed on a weekly basis and a rolling monthly forecast covering a six-month period reviewed also on a weekly basis. These reviews are used to manage the investment and borrowing requirements of The Group. Notional cash pooling is in place to ensure the optimum liquidity position is maintained.

The Group maintains sufficient cash balances and unutilized credit facilities to ensure that it can meet its medium-term anticipated cash flow requirements.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of uncommitted credit facilities.

The Group's liquidity risk is managed in conjunction with other subsidiaries of the parent company (Yazaki Corporation) at a European level. Liquidity risks are kept to a minimum through active planning and forecasting of cash requirements of The Group's short-, medium- and long-term funding and liquidity management requirements.

Counterparty	31 March 2024		31 March 2023	
	Credit limit	Balance	Credit Limit	Balance
	€'000	€'000	€'000	€'000
Mitsubishi UFJ Financial Group	339,500	161,000	294,000	140,700
Mizuho Bank	65,500	65,500	65,500	65,500
Sumitomo Mitsui Banking Corporation Europe	2,100	2,100	2,100	2,100
Shizuoka Bank (Europe)	33,500	33,500	33,500	33,500
Sumitomo Mitsui Trust Bank	85,000	85,000	85,000	85,000
JBIC	27,000	18,661	27,000	7,504
Yazaki Corporation	200,000	150,000	200,000	150,000
CITI Bank	87,000	58,488	71,700	58,062
	839,600	574,249	778,800	542,365

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The capital of The Group is considered to be its shareholder's funds. The Group's capital is effectively managed and suitably structured to ensure that it continues to trade as a going concern and contributes to The Group's overall financial performance. Any distributions are proposed in consultation with its parent company.

The Group has undrawn facilities available at the year-end of €265.3m (2023: €236.4m). This is far in excess of the planned requirements for the next 12 months.

For the maturity analysis of The Group's and the Company's financial liabilities using undiscounted contractual cash flows, we refer to note 25.

#### **Operational environment**

The vast majority of Group sales are to the major car making groups in Europe. These sales are dependent on the level of customer demand of the car maker's products.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group also sells engineering services to these car makers. Over the long term the level of engineering services demanded by the car makers will be related to customer demand. However, over the short and mid-term the demand for these services is likely to remain mostly unaffected by changes in the level of customer demand. This is due to the fact that over the shorter and medium term, these car manufacturers will not be expanding/upgrading car lines in their daily business. However, this is something that would happen over the longer term, leading to increased output of cars and so an increased demand for these engineering services.

The Group's purchases are mainly from affiliated companies either fully or partly owned by Yazaki Corporation, Japan. These affiliated companies are based in Europe, Asia, Africa and America. Sometimes the products purchased will be designed and developed by an affiliated company. Normally they will be developed by The Group with the manufacturing outsourced to an affiliated company which reduces the operational risk of The Group.

#### - *Strategic risk*

The production of The Group's products is both capital and labour intensive. For The Group to make returns on its products it is necessary to have a reasonable estimation of volume and costs. Therefore, on acquiring new businesses The Group prepares detailed analysis of the expected costs and volumes to ensure that any new acquired businesses will produce long term returns.

#### - *Personnel risk*

Within The Group, groups of employees are split between office staff that perform administrative tasks, develop and maintain customer relationships and engineering staff who provide support to the customer and develop The Group's products. Whereas the demand for office staff is fairly static, the demand for engineering staff will vary more with customer demand. The Group actively plans the requirements for engineering staff to ensure that customer demand can be met.

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying The Group's accounting policies, which are described in note 3, the directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### 5.1. Critical accounting judgments in applying The Group's accounting policies

##### Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires The Group's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

##### Customer compensations

Customers compensations are recognized on past obligations upon a formal agreement is reached with the customers according to IFRS 15, paragraph 18, which stipulates that contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract, the trigger event to book the accrued income is the final agreement between both parties.

#### 5.2. Key sources of estimation uncertainty

##### IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The Group conducts an impairment test at least once a year to determine whether the goodwill has sustained any impairment. This analysis requires an estimate of the "value in use" of the cash-generating unit to which the goodwill has been allocated. For estimating the value in use, management must determine the expected future cash flows to be generated from the cash-generating units. This includes calculating an appropriate discount rate in order to determine the present value of these cash flows. The model used by management in performing this assessment contains estimates in regard to the inputs into the discount rates and the inherent assumptions in forecasting which includes estimates of the growth in future sales, projected production costs, working capital requirements and operating expenditure. Discount rates are based on management's assessment of risk inherent in the current business model. Details of the impairment test are disclosed in note 17.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 6. REVENUE

An analysis of The Group's revenue is as follows:

GROUP	Revenue	
	2024 €'000	2023 €'000
Sale of goods at a point in time	2,299,459	2,299,158
Other non-product Income	4,890	21,488
Sale of engineering services	158,395	205,825
	<b>2,462,744</b>	<b>2,526,471</b>

21m€ in 2023 of other non-product income was relating to compensation income recognized due to the transfer of business from one location to another upon request from customers. In 2024 we have released an amount of 4,9m€.

Included in revenues are revenues of approximately €2.06bn (2023: €2.08bn) which arose from sales to The Group's 10 largest customers.

YEL Group has four customers who contributed more than 10 per cent to The Group's revenue for a total of €1.369m (2023 one customer: €492m).

The Group's revenue from external customers is detailed below:

GROUP	External sales by region	
	2024 €'000	2023 €'000
Japan	9,240	9,288
Asia & Oceania	27,055	106,666
America	79,650	59,694
United Kingdom	99,608	125,261
Europe and Africa	2,247,191	2,225,562
	<b>2,462,744</b>	<b>2,526,471</b>

GROUP	Revenues from related parties	
	2024 €'000	2023 €'000
Yazaki Corporation	9,240	9,288
Subsidiaries of Yazaki Corporation	293,511	166,360
	<b>302,751</b>	<b>175,648</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 7. EXPENSES BY NATURE

The following items have been included in arriving at operating profit:

	Note	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Warehouse costs		(1,292)	(978)	(4,624)	(4,436)
Salaries	9	(109,543)	(100,411)	(70,241)	(67,014)
Social security	9	(18,091)	(16,485)	(8,175)	(7,641)
Defined Contribution costs (DBO)	27.1	(1,367)	(1,625)	(1,130)	(1,331)
Employee benefits	9	(2,815)	(1,316)	(1,122)	(800)
Travel and entertainment		(6,907)	(6,624)	(4,200)	(3,753)
Legal and consultancy fees		(31,038)	(30,914)	(25,554)	(25,010)
Site costs		(25,201)	(21,609)	(22,394)	(18,900)
Communication costs		(1,482)	(1,228)	(852)	(759)
Depreciation of tangible assets		(15,088)	(12,242)	(14,198)	(11,442)
Amortisation of intangible assets		(22,237)	(21,810)	(6,068)	(10,052)
Depreciation of leased assets		(5,421)	(5,993)	(3,385)	(3,743)
Profit on disposal of fixed assets		5	40	4	26
Loss on disposal of fixed assets		(10)	(7)	(5)	(97)
Recharges and management fees (expensed)/income		(42,470)	(22,207)	(3,784)	13,171
<b>Total of distribution costs, Research and developments costs and administrative expenses</b>		<b>(282,957)</b>	<b>(243,409)</b>	<b>(165,728)</b>	<b>(141,781)</b>

Inventory write downs recognised as expense are included in cost of goods sold. The amounts are shown in the chart below:

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Inventory write backs / (downs)	(505)	(1,585)	(1,518)	(1,010)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 8. OTHER OPERATING INCOME AND EXPENSES

#### GROUP

	2024 €'000	2023 €'000
Other operating income	7,805	46,979
Other operating expenses	(46,908)	(57,948)
	<b>(39,103)</b>	<b>(10,969)</b>

Other operating income mainly comprises:

- Exchange gains of €7,859,284 (2023: € 46,640,000).
- Insurance proceeds of €6,095 (2023: €237,156).
- Subsidy income of €55,624 (2023: €0).

Other operating expenses mainly comprise:

- Exchange Loss of €18,288,246 (2023: €57,993,000).
- Guarantee Fee of €2,020,710 (2023: €2,044,317).
- Restructuring costs of € 669,122 (2023: (€2,080,964)).
- Cost linked to new product development that has been put on hold considering the recent market development regarding Electrical vehicles of € 25,000,000.

### 9. STAFF COSTS

	Group		Company	
	2024	2023	2024	2023
<b>The average number of full time staff (including Directors) employed during the year was:</b>				
Application design	601	602	357	372
Core design and development	86	74	27	17
Finance	58	60	26	32
General affairs	34	32	28	25
Human resources	50	47	26	25
Information systems	31	30	18	20
Sales and distribution	618	611	311	347
	<b>1,478</b>	<b>1,456</b>	<b>793</b>	<b>838</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. STAFF COSTS (CONTINUED)

GROUP	Note	2024 €'000	2023 €'000
<b>The costs relating to staff (including Directors) employed during the year were</b>			
Wages and salaries	7	112,358	101,727
Social security costs	7	18,091	16,485
	7	<b>130,449</b>	<b>118,212</b>
Pension costs – defined contributions plans	27	1,367	1,625
		<b>131,816</b>	<b>119,837</b>

COMPANY	Note	2024 €'000	2023 €'000
<b>The costs relating to staff (including Directors) employed during the year were</b>			
Wages and salaries	7	71,363	67,014
Social security costs	7	8,175	7,641
	7	<b>79,538</b>	<b>74,655</b>
Pension costs – defined contributions plans	27	1,130	1,331
		<b>80,668</b>	<b>75,987</b>

THE AGGREGATE DIRECTOR'S REMUNERATION ARE AS FOLLOWS:

GROUP	2024 €'000	2023 €'000
<b>Aggregate emoluments</b>	<b>2,029</b>	<b>1,887</b>
Short term wages and salaries	2,029	1,887
	<b>2,029</b>	<b>1,887</b>

The emoluments of the highest paid Director were €929,706 (2023: €726,722).

The pension contributions to the money purchase pension scheme for the highest paid Director amounted to €0 (2023: €0). The number of directors who participated in the money purchase pension scheme was one in the fiscal year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 10. AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	1,163	1,088	674	678
<b>Total audit fees</b>	<b>1,163</b>	<b>1,088</b>	<b>674</b>	<b>678</b>
Audit related assurance services	0	0	0	0
Other non-audit services	0	24	0	24
<b>Total non-audit fees</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>

The Group incurred fees for non-audit services during the year relating to tax compliance and tax advisory services of €0K (2023: €24K). The Company incurred non-audit fees of €0k (€24k) for the same services.

The Group incurred fees for non-audit services during the year relating to an interim review of €0 (2023: €0). The Company incurred non-audit fees of €0 (2023: €0) for the same services.

### 11. FINANCE COSTS

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Finance costs</b>				
Interest payable on bank loans and overdrafts	40,174	13,441	36,039	12,376
Interests on leases	376	481	235	301
Interest payable on intercompany loans	5,297	1,846	6,615	2,203
	<b>45,847</b>	<b>15,768</b>	<b>42,889</b>	<b>14,880</b>

### 12. FINANCE INCOME

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Finance income</b>				
Bank interest	11,892	4,709	11,211	3,780
Interest receivable on intercompany loans	8,430	1,698	6,153	1,437
	<b>20,322</b>	<b>6,407</b>	<b>17,364</b>	<b>5,217</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 13. TAXATION

The amounts recognised in the Statement of Comprehensive Income were as follows, including the reconciliation statement between The Group's corporate income tax credit stated in the Statement of Comprehensive Income and the expected income tax expense, based on the Company's corporate tax rate of 25% (2023: 19%):

<b>GROUP</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>€'000</b>	<b>€'000</b>
<b>Income tax</b>			
Current tax charge on Loss for the year		7,421	7,178
Adjustments in respect of prior years		1,779	(6,139)
Other Taxation		736	2,736
		<b>9,936</b>	<b>3,775</b>
<b>Deferred tax</b>			
Deferred tax Expense (previous year tax income)	26	23,472	(1,874)
		<b>33,408</b>	<b>1,901</b>
<b>Tax expense</b>			
<b>Reconciliation of tax expense</b>			
(Loss) / Profit before tax multiplied by rate of corporation tax in the UK of 25% (2023: 19%)		(25,629)	(9,746)
Items not deductible for tax purposes		(3,071)	(6,437)
Overseas branch profits subject to UK tax		0	0
Overseas profit taxable at different rates to the UK		37	(3,706)
Current year deferred tax not recognized		32,010	11,950
Deferred tax prior year adjustment		27,438	7,393
Current tax prior year adjustment		1,885	
Change in deferred tax position from change in tax rate			(310)
Adjustments in respect of prior years		0	0
Other taxes		738	2,757
<b>Income tax expense</b>		<b>33,408</b>	<b>1,901</b>

The Company is a limited liability company incorporated in the United Kingdom and is therefore subject to United Kingdom corporation tax at the rate of 25% (2023: 19%). Furthermore, the Company and Group conduct business in various other countries, primarily in Europe, where it is subject to tax at the respective corporate income tax rates.

In 2024, there is a current tax impact for prior years of €6,203 (2023: €6,160) mainly relating to the booked tax expenses during the year for the previous years after filing the respective tax returns.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 13. TAXATION (CONTINUED)

Additionally, there is a deferred tax impact for prior years of € (310,000) (2022: €443,685) relating to the adjustments of the applicable tax rates in various countries (Turkey, France) for deferred tax purposes.

GROUP	Note	2024 €'000	2023 €'000
<b>Current income tax balances</b>			
Current income tax recoverable	21	9,124	8,798
Current income tax liabilities		(464)	(92)
<b>Net current income tax</b>		<b>8,660</b>	<b>8,706</b>

#### International Tax Reform-Pillar Two model rules.

- Yazaki is expecting currently that the income tax expense / income related to Pillar II will not change compared to the current – prior Pillar II – situation.
- Yazaki (EMEA and Group) are working together external expert support on Pillar II. Until today it is not yet (reasonable) foreseeable that there is an exposure arising from Pillar II legislations in the various countries YEL Limited is operating. Besides the review of any of such potential exposures YEL Limited is working on a Pillar II process to fulfil all necessary compliance work.

### 14. CASH AND CASH EQUIVALENTS

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Cash	-	-	-	-
Bank deposits	92,130	21,338	72,021	51,563
<b>Cash and cash equivalents</b>	<b>92,130</b>	<b>21,338</b>	<b>72,021</b>	<b>51,563</b>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. Outstanding bank overdrafts are shown under financial liabilities loans, see also note 25. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as shown above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land, buildings and leasehold improvements	Assets under construction	Furniture fixtures and fittings	Motor vehicles	Machinery and equipment	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>At cost</b>						
1 April 2022	10,013	50	5,942	938	117,821	134,764
1 April 2023	8,411	4,824	4,883	966	123,316	142,400
Additions	0	3,396	10	72	8,406	11,884
Disposals	(22)	0	(605)	(22)	(7,716)	(8,365)
Reclassification	0	0	(2,780)	0	2,780	0
Foreign currency effect	0	0	0	0	(1)	(1)
<b>31 March 2024</b>	<b>8,389</b>	<b>8,220</b>	<b>1,508</b>	<b>1,016</b>	<b>126,785</b>	<b>145,918</b>
<b>Accumulated depreciation</b>						
1 April 2022	(9,330)	0	(5,838)	(921)	(79,592)	(95,682)
1 April 2023	(7,928)	0	(4,849)	(929)	(91,126)	(104,832)
Depreciation	(63)	0	(35)	(27)	(15,000)	(15,125)
Disposals	21	0	587	22	7,232	7,862
Reclassification	0	0	2,855	0	(2,855)	0
Foreign currency effect	0	0	0	0	1	1
<b>31 March 2024</b>	<b>(7,970)</b>	<b>0</b>	<b>(1,442)</b>	<b>(934)</b>	<b>(101,748)</b>	<b>(112,094)</b>
<b>Carrying amounts</b>						
31 March 2023	483	4,824	34	35	32,190	37,569
31 March 2024	419	8,220	66	82	25,037	33,825

All depreciation expenses have been charged through administrative expenses. Information about the useful lives of property, plant and equipment and intangible assets with finite useful lives is disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY		Land, buildings and leasehold improvements	Assets under construction	Furniture fixtures and fittings	Motor vehicles	Machinery and equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
At cost							
	1 April 2022	10,012	6	5,780	933	110,620	127,351
	1 April 2023	8,410	4,795	4,734	966	115,564	134,469
	Additions	0	3,394	10	72	8,322	11,798
	Disposals	(21)	0	(534)	(22)	(6,808)	(7,385)
	Reclassification	0	0	(2,780)	0	2,780	0
	Foreign currency effect	0	0	0	0	0	0
	31 March 2024	8,389	8,189	1,430	1,016	119,858	138,882
Accumulated depreciation							
	1 April 2022	(9,328)	0	(5,718)	(914)	(74,465)	(90,425)
	1 April 2023	(7,926)	0	(4,734)	(928)	(85,556)	(99,144)
	Depreciation	(62)	0	(36)	(27)	(14,602)	(14,727)
	Disposals	20	0	526	22	6,688	7,256
	Reclassification	0	0	2,855	0	(2,855)	0
	Foreign currency effect	0	0	0	0	0	0
	31 March 2024	(7,968)	0	(1,389)	(933)	(96,325)	(106,615)
Carrying amounts							
	31 March 2023	484	4,795	0	38	30,008	35,325
	31 March 2024	421	8,189	41	83	23,533	32,267

All depreciation expenses have been charged through administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

16. INTANGIBLE ASSETS

GROUP

	Design and development	Assets under construction	Computer software	Other intangible	Total
	€'000	€'000	€'000	€'000	€'000
<b>1 April 2022</b>	<b>243,727</b>	<b>22,212</b>	<b>44,143</b>	<b>209,717</b>	<b>519,799</b>
<b>1 April 2023</b>	<b>232,533</b>	<b>22,000</b>	<b>38,811</b>	<b>210,680</b>	<b>504,024</b>
<b>At cost</b>					
Additions	30,103	0	108	0	30,211
Disposals	(99,575)	(5,177)	(10,881)	(38,640)	(154,273)
Reclassification	0	7,208	0	(7,208)	0
Foreign currency effect	0	0	0	0	0
<b>31 March 2024</b>	<b>163,061</b>	<b>24,031</b>	<b>28,038</b>	<b>164,832</b>	<b>379,962</b>
<b>Accumulated amortisation</b>					
<b>1 April 2022</b>	<b>(212,224)</b>	<b>0</b>	<b>(40,154)</b>	<b>(179,245)</b>	<b>(431,623)</b>
<b>1 April 2023</b>	<b>(213,753)</b>	<b>0</b>	<b>(36,915)</b>	<b>(174,522)</b>	<b>(425,190)</b>
Amortisation	(20,550)	0	(1,449)	(8,136)	(30,135)
Disposals	99,575	0	10,881	38,640	149,096
Foreign currency effect	0	0	0	0	0
<b>31 March 2024</b>	<b>(134,728)</b>	<b>0</b>	<b>(27,483)</b>	<b>(144,018)</b>	<b>(306,229)</b>
<b>Carrying amounts</b>					
<b>31 March 2023</b>	<b>18,780</b>	<b>22,000</b>	<b>1,896</b>	<b>36,158</b>	<b>78,834</b>
<b>31 March 2024</b>	<b>28,333</b>	<b>24,031</b>	<b>555</b>	<b>20,814</b>	<b>73,733</b>

Design and development amortisation has been charged through cost of sales. All other amortisation charges in the year have been charged through administrative expenses.

Assets under construction mainly comprise costs in connection with development projects.

Other intangibles comprise customer relationships acquired in the purchase of YST and its subsidiary undertakings in January 2013, and nomination fees with a cost of € 33.7m and will be amortized with the project's lifetime.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

16. INTANGIBLE ASSETS (CONTINUED)

COMPANY

	Design and development €'000	Assets under construction €'000	Computer software €'000	Other intangible €'000	Total €'000
<b>At cost</b>					
1 April 2022	156,642	4,299	41,646	52,662	255,249
1 April 2023	141,533	981	36,313	58,302	237,129
Additions	374	1,344	106	0	1,824
Disposals	(38,280)		(10,824)	(38,640)	(87,744)
Foreign currency effect	0	0	0	0	0
31 March 2024	103,627	2,325	25,595	19,662	151,209
<b>Accumulated amortisation</b>					
1 April 2022	(145,707)	0	(37,751)	(48,011)	(231,469)
1 April 2023	(133,242)	0	(34,454)	(51,921)	(219,617)
Amortisation	(4,474)	0	(1,428)	(1,781)	(7,683)
Disposals	38,280	0	10,824	38,640	87,744
Foreign currency effect	0	0	0	0	0
31 March 2024	(99,436)	0	(25,058)	(15,062)	(139,556)
<b>Carrying amounts</b>					
31 March 2023	8,291	981	1,859	6,381	17,512
31 March 2024	4,191	2,325	537	4,600	11,653

Design and development amortisation has been charged through cost of sales and computer software amortisation has been charged through administrative expenses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 17. GOODWILL

As of 31<sup>st</sup> of March 2024, goodwill amounted to €154,810,000 (2023: €154,810,000).

GROUP	Goodwill	
		€'000
	Opening 2023	162,810
At cost	Opening 2024	162,810
	Closing 2024	162,810
	Opening 2023	-8,000
Accumulated impairment	Opening 2024	-8,000
	Closing 2024	-8,000
Carrying Amounts	Opening 2024	154,810
	Closing 2024	154,810

The Group performed its annual impairment test as at 31 December 2023. The Group considers the relationship between the value in use of each cash-generating unit (CGU) and its book value, among other factors, when reviewing for indicators of impairment. Cash-generating units have been established based on the car lines related to main customers.

For the annual goodwill impairment testing the book value of net assets as of 31 December 2023 for each CGU has been prepared using the same allocation methodology which was previously applied at 31 March 2023. The value in use for each CGU at 31 December 2023 has been calculated the same way as for the prior year's impairment testing based on the net asset proportion of the CGU compared to the overall goodwill carrying value. The value in use in accordance with IAS 36 has been calculated using a Discounted Cash Flow- (DCF) Model which determines a potential impairment loss by comparing the carrying amount to the recoverable amount of a CGU. If the recoverable amount of a CGU is less than the carrying amount, an impairment loss has to be considered. The goodwill allocation by CGUs is not presented due to the sensitive nature of the information.

The DCF-Model used the figures from the long-term business plan "2023/2024" for YST subsidiary group which is approved by the Board.

The assumptions used in our calculation model are as follows:

Discount rates: These reflect management's assessment of the risk associated with the business of YST. This calculation includes a risk-free and a risk-weighted rate. The weighted average cost of capital ("WACC") pre-tax at a uniform rate of 8.89% (2023: 8.65% was applied. WACC comprises a risk-free rate of 2.75% (2023: 2.00%), and market risk premium of 6.75% (2023: 7.25%). A Beta of 1.2% (2023: 1.26%) has been used.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 17. GOODWILL (CONTINUED)

Growth rate estimates: Management estimates growth rates based on local market dynamics. A terminal growth rate of 2.47% (FY23: 2.47%) has been applied.

The key assumptions on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts are as follows:

- EBIT: Between 2% to 7.7% of sales.
- Free Cash flow: Between -6.2 % to 15.7% of sales
- Growth rates: Between -9.5% to and 19.3% in years 1-5.
- Cost recoveries: Recoveries of copper and other material as a result of inflation are recovered from customers

Management's approach and key assumptions for determining the values assigned reflect management's past experience. Cash flows based on the business plans approved by management are for a period of five years. The period of five years is appropriate, as our business includes a long-term ramp up phase.

Considering the historical variance from assumptions of certain CGUs in long term business plans, Management applied adjustment on sales and cost to get more guarded estimates of future cash flows.

Those adjustments consist of mirroring production costs in the forecast with past year's actual production costs to reflect the impact related to short notice volume fluctuation and stopping/re-starting production due to volatility from customers.

The Group applied sensitivity analysis to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these Consolidated Financial Statements. Based on the analyses performed and described above, the directors are satisfied there is no necessary impairment.

As at the date of the impairment test, no impairment of goodwill resulted. The recoverable amount exceeded the carrying amount by €311m (2023: €271m).

Management applied sensitivity analysis to assess how impact of market changes that are not being under their control which could impact the assumptions and the discounted cash flow and whether it would trigger an impairment that would be considered to be material. The historical change of the WACC parameters shows that the discount rate can increase or decrease by 25%. An increase of the WACC by 25% would not lead to any impairment charge. The headroom in all CGUs will not be consumed and will not result to any exposure to impairment loss in case of further increase in the WACC. Considering the scenario of long-term growth rate at 0%, this would not lead to any impairment loss. An underperformance of 20% against sales is considered reasonably possible based on the volumes fluctuations which is impacting post yearend sales volumes and revenues.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 17. GOODWILL (CONTINUED)

For the purpose of the sensitivity analysis, management simulated the impact of 20% decrease of forecasted volumes. The simulation result shows that further decrease in sales during forecast period will lead to an impairment loss in 2 CGUs. The impairment calculated was based on a further reduction in sales compared to the base case which is deemed to be reasonably possible scenario based on ongoing war in Ukraine and increasing risks in the middle east. The purpose of the analysis is to provide the user with an understanding of the sensitivities performed.

The Group has concluded that no impairment is required to be recognised.

### 18. LEASES

Applying IFRS 16, for all leases (except as noted below), The Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), The Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

For more details regarding the Leases cash outflow, we refer to the Cash-Flow statement.

The weighted average Lessee's incremental borrowing rate is 3.38%.

The tables below show the amount of adjustment for each financial statement line for the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. LEASES (CONTINUED)

Right-of-use assets	Buildings €'000	Motor Vehicles €'000	Total €'000
<b>Cost</b>			
At 1 April 2023	28,349	2,906	31,255
Additions	6,294	192	6,486
Disposal	(5,883)	(878)	(6,761)
<b>At 31 March 2024</b>	<b>28,760</b>	<b>2,220</b>	<b>30,980</b>
<b>Accumulated depreciation</b>			
At 1 April 2023	(12,086)	(1,349)	(13,435)
Charge for the year	1,852	(166)	1,686
Disposal			
<b>At 31 March 2024</b>	<b>(10,234)</b>	<b>(1,515)</b>	<b>(11,749)</b>
<b>Carrying amount</b>			
At 31 March 2024	18,526	705	19,231
At 31 March 2023	16,263	1,557	17,820

The Group leases several assets including buildings and motor vehicles. The average lease term is 3 years.

Amounts recognized in profit and loss	2024 €'000	2023 €'000
Depreciation expense on right-of-use assets	5,422	5,993
Interest expense on lease liabilities	376	482
Expense relating to short-term leases	0	0
Expense relating to leases of low value assets	0	0
Expense relating to variable lease payments not included in the measurement of the lease liability	0	0
Income from sub-leasing right-of-use assets	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. LEASES (CONTINUED)

The maturity of Group Lease liabilities is as following:

	2024	2023
	€'000	€'000
Year 1	4,605	4,677
Year 2	3,751	3,403
Year 3	2,742	2,670
Year 4	2,426	2,215
Year 5	1,520	1,878
Over 5 years	3,654	2,577
	<b>18,698</b>	<b>17,420</b>
Less: unearned interest	(0)	(0)
Analysed as:		
Non-current	14,094	12,743
Current	4,605	4,677
	<b>18,698</b>	<b>17,420</b>

The cash out of Group Leases are summarized as following:

	<u>Principal €'000</u>	<u>Interests €'000</u>
<u>Group Lease payments</u>	8,337	550
<u>Company Lease payments</u>	4,597	310

19. FINANCIAL ASSETS – INVESTMENTS

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Equity securities (Unlisted)	26,717	26,717	382,158	382,158

The Group holds a 24.73% stake in Yazaki Europe Limited Italia S.r.l. ('YEL-I') The address of its registered office is Via della Libertà, 30, Grugliasco, Turin, 10095, Italy.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

In The Group's consolidated Statement of financial position, it is classified as an investment, due to the lack of control (according to IFRS 10 and IAS 28) and the absence of joint arrangements (according to IFRS 11).

The carrying amounts of this investment best represent the maximum exposure to credit risk.

The review of the fair value of YEL-I did not reveal any requirement for adjustment. Regarding the fair value of this investment, we refer to note 29.

For the Company the investments are in the 100% stake in Yazakı Systems Technologies GmbH. We refer to note 3.3.

### 20. FINANCIAL ASSETS - LOANS

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Group 2023 €'000
Loans to related parties	0	28,350	0	28,350

The loans to related parties represent a non-current intercompany loan totally repaid (2023: €28,350,000).

### 21. TRADE AND OTHER RECEIVABLES

	Note	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Group 2023 €'000
Gross trade receivables		347,014	406,545	131,542	131,755
Trade receivables from related parties		52,881	59,052	112,442	110,530
Loss Allowance for trade receivables		(12,429)	(5,846)	(11,034)	(3,217)
Other receivables		53,906	57,511	35,855	23,879
Current Loans to related parties		206,800	136,600	277,600	178,000
	<b>29</b>	<b>648,172</b>	<b>653,862</b>	<b>546,405</b>	<b>440,947</b>
Current tax receivables		9,124	8,798	2,554	4,640
Prepayments		10,446	5,927	7,509	4,727
Accrued income		26,805	28,301	21,305	12,312
		<b>694,547</b>	<b>696,888</b>	<b>577,773</b>	<b>462,626</b>

The fair value of trade and other receivables is equal to the current carrying value disclosed above.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime Expected Credit Loss "ECL". The Group has recognised a loss allowance as follow, historical experience has indicated that these receivables are generally not recoverable:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**21. TRADE AND OTHER RECEIVABLES (CONTINUED)**

<b>Overdue</b>	<b>Expected Credit Loss rate</b>
1-60 days	0%
60-90 days	25%
90-180 days	50%
180 - 360 days	75%
> 360 days	100%

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings.

Trade receivables from related parties are due within 30 days, it is related mainly to Service Fees and D&D invoicing within the Group entities and they are against the following:

	<b>2024</b>	<b>2023</b>
	<b>€'000</b>	<b>€'000</b>
Yazaki Corporation	987	896
Subsidiaries of Yazaki Corporation	51,894	58,156
	<b>52,881</b>	<b>59,052</b>

The ageing of the trade receivables is:

	<b>Expected Credit Loss Rate</b>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>1-60 days</b>	<b>0%</b>	382,031	452,624	235,911	236,926
<b>61-90 days</b>	<b>25%</b>	4,150	1,259	1,138	(138)
<b>91-180 days</b>	<b>50%</b>	8,032	3,950	3,195	2,746
<b>180-360 days</b>	<b>75%</b>	4,283	(533)	2,553	1,594
<b>&gt; 360 days</b>	<b>100%</b>	1,399	8,297	1,187	1,157
		<b>399,895</b>	<b>465,597</b>	<b>243,984</b>	<b>242,285</b>

The amounts of The Group's trade and other receivables are denominated in the following currencies:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Euro	388,502	439,856	272,605	258,927
US Dollar	7,246	7,204	7,202	7,204
GBP	30	20	30	20
TRY	43,835	63,456	0	0
Other currencies	14,188	12,572	2	13
	<b>453,801</b>	<b>523,108</b>	<b>279,839</b>	<b>266,164</b>

The movements on the provision for impairment of trade receivables are as follows:

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
Opening provision	5,846	4,244	3,217	2,841
Change in receivables impairment	8,105	1,724	8,082	429
Unused amounts reversed	(1,522)	(122)	(265)	(53)
Closing provision	<b>12,429</b>	<b>5,846</b>	<b>11,034</b>	<b>3,217</b>

The creation and reversal of provisions has been included in administrative expenses in the Statement of Comprehensive Income. The process of recognition of doubtful receivables is described in note 3.11.1. With The Group's main customers being established European car makers there is only a low risk for bad debt losses. For that reason, The Group does not use an ageing-dependent impairment process for overdue receivables but recognises impairment of trade receivables on individual assessments.

The reversal of provision (€1,522,000) (2023: €-122,000) is recognized as the correspondent receivables were recovered.

The ageing of these Loss allowance provisions is as follows:

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
1-60 days	9,878	1,713	9,872	1,713
61-90 days	562	(262)	441	(241)
91-180 days	1,865	374	287	98
180-360 days	875	(3,941)	235	678
> 360 days	(751)	7,962	199	969
	<b>12,429</b>	<b>5,846</b>	<b>11,034</b>	<b>3,217</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 22. INVENTORIES

	Group		Company	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000
Finished goods	95,604	118,981	55,652	62,433
Merchandise in transit	29,544	29,577	6,501	2,287
Consumable supplies	16	263	96	203
Reserve for obsolescence	(6,578)	(7,083)	(2,410)	(3,928)
	<b>118,738</b>	<b>141,738</b>	<b>59,839</b>	<b>60,996</b>

The cost of inventories recognised as a write-back during the year in respect of continuing operations was €505,000 (2023: expense of €1,585,000).

This year, an impairment write-back of €891,974 (2023: €1,083,943 expense) was recognised due to an increase in the net realisable value of inventories.

### 23. EQUITY

#### 23.1 SHARE CAPITAL

The total authorised number of ordinary shares is 45,000,000 (2023: 45,000,000) with a par value of £1. 45,000,000 shares (2023: 1.45,000,000) have been issued at par and are fully paid. The share capital of €65,302,000 (2023: €65,302,000) has been valued at the British Pound to Euro exchange rate on the date the shares were issued.

#### 23.2 MERGER RESERVE

A merger reserve of €174,817,000 (2023: €174,817,000) was created in accordance with section 611 of the Companies Act 2006 in connection with the share-for-share exchange undertaken to acquire shares in YST Group from Yazaki Corporation in January 2013.

#### 23.3 EXCHANGE RESERVE

Exchange differences relating to the translation of the net assets of The Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Euro, are recognised directly in the translation reserve.

Exchange reserve of The Group increased by €356,000 (2023: €81,282,000 ) driven by a gain on functional currency reserve by €356K.

The exchange reserves for the Company also increased by €497,000 (2023: increase of €1,758,000).

#### 23.4 OTHER RESERVE

Other reserves mainly decreased by €1,338,000 (2023: €-851,000) and correspond to:

- Actuarial gains on the defined benefit obligation €1,129k

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- **Hedge reserve on loan interest swap of €185k:** The hedged loan corresponds to a long-term loan from Yazaki corporation Japan, subject of interest rate swap. According to IFRS 9, paragraph B3.2.16p, The Group transferred to a transferee (Bank) a fixed rate financial asset and enter into an interest rate swap with the (transferee) to receive a fixed interest rate and pay a variable interest rate based on a notional amount of €50 m that is equal to the principal amount of the transferred financial asset (YC Loan €50 m). The interest rate swap does not preclude derecognition of the transferred asset provided the payments on the swap are not conditional on payments being made on the transferred asset.

Identification of hedged item: The hedged item is the interest cash flows on the €50 m debt with a coupon of 3-month Euribor + credit spread, paid quarterly basis :February 9<sup>th</sup> , May 9<sup>th</sup> , August 9<sup>th</sup> and November 9<sup>th</sup> .

Identification of hedging instrument: The hedging instrument is an interest rate swap with the following characteristics:

Type	Interest rate swap
<b>Notional amount:</b>	€50m
<b>Transaction date:</b>	9/2/2024
<b>Start date:</b> 09/02/2024	9/2/2024
<b>Maturity date:</b>	9/2/2029
<b>Cash flows Receive:</b>	3-month Euribor, pay 2.757%
<b>Settlement dates:</b>	December and 30 Jun.

Fair value derivative: All the criteria for hedge accounting are met for the period ended 31 December 20x2. Cash flow hedge accounting can therefore be applied. The entire change in the fair value of the swap is therefore recognised in equity. It has been assumed that the result of the 'lower of' test is that the full fair value change of the derivative is recognised in other comprehensive income.

Based on the above Characteristics The hedging reserve has been calculated and booked and recognised in the Other Comprehensive Income.

Interest rates	9/2/2024	27/02/2025	27/02/2026	26/02/2027	28/02/2028	27/02/2029
forward rate (pa)	3.89	2.87	2.37	2.30	2.28	2.33
Discount rate (pa)	2.75	2.75	2.75	2.75	2.75	2.75

Valuation on	0	1	2	3	4	5	Fair Value
9/2/2024							
Receive p.a							
From Bank	1,945,500.00	1,435,000.00	1,185,000.00	1,150,000.00	1,140,000.00	1,165,000.00	
Pay p.a to Bank	1,378,500.00	1,378,500.00	1,378,500.00	1,378,500.00	1,378,500.00	1,378,500.00	
Net Swap p.a	567,000.00	56,500.00	-193,500.00	-228,500.00	-238,500.00	-213,500.00	
PV Net swap	567,000.00	54,987.83	-96,750.00	-114,250.00	-119,250.00	-106,750.00	<b>184,987.83</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

**Hedge effectiveness assessment:** The critical terms of the hedging instrument and the hedged items perfectly match. Therefore, management can qualitatively assess that the hedging instrument and the hedged items will move in the opposite direction and will be perfectly offset. As the credit rating of the counterparty to the derivative is high and YEL's credit risk is considered to be good, the effect of credit risk is considered as neither material nor dominant in the economic relationship. We can conclude that the hedge is expected to be highly effective.

### 24. TRADE AND OTHER PAYABLES

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Current</b>				
Trade payables	59,409	115,199	34,526	28,568
Trade payables to related parties	265,427	196,148	189,681	153,385
Other payables	4,619	5,092	1,637	2,105
	<b>329,455</b>	<b>316,439</b>	<b>225,844</b>	<b>184,058</b>
Social security and other taxes	52,617	24,222	32,342	5,620
Accrued expenses	157,762	153,821	102,720	92,898
	<b>539,834</b>	<b>494,482</b>	<b>360,906</b>	<b>282,576</b>

The fair value of trade and other payables is equal to the current carrying value disclosed above.

Group Trade payables from related parties are due within one month. No interests are recharged. The trade payables are against the following:

	2024 €'000	2023 €'000
Yazaki Corporation	4,791	4,116
Subsidiaries of Yazaki Corporation	260,636	192,032
	<b>265,427</b>	<b>196,148</b>

### 25. FINANCIAL LIABILITIES - BORROWINGS

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>NON-CURRENT</b>				
Bank borrowings	36,661	25,504	36,661	25,504
Finance lease liabilities	18,698	17,419	11,770	13,256
Loans from related parties	50,000	0	50,000	0
	<b>105,359</b>	<b>42,923</b>	<b>98,431</b>	<b>38,760</b>

The loans from related parties is relating to a loan from Yazaki corporation Japan, and its subject of interest rate swap, according to IFRS 9, paragraph B3.2.16 p, The Group transferred to a transferee (Bank) a fixed rate financial asset and enter into an interest rate swap with the (transferee) to receive a fixed interest rate and pay a variable interest rate based on a notional amount of €50 m that is equal to the principal amount of the transferred financial asset (YC Loan €50 m). The interest rate swap does not preclude derecognition of the transferred asset provided the payments on the swap are not conditional on payments being made on the transferred asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

**Risk management objective and strategy:** Most of the credit line and usage are short term with maturity not exceeding Aug-24 except long term loans of €25.5m. In order to improve the liquidity of The Group's Balance sheet and decrease the interest cost, an Interest rate swap has been applied over five years.

For more details regarding the fair value derivative recognized in equity as of 31 March 24 we refer to the note 23.4.

	Group	Group	Company	Company
CURRENT	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Bank borrowings	399,216	370,776	398,561	370,294
Loans from related parties	299,491	312,498	416,322	407,601
	<b>698,707</b>	<b>683,274</b>	<b>814,883</b>	<b>777,895</b>

Included within the borrowings amount for 2024 is an overdraft of € 31,361,399 (2023: €23,441,445).

Bank borrowings are at variable interest rates. The average interest rate for the year was 4,17% (2023: 1.70%). Overdraft facilities are repayable on demand.

The conditions in relation to the loans from related parties are shown in the following table:

	Currency	Amount €'000	Commencement date	Maturity date	Interest rate
Other European Yazaki Entities	EUR	199,491	31 March 2024	01 April 2024	Euribor +0.65%, +1%
YAZAKI Corporation	EUR	100,000	29 March 2024	28 June 2024	Euribor +0.5%

The exposure of The Group's and Company's borrowings to interest rate changes and the contractual re-pricing dates are as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
	€'000	€'000	€'000	€'000
6 months or less	698,706	683,274	814,883	777,895

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.17% (2023: 1.70%).

Bank Borrowings of €424,249,000 (2023: €392,366,000) with credit lines of €639,600,000 (2023: €578,800,000 ) are guaranteed by Yazaki Corporation.

The carrying amounts of The Group's borrowings are denominated in the following currencies:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

	Group	Group	Company	Company
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Euro	181,800	690,156	298,630	784,777
RON	13,672	13,741	13,672	13,741
RUB	4,018	4,881	4,018	4,881

The Group has the following undrawn borrowing facilities:

	Group	Group	Company	Company
	2024	2023	2024	2023
	€'000	€'000	€'000	€'000
Expiring within one year	265,351	236,434	265,351	231,434

The table below details changes in The Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in The Group's consolidated cash flow statement as cash flows from financing activities.

Group	1 APRIL 2022	Financing cash flows	Non-Cash Changes	31 MARCH 2023
Bank borrowings	0	25,504	0	25,504
Finance lease liabilities	17,895	(5,878)	5,402	17,419
<b>Non-current Financial liabilities - loans</b>	<b>17,895</b>	<b>19,626</b>	<b>5,402</b>	<b>42,923</b>
Bank borrowings	388,074	(17,298)	0	370,776
Loans from related parties	234,748	76,866	884	312,498
<b>Current Financial liabilities - loans</b>	<b>622,822</b>	<b>59,568</b>	<b>884</b>	<b>683,274</b>
<b>Total liabilities from financing activities</b>	<b>640,717</b>	<b>79,194</b>	<b>6,286</b>	<b>726,197</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

Group	1 APRIL 2023	Financing cash flows	Non-Cash Changes	31 MARCH 2024
Bank borrowings	25,504	11,157	0	36,661
Finance lease liabilities	17,419	1,279	0	18,698
Loans from related parties	0	50,000	0	50,000
<b>Non-current Financial liabilities - loans</b>	<b>42,923</b>	<b>62,436</b>	<b>0</b>	<b>105,359</b>
Bank borrowings	370,776	28,439	0	399,215
Loans from related parties	312,498	(13,007)	0	299,491
<b>Current Financial liabilities - loans</b>	<b>683,274</b>	<b>15,432</b>	<b>0</b>	<b>698,706</b>
<b>Total liabilities from financing activities</b>	<b>726,197</b>	<b>77,868</b>	<b>0</b>	<b>804,065</b>

Company (restated)	1 APRIL 2022	Financing cash flows	Non-Cash Changes	31 MARCH 2023
Bank borrowings	0	25,504	0	25,504
Finance lease liabilities	12,289	(3,480)	4,447	13,256
<b>Non-current Financial liabilities - loans</b>	<b>12,289</b>	<b>22,024</b>	<b>4,447</b>	<b>38,760</b>
Bank borrowings	404,046	(33,752)	0	370,294
Loans from related parties	310,221	96,496	884	407,601
<b>Current Financial liabilities - loans</b>	<b>714,267</b>	<b>62,744</b>	<b>884</b>	<b>777,895</b>
<b>Total liabilities from financing activities</b>	<b>726,556</b>	<b>84,768</b>	<b>5,331</b>	<b>816,655</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

Company	1 APRIL 2023	Financing cash flows	Non-Cash Changes	31 MARCH 2024
Bank borrowings	25,504	11,157	0	36,661
Finance lease liabilities	13,256	(1,486)	0	11,770
Loans from related parties	0	50,000	0	50,000
<b>Non-current Financial liabilities – loans</b>	<b>38,760</b>	<b>59,672</b>	<b>0</b>	<b>98,431</b>
Bank borrowings	370,294	28,267	0	398,561
Loans from related parties	407,601	8,721	0	416,322
<b>Current Financial liabilities - loans</b>	<b>777,895</b>	<b>36,988</b>	<b>0</b>	<b>814,883</b>
<b>Total liabilities from financing activities</b>	<b>816,655</b>	<b>96,660</b>	<b>0</b>	<b>913,314</b>

26. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax assets have been recognised based on future forecasts. The offset amounts are as follows:

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Deferred tax assets</b>				
Non-current	16,554	56,087	26,350	43,798
<b>Deferred tax liabilities</b>				
Non-current	(12,439)	(28,689)	(18,174)	(8,006)
<b>Net deferred tax asset</b>	<b>4,115</b>	<b>27,398</b>	<b>8,176</b>	<b>35,792</b>

The gross movement on the deferred tax account is as follows:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>At 1 April 2023</b>	<b>27,398</b>	<b>25,524</b>	<b>35,792</b>	<b>29,864</b>
Charged / Credited to Statement of Comprehensive Income	(23,472)	1,874	(27,616)	5,928
Foreign Exchange difference	189	0		0
<b>At 31 March 2024</b>	<b>4,115</b>	<b>27,398</b>	<b>8,176</b>	<b>35,792</b>

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

GROUP	Tax losses	Deferred tax depreciation	Pension liabilities	Other timing differences	IA – customer	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Deferred tax assets</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>At 1 April 2023</b>	<b>48,073</b>	<b>1,374</b>	<b>2,590</b>	<b>4,050</b>	<b>0</b>	<b>56,087</b>
Charged/Credited to Statement of Comprehensive Income						
Credited/(charged) to profit and loss reserve	(34,035)	371	171	4,740	6	(28,747)
Foreign Exchange difference						
<b>At 31 March 2024</b>	<b>14,038</b>	<b>1,745</b>	<b>2,761</b>	<b>8,790</b>	<b>6</b>	<b>27,340</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

26. DEFERRED TAX (CONTINUED)

GROUP	Intangible assets-customer relationship	Intangible assets-other	Accelerated tax depreciation	Pension liabilities	Other timing differences	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Deferred tax liabilities</b>						
<b>At 1 April 2023</b>	<b>10,782</b>	<b>5,756</b>	<b>0</b>	<b>0</b>	<b>12,152</b>	<b>28,689</b>
Charged/Credited to Statement of Comprehensive Income	579	(2,090)	156		(4,110)	(5,465)
Foreign exchange differences						
<b>At 31 March 2024</b>	<b>11,361</b>	<b>3,666</b>	<b>156</b>	<b>0</b>	<b>8,042</b>	<b>23,225</b>

At the reporting date, The Group has unused tax losses of € 693m (2023: €603m) available for offset against future profits. No deferred tax asset has been recognised in respect of €566m these losses as it is not considered probable that there will be future taxable profits available based on forecast procedures performed. Due to a tax audit in Germany tax losses in the amount of €442m and the related depreciation of €351m will not have to be considered anymore and thus, a net deferred tax asset of €28.6m has been provided for. The aforementioned rights apply only to some jurisdictions. The information is sensitive in nature. Therefore, no further disclosures are made. Refer to Note 32 'Event after the Reporting Period' for additional details.

COMPANY

	Tax losses	Deferred tax depreciation	Pension liabilities	Other timing differences	Total
	€'000	€'000	€'000	€'000	€'000
<b>Deferred tax assets</b>					
<b>At 1 April 2023</b>	<b>40,566</b>	<b>1,122</b>	<b>934</b>	<b>1,176</b>	<b>43,798</b>
Credited to Statement of Comprehensive Income	(37,710)	259	(254)	7,391	(30,314)
Foreign exchange difference					
<b>At 31 March 2024</b>	<b>2,856</b>	<b>1,381</b>	<b>680</b>	<b>8,567</b>	<b>13,484</b>

COMPANY

	Intangible assets-other	Accelerated tax depreciation	Pension liabilities	Total
	€'000	€'000	€'000	€'000
<b>Deferred tax liabilities</b>				
<b>At 1 April 2023</b>	<b>1,894</b>	<b>6,112</b>	<b>0</b>	<b>8,006</b>
Charged / (Credited) to Statement of Comprehensive Income	(913)	(1,785)	0	(2,698)
<b>At 31 March 2024</b>	<b>981</b>	<b>4,327</b>	<b>0</b>	<b>5,308</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION SCHEME

The Group operates defined contribution retirement benefit plans and also has extended pension commitments.

#### 27.1 DEFINED CONTRIBUTION SCHEME

The Group operates defined contribution retirement benefit plans for all qualifying employees of some of its subsidiaries. The assets of the plans are held separately from those of The Group in funds under the control of trustees.

The employees of The Group's subsidiary are members of a state-managed retirement benefit plan operated by the government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of The Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognized in profit or loss of €1,367k (2023: €1,625k) represents contributions payable to these plans by The Group at rates specified in the rules of the plans.

The amounts, according to the defined contribution given, charged to the Profit and Loss account during the year were as follows:

	<b>Group 2024 €'000</b>	<b>Group 2023 €'000</b>	<b>Company 2024 €'000</b>	<b>Company 2023 €'000</b>
Defined contributions	1,367	1,625	1,130	1,331

#### 27.2 DEFINED BENEFIT SCHEME

The Group sponsors defined benefit plans for qualifying employees of its subsidiaries and previously for the employees of some of its subsidiaries. The defined benefit plans are administered by a separate fund that is legally separated from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

The defined benefit plans require contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

The Group has extended pension commitments to certain groups of employees by virtue of vested rights in Germany that represent firm commitments. In accordance with IFRS, these pension obligations are presented as defined benefit plans. The pension commitments were extended on the basis of salary levels and length of service.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 27.2 DEFINED BENEFIT SCHEME (CONTINUED)

The benefit entitlements of the pension beneficiaries are defined in the defined benefit plans. The pension right to be acquired at the regular retirement age is likely to be higher than the benefits committed at the Statement of financial position date, due to future salary increases and pension adjustments. The present value calculated by actuarial methods of the vested rights to the pensions that can be achieved from today's perspective has been expressed as the present value of the vested rights to defined benefits (defined benefit obligation, DBO), which takes future salary increases into account.

The plans expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of plan members is re-insured by an external insurance entity.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 March 2024, Fellow of the Institute of Actuaries. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**27.2 DEFINED BENEFIT SCHEME (CONTINUED)**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

<b>KEY ASSUMPTIONS USED</b>	<b>Group 2024</b>	<b>Group 2023</b>	<b>Company 2024</b>	<b>Company 2023</b>
Discount rate(s)	3.30%-26%	3.50%-12%	3.60%	4.30%
Expected rate(s) of salary increase	2.00%-22.50%	2.00%-9%	2.00%	3.00%
Expected rate(s) of pension increase	2.00%-22.50%	2.25%-12.00%	2.00%	2.25%

Mortality assumptions are based on probabilities according to RT 2018 G for Germany and INSEE 2012-2014 M/F for France.

The discount rate applied at 31 March 2024 for discounting to present value the expected benefit obligation, including expected future salary increases (defined benefit obligation) was 7.96% (2023: 5.46%).

As is commonplace in Germany, the pension plans are unfunded, that is to say that there is no pension fund of investments into which pension contributions are paid and from which pension payments are made to scheme participants. Instead, The Group pays premiums, under present levels of cover, to insurance companies which make such pension payments. The insurance policies maintained have a value which is determined by actuarial valuation. References in this note to 'scheme assets' relate to the value of these insurance policies.

Actuarial gains and losses, which can result from changes in the discount factor applied, for example, are presented as accumulated other Comprehensive Income in the year when they occur. Such gains and losses are fully recognised in equity, with no effect on the Statement of Comprehensive Income.

The net defined liability shown in the statement of financial position as pension liability, arising from The Group's obligations in respect of its defined benefit retirement scheme, is as follows:

	<b>Group 2024 €'000</b>	<b>Group 2023 €'000</b>	<b>Company 2024 €'000</b>	<b>Company 2023 €'000</b>
Present value of defined benefit obligations	(16,508)	(14,587)	(5,303)	(4,805)
Fair value of scheme assets	3,764	3,822	3,764	3,822
<b>Net defined liability</b>	<b>(12,744)</b>	<b>(10,765)</b>	<b>(1,539)</b>	<b>(983)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

27.2 DEFINED BENEFIT SCHEME (CONTINUED)

The following table shows reconciliation from the opening to the closing balances for the net defined benefit liability and its components.

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Present value of net defined benefit obligations at beginning of the year</b>	<b>10,765</b>	<b>15,073</b>	<b>983</b>	<b>2,458</b>
Current services cost	247	299	1	2
Interest cost	529	328	94	51
<b>Included in profit of loss</b>	<b>776</b>	<b>627</b>	<b>95</b>	<b>53</b>
Actuarial (gains)/losses arising from:				
▪ Change of valuation method	0	(230)	0	0
▪ demographic assumptions	(13)	(1,589)	0	(1,481)
▪ financial assumptions	758	(2,405)	278	0
▪ experience adjustments	805	(195)	90	0
Return on plan assets (excl. interest income)	(27)	(246)	0	(25)
<b>Included in OCI</b>	<b>1,523</b>	<b>(4,665)</b>	<b>368</b>	<b>(1,506)</b>
Business Combination	(128)	0	0	0
Employee contributions	0	37	0	0
Benefits paid	(192)	(307)	93	(22)
<b>Other</b>	<b>(320)</b>	<b>(270)</b>	<b>93</b>	<b>(22)</b>
<b>Present value of net defined benefit obligations at end of the year</b>	<b>12,744</b>	<b>10,765</b>	<b>1,539</b>	<b>983</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

27.2 DEFINED BENEFIT SCHEME (CONTINUED)

Movements in the fair value of plan assets in the year were as follows.

	Group 2024 €'000	Group 2023 €'000	Company 2024 €'000	Company 2023 €'000
<b>Opening fair value of plan assets</b>	<b>3,822</b>	<b>3,727</b>	<b>3,822</b>	<b>3,727</b>
Interest income	109	78	109	78
Benefits paid	(168)	(8)	(168)	(8)
The return on plan assets (excluding amounts included in net interest expense)		25		25
<b>Closing fair value of plan assets</b>	<b>3,763</b>	<b>3,822</b>	<b>3,763</b>	<b>3,822</b>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and pension increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis for the main defined benefit pension plan is as follows:

	2024 €'000	2023 €'000
Discount rate +0.50% to +1.00%	13,208	12,207
Discount rate - 1.00% to -0.50%	14,788	14,086
Pension increase +0.25%	14,232	12,910
Pension increase -0.25%	13,696	12,122
Salary increase +0.50% to +1.00%	1,903	5,383
Salary increase -1.00% to -0.50%	1,476	5,377

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

All other defined benefit pension plans are not material.

The Group expects to make a contribution of €2m (2023: €1.8 m) to the defined benefit plans during the next financial year. The Group is committed to paying into the plan for 10 future years, €1.3 m per annum in line with the agreed Schedule of Contributions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 28. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	Product liability €'000	Other €'000	Total €'000
<b>At 1 April 2023</b>	<b>1,514</b>	<b>1,088</b>	<b>2,602</b>
Provisions made during the year	0	0	0
Provisions used during the year	(1,258)	(1,025)	(2,283)
<b>At 31 March 2024</b>	<b>256</b>	<b>63</b>	<b>319</b>

COMPANY	Product liability €'000	Other €'000	Total €'000
<b>At 1 April 2023</b>	<b>888</b>	<b>1,088</b>	<b>1,976</b>
Provisions made during the year	0	0	0
Provisions used during the year	(720)	(1,026)	(1,746)
<b>At 31 March 2024</b>	<b>168</b>	<b>62</b>	<b>230</b>

The Group has provided in full for its estimate of the cost of customer claims relating to sales of its products.

Included in product liability is an amount for compensation arising under normal trading obligations and matched by a corresponding claim against the Company's supplier included in prepayments and accrued income. Timing and payment are difficult to predict as negotiations are on-going.

Other provisions relate to the costs associated with industrial tribunal expenses which are expected to be concluded within the coming financial year.

### 29. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with IFRS 9. For financial liabilities designated as at fair value through profit or loss, the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss are shown separately.

Financial liabilities and financial assets are measured at amortised cost.

Investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9.

Financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

Total interest revenue and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9 (showing these amounts separately); or financial liabilities that are not measured at fair value through profit or loss. Fair value of The Group's financial assets and financial liabilities that are measured at fair value are as follows:

31 March 2024		Carrying amount			Total €'000
		Amortised Cost €'000	Fair Value through Profit or Loss €'000	Fair Value through OCI €'000	
Group	Note				
<b>Financial assets</b>					
Investments	19	26,717			26,717
Cash and cash equivalents		92,130			92,130
Financial assets - loans	20	0			0
Trade and other receivables <sup>(b)</sup>	21	648,172			648,172
		<b>767,019</b>	<b>0</b>	<b>0</b>	<b>767,019</b>
<b>Financial liabilities</b>					
Financial liabilities - borrowings					
▪ Current	25	698,706	0	0	698,706
▪ Non-current	25	105,359	0	0	105,359
Trade and other payables <sup>(c)</sup>	24	329,455	0	0	329,455
		<b>1,133,520</b>	<b>0</b>	<b>0</b>	<b>1,133,520</b>

<sup>(a)</sup> The fair value of the Investments is determined as Level 3 instruments. No impairment or Amortization has been recognized during the year.

<sup>(b)</sup> Current tax receivables (9,124k), prepayments and accrued income (€37,251k) that are not financial assets are not included.

<sup>(c)</sup> Social security and other taxes (€52,617k) as well as accrued expenses and deferred income (€157,762k) that are not financial liabilities are not included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2023		Carrying amount				Fair value				
Group	Note	Loan and receivable €'000	Available for sale €'000	Other financial assets / liabilities €'000	Held to maturity €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<b>Financial assets measured at fair value</b>										
Investments	19	0	26,717	0	0	26,717	0	0	26,717	26,717
Cash and cash equivalents		0	0	0	0	0	0	0	0	0
		0	26,717	0	0	26,717	0	0	26,717	26,717
<b>Non - Financial assets measured at fair value</b>										
Goodwill	17	0	154,810	0	0	154,810	0	0	154,810	154,810
		0	181,527	0	0	181,527	0	0	181,527	181,527
<b>Financial assets not measured at fair value</b>										
Financial assets – borrowings	20	28,350	0	0	0	28,350	0	0	0	0
Trade and other receivables <sup>(a)</sup>	21	596,351	0	57,511	0	653,862	0	0	0	0
Cash and cash equivalents		21,338	0	0	0	21,338	0	0	0	0
		646,039	0	57,511	0	703,550	0	0	0	0
		646,039	181,527	57,511	0	703,550	0	0	181,527	181,527
<b>Financial liabilities measured at fair value</b>										
<b>Financial liabilities – borrowings</b>										
• Current	25	683,274	0	0	0	683,274	0	0		0
• Non-current	25	42,923	0	0	0	42,923	0	0		0
• Trade and other payables <sup>(b)</sup>		0	0	0	0	0	0	0		0
		726,197	0	0	0	726,197	0	0		0
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables <sup>(b)</sup>	24	311,347	0	5,092		316,439	0	0		0
		311,347	0	5,092		316,439	0	0		0

<sup>(a)</sup> Current tax receivables (€8,798k), prepayments and accrued income (€34,228k) that are not financial assets are not included.

<sup>(b)</sup> Social security and other taxes (€24,222k) as well as accrued expenses and deferred income (€153,821k) that are not financial liabilities are not included.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The following table only includes financial assets. The only financial liabilities measured subsequently at fair value on Level 3 fair value measurement represent contingent consideration relating to a business combination. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

<b>GROUP</b>	<b>Investments</b>
<b>Balance at 1 April 2023</b>	<b>26,717</b>
Purchases	0
<b>Total gains or losses</b>	<b>0</b>
in profit or loss	0
in other comprehensive income	0
<b>Balance at 31 March 2024</b>	<b>26,717</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2024		Carrying amount			
COMPANY		Amortised Cost	Fair Value through Profit or Loss	Fair Value through OCI	Total
	Note	€'000	€'000	€'000	€'000
<b>Financial assets</b>					
Investments	19	382,158	0	0	382,158
Cash and cash equivalents		72,021	0	0	72,021
Financial assets - loans	20	0	0	0	0
Trade and other receivables <sup>(b)</sup>	21	546,405	0	0	546,405
		<b>1,000,584</b>	<b>0</b>	<b>0</b>	<b>1,000,584</b>
<b>Financial liabilities</b>					
Financial liabilities - borrowings					
▪ Current	25	814,883	0	0	814,883
▪ Non-current	25	98,431	0	0	98,431
Trade and other payables <sup>(c)</sup>	24	225,844	0	0	225,844
		<b>1,139,158</b>	<b>0</b>	<b>0</b>	<b>1,139,158</b>

<sup>(a)</sup> The fair value of the Investments is determined as Level 3 instruments.

<sup>(b)</sup> Current tax receivables (€2,554k), prepayments and accrued income (€28,814k) that are not financial assets are not included.

<sup>(c)</sup> Social security and other taxes (€32,342k) as well as accrued expenses and deferred income (€102,720k) that are not financial liabilities are not included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2023		Carrying amount					Fair value			
COMPANY	Note	Loan and receivable €'000	Available for sale €'000	Other financial assets / liabilities €'000	Held to maturity €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<b>Financial assets measured at fair value</b>										
Investments	19	0	382,158	0	0	382,158	0	0	382,158	382,158
Cash and cash equivalents		0	0	0	0	0	0	0	0	0
		0	382,158	0	0	382,158	0	0	382,158	382,158
<b>Financial assets not measured at fair value</b>										
Financial assets – borrowings	20	28,350	0	0	0	28,350	0	0	0	0
Trade and other receivables <sup>(a)</sup>	21	417,068	0	23,879	0	440,947	0	0	0	0
Cash and cash equivalents		51,563	0	0	0	51,563	0	0	0	0
		496,981	0	23,879	0	520,860	0	0	0	0
		496,981	382,158	23,879	0	903,018	0	0	382,158	382,158
<b>Financial liabilities measured at fair value</b>										
Financial liabilities – borrowings										
▪ Current	25	777,895	0	0	0	777,895	777,895	0	0	777,895
▪ Non-current	25	38,760	0	0	0	38,760	0	0	0	0
		816,655	0	0	0	816,655	777,895	0	0	777,895
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables <sup>(b)</sup>	24	181,953	0	2,105	0	184,058	0	0	0	0
		998,608	0	2,105	0	1,000,713	777,895	0	0	777,895

<sup>(a)</sup> Current tax receivables (€4,640k), prepayments and accrued income (€17,039k) that are not financial assets are not included.

<sup>(b)</sup> Social security and other taxes (€24,222k) as well as accrued expenses and deferred income (€153,821k) that are not financial liabilities are not included.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The following table only includes financial assets. The only financial liabilities measured subsequently at fair value on Level 3 fair value measurement represent contingent consideration relating to a business combination. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

<b>COMPANY</b>	<b>Investments</b>
<b>Balance at 1 April 2023</b>	<b>382,158</b>
Purchases	0
<b>Total gains or losses</b>	<b>0</b>
in profit or loss	0
in other comprehensive income	0
<b>Balance at 31 March 2024</b>	<b>382,158</b>

#### Level 1:

Fair value is determined on the basis of quoted market prices.

#### Level 2:

Fair value is determined using valuation techniques in which the inputs are based on directly observable market data.

#### Level 3:

Fair value is determined using valuation techniques where the inputs are not based on directly observable market data.

The available for sale investments comprise the investment in YEL-I as well as the Goodwill arising from the purchase of YST. To determine the fair value, an economic-financial method with appraisal of goodwill was applied. The valuation is based on an expert opinion. The opinion is calculated by using the discounted cash flow method.

Further disclosure regarding financial instrument we refer to Note 19.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The following key assumptions were used for the fair value determination of the investment in YEL-I:

	<b>Parameters</b>
Years that express the repetition of profit	5
Cost of equity	6.5% - 10.9%
Cost of debt (less tax rate)	1.16% - 2.50%
Average EBIT	€8,455,520
Tax rate considered normal with respect to the type of investment	19.00% - 27.50%
Weighted average cost of capital	6.00% - 8.90%

Regarding the assumptions made for the fair value determination of the Goodwill, we refer to note 17. There were no transfers between Levels 1 and 2 during the current or prior year.

The fair value of the financial instruments in level 3 is not significantly sensitive to a reasonable change in these unobservable inputs:

### 30. RELATED PARTY TRANSACTIONS

#### PARENT AND ULTIMATE CONTROLLING PARTY

At the year end all of the Company's shares were held by Yazaki EMEA NV, Belgium and indirectly owned by Yazaki corporation, Japan.

Transactions with related parties were all at arm's length and were mainly related to:

- Purchase of goods from Yazaki manufacturing plants for €2.02bn (2023: €1.9bn).
- Service Fees expense for support service carried out by related parties for €42m (2023: €22m).
- Revenue from related parties corresponds mainly to:
  - Sale of goods for €141m (2023: €162m).
  - Engineering services "Research and development" for €5.7m (2023: €13m).

For more detail to Revenue from related parties we refer to Note 6.

Trade and loans receivable from Yazaki Corporation and / or its subsidiaries are outlined in Note 21.

Trade and loans payable from Yazaki Corporation and / or its subsidiaries are outline in Note 23.

#### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There have been no transactions between The Group and key management personnel during the year other than the amounts that have been disclosed in Note 9 (Directors' Remuneration).

There are no conditions placed on the loans by The Group. All intra-Group loans are current and can be repaid by mutual agreement at any time.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 31. COMMITMENTS

#### CONTINGENT LIABILITIES

Yazaki Europe Ltd. (Belgian Branch) YEL BL was subject of Transfer Pricing audit assessment by the Belgian Tax Authorities ("BTA") for the fiscal year ending in 31/03/2022.

Since the beginning of 2023, YEL-BL has responded to several extensive information requests from the BTA. The requests for information have all been answered within the required deadlines. YEL-BL received a notice of change on 22 October 2024, with significant adjustments that had not been previously communicated by the BTA with respect to FYE 31 March 2022 for a total amount of EUR 25.9m. The BTA also rejected the amount of previous tax losses carried forward per FYE 31 March 2021 (EUR 7.9m).

The notice of change is not an actual taxation, but rather the expression of the intention of the Belgian tax authorities to tax this additional amount and can be considered as the opening of the discussion with YEL-BL to arrive at a final tax assessment note later in the procedure.

Response to the notice of change has been submitted to Tax authority which is rejecting the BTA proposed adjustment and providing evidence and further justification to defend our tax position. In this letter, we have challenged the calculation made by BTA which was assessed by our independent tax expert be more likely than not to be resulting in acceptable adjustment.

After having submitted the response to the notice of change, the Belgian tax inspectors has been reached out again to request to restart an open discussion / negotiation with the tax authorities in order to come to an agreement which would be acceptable for both parties, and which does not result in a repayment.

### 32. EVENTS AFTER THE REPORTING PERIOD

1. Tax authorities launched an investigation into the German taxes for fiscal years FY16 to FY24. On June 7, 2024, the investigation challenged that the German businesses should be classified as service providers, entitled to arm's length compensation for services delivered to Yazaki's German customers. This reclassification stemmed from the tax authority's determination that these entities were not operating as entrepreneurial entities. Consequently, all tax loss carried forwards for the German businesses were disallowed, and a routine profit will be attributed to them for the fiscal years under audit (FY16-FY24). The Group has recorded a provision of €28m for deferred tax asset recognised in its statement of profit or loss and statement of financial position. Please refer to note 26 for further details.
2. The Belgian Tax Authorities (BTA) conducted a Transfer Pricing audit of Yazaki Europe Ltd. (Belgian Branch), or YEL-BL, for the year ending 31 March 2022. The BTA proposed adjustments for €25.9m and rejected €7.9m of previously carried forward tax losses. The Group is currently challenging the conclusions reached by BTA with the support and official

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

responses provided. This has been disclosed as a contingent liability. Please refer to note 31 for the further details.

### **33. ULTIMATE CONTROLLING PARTY**

The immediate and ultimate holding company and controlling party, preparing the consolidated financial statements for the largest group is Yazaki Corporation, incorporated in Japan. It is registered under the address: Mita-Kokusai Bldg.17F., 1-4-28 Mita, Minato-ku, Tokyo, 108-8333 Japan.

The holding company preparing consolidated financial statements for the smallest group is Yazaki Europe Limited, 2-3 Commercial Way, Christy Close, Basildon, Essex, United Kingdom, SS15 6EF.