

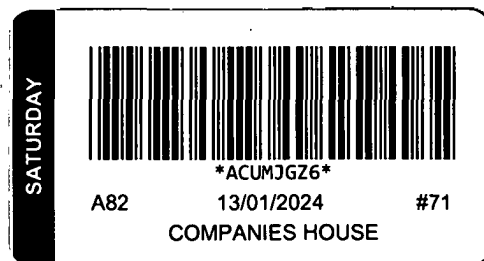
YAZAKI EUROPE LIMITED

31 March

2023

Company Registration No. 01490660

Annual Report and  
Financial Statements



## **REGISTERED OFFICE**

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United Kingdom

SS15 6EF

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## **AUDITOR**

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Statutory Auditor

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England

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## **BANKERS**

**MUFG Bank, Ltd.**

**Ropemaker Place, 25 Ropemaker Street**

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**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 Fiscal Year 2022/2023 started in a continued difficult economic environment with global challenges from inflation, dramatic increases of commodity prices, and in addition since February 2022 from the war in Ukraine. In April 2022 the International Monetary Fund (IMF) projected in its World Economic Outlook Update (WEO Update) the global GDP to fall from 6.1% in 2021 to only 3.6%. This included the expectations from the impact of the war in Ukraine and was reduced by 0.8% for 2022 since the first outlook in January 2022. Due to war-induced commodity price increases and broadening price pressures inflation was forecasted at 5.7% in advanced economies and 8.7% in emerging market and developing economies. In fact, the global GDP growth rate achieved 3.4% for 2022, slightly below the expectations at the beginning of our fiscal year.

In the eurozone gross domestic product (GDP) 2022 rose by 3.5% compared to the prior year. The growth was more robust than expected and exceeded the projection from April 2022 by 0.7%pt. Whereas the growth rate in Germany and France stood behind expectation, it was exceeding in Italy and Spain, in parallel, UK's GDP was growing beyond expectations and was achieving 4.0% in 2022. The first three months of the new year 2023, which represents the last quarter of our fiscal year, remained challenging in terms of high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID. According to Eurostat, the GDP in eurozone was growing in the first quarter of 2023, which represents the last quarter of our fiscal year, by 1.0% compared to the same quarter in the prior year.

In 2022, 85.4m motor vehicles, including passenger cars and commercial vehicles, were produced around the world; an increase of 5.7% compared to 2021. In Europe it was down by 0.5% to 16m vehicles.

According to European Automobile Manufacturers' Association (EAMA) in 2022, global new car registrations reached 66.2 million units, as sales recovered in the last quarter of the year. However, demand is still trending well below 2019 pre-pandemic levels where 74.9M cars were newly registered. Registrations in the European region declined by 10.4% during 2022 to 12.8 million units, impacted by semiconductor shortages and the war in Ukraine. Within Europe the registrations of new passenger cars in the EU fell by 4.6% in 2022 and in UK by 2.0%.

The main reason for the low numbers 2022 in the European Union was the delivery bottlenecks. Car manufacturers in Europe complained above all about poor availability of parts, among others for electronics chips. According to ACEA, these shortages had an impact, especially in the first half of the year. From August sales then increased again. In December, the sales rose for the fifth month in a row, by almost 13%. But that was not enough to recover the slump in the first half of the year.

Overall, the global car market remained vulnerable to the ongoing supply chain pressures and rising geopolitical tensions with significant impact on the European market. In relation to these challenges, we recognized an unusually high uncertainty and volatility in the production planning of car manufacturers, our main customer group, with frequent short-term changes which are challenging to manage as significant share of cost are not variable.

Within the fiscal year 2022/2023 the group increased its sales by 24.5% against the market trends of falling new car registrations in Europe. The total sales achieved €2,526m in 2023 which is an increase by €497m to the prior year. This growth is mainly based on volume recoveries within running projects and new project launches following our statements in prior years about focused order intake from our customers. The volume drive growth rate year on year is 11%.

## **STRATEGIC REPORT (CONTINUED)**

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

Another driver was increase of commodity prices, mainly copper, which is variable element of the sales price. Likewise, it is agreed on the procurement side. Therefore, the price adjustments for metals are only reflecting the increase in the Groups own reference prices for the procurement of parts with metal content for which adjustment clauses are agreed. As the adjustments clauses only compensate fluctuation of market prices for metal content and depending on the contract other materials such as plastic, it does not provide a sales margin. This means that cost of sales was increasing about the same amount as compensation revenues.

In addition, we were partially compensated for significant price increases for raw material, energy and personnel cost especially resulting from high volatility in demands on short notice for underutilization of resources and capacity following short term cancelation of demands.

Cost of sales were risen by €475m or 25.8% compared to the prior year to €2,321m. Besides the usual increase for volume increase, high inflation, shortages on raw material, significant increase of energy and raw material prices as well as the already mentioned cost for high volatility in volumes with short term cancelations of demands had additional significant impact on the cost of sales during the reporting year. The gross profit margin dropped down by 0.9%-pt to 8.1%. In total the gross profit was rising from €183m in the prior year to €205m which represents an increase of 12%.

Design and development cost reduced by 1.4% to €75m, whereas distribution costs rose by €13m to €84m mainly due to increase of fuel cost, shortages in transportation markets and premium freight cost due to deliveries on short notice following shortages of raw materials and semiconductors. Relative to sales the cost ratio for distribution cost was going down from 3.5% to 3.3%. Administrative expenses have been reduced by 0.9% to €84m. The ratio of administrative expenses to sales was decreasing from 4.2% to 3.3% due to amortisation and less consultancy costs. The other operating result was mainly influenced by net exchange rate losses resulting from the high 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. The net other operating income of €32m was decreasing by €43m to a net other operating expense of €11m. In prior year we could recognize exceptionally an amount of €19m compensation (2023: €0.2m) from insurance for financial damage in consequence of the COVID disease, the net foreign exchange result was positive with €9m (2023: loss of €11.3m) and the group recognized other revenues from the transfer of a business at an amount of €7m (2023: €nil) to associated group undertakings.

Following the market trend of increasing interest rates the net finance cost of the group were increasing from €1m in the prior year to €9m in the reporting period.

In total the Group made a loss of €61m 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 war in Ukraine 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.

## **STRATEGIC REPORT (CONTINUED)**

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

In the reporting year the Group keeps deploying its strategic orientation for product diversification. We are on track in term 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 effort 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.

During the reporting year the Group has been further awarded for significant new business to be launched in the upcoming years.

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 is direct shareholder. This includes cash pooling, risk management (FX and commodities), financing and bank relationship management. The total credit commitment by banks and Yazaki Corporation was €825m at the end of the financial year and was stable throughout the financial year. €239m was available as undrawn credit commitments as of 31st March 2023. 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 €1,247m (2022: €1,147m) mainly driven by current asset. For further details, we 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 21. No interim dividend was paid during the year (2022: €nil), and the Directors do not recommend the payment of a final dividend (2022: €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, progress of transition projects, 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.

## **STRATEGIC REPORT (CONTINUED)**

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.

## **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 still 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 impact from the global semiconductor shortages is continuing to negatively impact the production volume although the market shows higher demands for new cars which can currently not be produced. High volatility of demands (and its realization by production) is a continuous challenge for the fix cost structure and Head Count 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.

The changes in the global automotive industry lead 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 in order to remain competitive (and compliant).

In order to get the fleet average on CO2 emissions down, 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, e.g., OBC DC/DC converters and others. 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.

## **STRATEGIC REPORT (CONTINUED)**

### **BOARD'S STATEMENT ON S172**

It is the fourth time that 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').

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.

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 have 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 Powertrain 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.

This development may partly offset the continual price reduction demands of car manufacturers and salary inflation across Europe and North Africa. The Group won new additional business that is already agreed with its main customers.

Further, the Group continues the journey to increase the EBIT based on business already agreed with customers and make further improvements on standardization and optimization of the value chain processes with direct impact on the material content and overall cost structure. In this Fiscal Year, the Group intensified the efforts on several workstreams like cost/benefit analysis, creation of business and administrative synergies as well as footprint optimization that will further contribute to the overall successful transformation towards a competitive and sustainable Premium Automotive Supplier. The Group continued successful activities on phase-out or optimization of some loss-making businesses by proactive engagement to the customers, adaptation of the total YEL European setup to take into consideration the customer's needs and the streamlining of all the overhead functions. This will lead to an optimization of SG&A. The Group is targeting to complete the transition phase and footprint optimization during the coming business years, and proceeds execution of the defined holistic Transformation Strategy that is based on the pillars of business excellence, product diversification and human development.

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

Yazaki is committed to a principle which makes 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 Yazaki further deployed and executed the Talent Management Initiative 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 introduced and deployed. 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 design and deploy a Cultural Transformation Program with the executive team and to define values in line with the Yazaki Spirit that will facilitate and create commitment on binding corporate culture as a basis for our sustainable growth together.

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 or their representatives so that their views have been taken into account in making decisions that 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.

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 employee engagement, transparency and to facilitate the corporate culture towards a sustainable growth together.

The Yazaki Group globally treasures the spirit of 'One for All, All for One' which is highlighted with an example in the CSR Report to be found on the Yazaki website: <https://www.yazaki-group.com/global/csr/>. Furthermore, the Directors facilitate diversity management in the workplace as a core part of the Group's business strategy within its very international footprint. For this reporting period improvements and changes in the Group's leadership team reflect Yazaki efforts towards a more diverse YEL leadership team.

## **STRATEGIC REPORT (CONTINUED)**

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

#### **c) The need to foster the company's business relationships with suppliers, customers and others**

The Directors understand the importance of the Group's supply chain in delivering the long-term plans of the Group. The Sourcing Process in Europe, supported by Global Supply Chain Management of Yazaki Corporation, is used to identify partners with the right capability to support the company on new programmes. Product Quality Planning practices are deployed with Suppliers to support the engineering of products, and techniques and processes including a Supplier Risk Management approach is used to assess their financial stability and ability to provide continuous supply. This has been put to the test as an impact of the inflationary cost increases along the whole supply chain for raw materials, parts, goods and services resulting from context of the ongoing demanding geostrategic risks. Our suppliers of production and non-production goods and services play an integral role in our business and help us to serve our globally operating customers. In addition to ensuring ethical behaviour, sustainability and health & safety is considered critical to the success of our business relationships. The Directors monitor the Group's engagement with their customers by reviewing customer response on quality and satisfaction. These activities also include the support of Business Units when having re-negotiations with customers. Customer satisfaction is one of the guiding principles in Yazaki Group. Continuous close communication with customers is providing the Directors insight into the future customer demand and the overall level of the Group's competitiveness. The Group actively responds to the requirements and needs on sustainability requirements coming from society and its stakeholders. In this Fiscal Year the Sustainability Governance activities have been strengthened and streamlined across the entire organization, starting with integrated vision and mission on sustainability as a basis to enable the Group to take necessary actions within the entire supply chain. One of the Fiscal Years highlights was the design and creation of the first regional sustainability report that has been very much appreciated by all stakeholders and that demonstrates a strong commitment by Yazaki in line with corporate policy to be a good corporate citizen. 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 Group and allow any appropriate action to be undertaken.

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

As a global organisation, Yazaki 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. Yazaki 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 Yazaki'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. In line with our vision and continuous efforts related to our Corporate Policy Yazaki is taking a proactive approach and is in constant alignment and communication with our customers and suppliers and participates in Working Groups in Automotive Supplier Association and convents as a good corporate citizen and in best tradition with our company values.

## STRATEGIC REPORT (CONTINUED)

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

As a responsible employer, Yazaki 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 took 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 Yazaki's efforts on sustainability activities with other companies.

The latest Yazaki Group CSR report is available on the website [www.yazaki-group.com](http://www.yazaki-group.com).

The latest regional sustainability report is available on the website [www.yazaki-europe.com/about-us/sustainability](http://www.yazaki-europe.com/about-us/sustainability).

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

The Directors are committed to the Yazaki Group 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 Group 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: [www.yazaki-group.com](http://www.yazaki-group.com).

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

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

The Group is owned by Yazaki Corporation and collectively are committed to continuing 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 and loans from related parties of €312m (2022: €234m). All Group's bank facilities mature within one year from the date of the approval of these financial statements, when they will then be subject to a review regarding their renewal. There is no reason for the directors to believe that these facilities will not be renewed. The Group's management forecasts and projections, taking account of reasonable possible 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 the recent volume expectations which considers the upcoming challenges in terms of geopolitical issues caused by Ukraine invasion and economic instability reflected in rising interest rate and recession. Through this update, 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 geopolitical issue, or economic instability will have a material impact on the Group's ability to continue in operation as a going concern.

## STRATEGIC REPORT (CONTINUED)

### GOING CONCERN (CONTINUED)

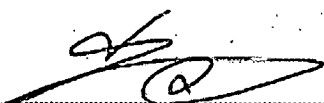
The Group is funded largely by short term facilities with a credit limit of €779m (external Facilities €579m and Yazaki Corporation €200m). The Group has undrawn facilities available at the year-end of €236m (2022: €252m). All bank facilities mature within one year from the date of the approval of these financial statements, when they will then be subject to a review regarding their renewal. There is no reason for the Directors to believe that they will not be renewed. This is because the Group has access to cash balances of €26m as at the date of signing these financial statements, whilst being in a net liability position of € 2.7m as at the 31<sup>st</sup> March 2023. 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 and will therefore bring additional cash and economic benefits into the Group.

The external facilities are subject to annual reviews and guaranteed by the Group's parent company, Yazaki Corporation, through the Letter of support valid until 31st March 2025. The Directors have assessed Yazaki Europe's parent company 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 to YEL. This is based on the review performed of Yazaki Corporation's audited financial statements as well as a review of all available post year end information at 22<sup>nd</sup> of November 2023, whereby YEL have identified that their parent has a positive net current asset balance and is in a strong cash position, positive assets and sufficient facilities to support the European operations. Yazaki are therefore satisfied with the ability of their parent company to provide financial support to them as and when this is required.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

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 22<sup>nd</sup> of November 2023, and was signed on its behalf by:



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M. Yamada  
Director

## **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 2023. 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 significant 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
- A. Di Vece
- M. Katsumata
- A. Ishigami
- J. Kitami
- M. Yamada
- N. Sugie
- M. Kanda

### **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.

### **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.

## DIRECTORS' REPORT (CONTINUED)

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.

### GHG emissions and energy usage

<b>GHG emissions and energy usage data for period 1 April 2022 to 31 March 2023 UK and offshore</b>	<b>2023</b>	<b>2022</b>
Emissions from combustion of gas (Scope 1 – tonnes of CO <sub>2</sub> e) <b>(Quantity of the Natural gas Consumed in m<sup>3</sup> * 0.0019) + (Quantity of the Propane Gas Consumed in liter * 0.0015)</b>	76.09	228.26
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO <sub>2</sub> e) <b>(Quantity of Gasoline Consumed in liter * 0.00237) + (Quantity of the Diesel consumed in liter * 0.00263)</b>	123.03	369.08
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO <sub>2</sub> e) <b>(Quantity of Electricity Consumed in KWH * CO<sub>2</sub> emission factor Electricity [Ton/kWh] of each office location)</b>	93.84	281.52
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO <sub>2</sub> e). <b>(Quantity of the Diesel consumed in business trip transport in liter * 0.00263)</b>	137.49	412.47
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>430.44</b>	<b>1,291.33</b>
Energy consumption used to calculate emissions – kwh	779,490.00	2,338,470.00

## **GHG emissions and energy usage (CONTINUED)**

The company's annual emissions in relation to a quantifiable factor associated with the company's activities is measured by CO2 emissions in ton per 1000 Worked

To minimize energy consumption and align with European Union recommendations on Energy saving on our facilities whenever possible, the followings actions around energy efficiency:

- Individual Actions such as closing doors and windows; turning off lights and computers when not in use and at the end of each day.
- Technical Strategies such as pursuing energy savings in equipment operations and maintenance, as well as in building renovation and new construction.
- Energy Awareness Training that encourages energy conservation and environmental stewardship our locations, including not only internal employees but as well permanent internal Subcontractors and Service providers.

## **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

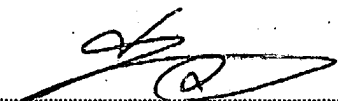
In accordance with section 418 of the Companies Act 2006, the Directors confirm that:

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:



M. Yamada  
Director

## **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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard ("IAS") 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 in IFRSs 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 the group's and of the parent company's affairs as at 31 March 2023 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 statement of profit and loss;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 34.

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 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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 company'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 director 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 OECD BEPS; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions 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 specific procedures performed to address them are described below:

- There is a significant risk in manual adjustments to revenue due to fraud. We have identified this as a fraud risk since there is a risk that management could manipulate the consolidated statement of profit and loss. We have understood the types of manual adjustments expected for revenue and the controls over these adjustments, we have agreed the manual adjustments to third party evidence and performed additional substantive procedures where required in order to obtain reasonable assurance over these manual entries.

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;
- 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 company and its 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

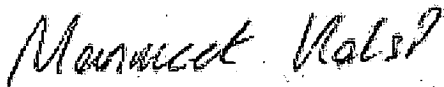
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 (Senior statutory auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

**22 NOVEMBER 2023**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 €'000	2022 €'000
Revenue	6	2,526,471	2,029,111
Cost of goods sold		(2,321,491)	(1,844,700)
<b>GROSS PROFIT</b>		<b>204,980</b>	<b>184,411</b>
Research and development costs	7	(75,409)	(76,935)
Distribution costs	7	(84,333)	(70,891)
Administrative expenses	7	(83,667)	(84,451)
Other operating income /(expenses)	8	(10,969)	31,144
<b>OPERATING LOSS</b>		<b>(49,398)</b>	<b>(16,722)</b>
Other (Losses)/Gain		-	(1,300)
Finance income	12	6,407	3,769
Finance costs	11	(15,768)	(4,901)
<b>LOSS BEFORE TAX</b>		<b>(58,759)</b>	<b>(19,154)</b>
Income tax	13	(3,775)	(18,925)
Deferred tax	13	1,874	18,397
<b>LOSS FOR THE YEAR</b>		<b>(60,660)</b>	<b>(19,682)</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 2023**

	Note	2023 €'000	2022 €'000
<b>LOSS FOR THE YEAR</b>		<b>(60,660)</b>	<b>(19,682)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net actuarial gains under defined benefit pension plans and similar obligations	27.2	4,665	1,147
Net Losses under deferred taxation	26	0	0
<b>Net Items that will not be reclassified subsequently to profit or loss</b>		<b>4,665</b>	<b>1,147</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net losses on currency translation from foreign subsidiaries	23.3	(123)	(33,061)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>4,542</b>	<b>(31,914)</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(56,118)</b>	<b>(51,596)</b>

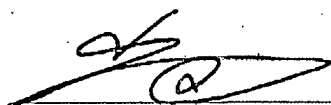
**STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2023**

	Note	GROUP		COMPANY	
		2023 €'000	2022 €'000	2023 €'000	2022 €'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	37,569	39,084	35,325	36,926
Right of use asset	18	17,820	18,192	13,112	12,299
Intangible assets	16	78,834	88,175	17,512	23,780
Goodwill	17	154,810	154,810	0	0
Financial assets - investments	19	26,717	26,717	382,158	382,158
Financial assets - loans	20	28,350	41,350	28,350	41,350
Deferred tax assets	26	42,929	54,320	53,966	39,486
		<b>387,029</b>	<b>422,648</b>	<b>530,423</b>	<b>535,999</b>
<b>Current assets</b>					
Inventories	22	141,738	122,290	60,996	57,984
Trade and other receivables	21	696,888	575,051	462,626	394,047
Cash and cash equivalents	14	21,338	26,640	51,563	54,464
		<b>859,964</b>	<b>723,981</b>	<b>575,185</b>	<b>506,495</b>
<b>Total assets</b>		<b>1,246,993</b>	<b>1,146,629</b>	<b>1,105,608</b>	<b>1,042,494</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		(230,767)	(170,107)	(322,626)	(295,743)
Exchange reserves	23.3	(81,282)	(81,159)	(1,245)	513
Other reserves	23.4	851	(3,814)	158	(1,349)
<b>Total equity</b>		<b>(2,676)</b>	<b>53,442</b>	<b>(15,191)</b>	<b>11,944</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Financial liabilities – borrowings	25	42,923	17,895	38,760	12,289
Pension liabilities	27	10,765	15,105	983	2,458
Deferred tax liabilities	26	15,531	28,796	18,174	9,622
		<b>69,219</b>	<b>61,796</b>	<b>57,917</b>	<b>24,369</b>
<b>Current liabilities</b>					
Trade and other payables	24	494,482	405,518	282,576	286,766
Financial liabilities - borrowings	25	683,274	622,822	777,895	714,267
Provisions	28	2,602	2,878	1,976	2,571
Current income tax liabilities	13	92	173	435	2,577
		<b>1,180,450</b>	<b>1,031,391</b>	<b>1,062,882</b>	<b>1,006,181</b>
<b>Total liabilities</b>		<b>1,249,669</b>	<b>1,093,187</b>	<b>1,120,799</b>	<b>1,030,550</b>
<b>Total equity and liabilities</b>		<b>1,246,993</b>	<b>1,146,629</b>	<b>1,105,608</b>	<b>1,042,494</b>

The loss for the financial year dealt with in the financial statements of the parent Company was €26,882,717 (2022: €10,676,863).

The financial statements of Yazaki Europe Limited, registered number 1490660, were approved by the Board of Directors on 22<sup>nd</sup> of November 2023, and will be signed on its behalf by:

M. YAMADA



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023**

<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 2021</b>		65,302	68,403	174,817	(150,425)	(48,098)	(4,961)	105,038
<b>Loss for the year</b>		0	0	0	(19,682)	0		(19,682)
<b>Other Comprehensive Expense</b>		0	0	0		(33,061)	1,147	(31,914)
<b>Other Comprehensive Expense</b>		0	0	0	0	(33,061)	1,147	(31,914)
<b>AS AT 31 MARCH 2022</b>		65,302	68,403	174,817	(170,107)	(81,159)	(3,814)	53,442
<b>AS AT 1 APRIL 2022</b>		65,302	68,403	174,817	(170,107)	(81,159)	(3,814)	53,442
<b>Loss for the year</b>					(60,660)			(60,661)
<b>Other Comprehensive Expense</b>	23.3 & 23.4					(123)	4,665	4,542
<b>AS AT 31 MARCH 2023</b>		65,302	68,403	174,817	(230,767)	(81,282)	851	(2,677)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

COMPANY	Note	Share capital €'000	Share premium €'000	Merger reserve €'000	Retained earnings €'000	Exchange reserve €'000	Other reserves €'000	Total €'000
AS AT 1 APRIL 2021		65,302	68,403	174,817	(285,067)	642	(1,750)	22,347
Loss for the year		0	0	0	(10,676)	0	0	(10,676)
Other Comprehensive Expense		0	0	0	0	(129)	402	273
Other Comprehensive Expense		0	0	0	0	(129)	402	273
AS AT 31 MARCH 2022		65,302	68,403	174,817	(295,743)	513	(1,348)	11,944
AS AT 1 APRIL 2022		65,302	68,403	174,817	(295,743)	513	(1,348)	11,944
Loss for the year					(26,883)			(26,883)
Other Comprehensive Expense	23.3 & 23.4					(1,758)	1,506	(252)
AS AT 31 MARCH 2023		65,302	68,403	174,817	(322,626)	(1,245)	158	(15,191)

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Note	GROUP		COMPANY	
		2023 €'000	2022 Restated €'000	2023 €'000	2022 Restated €'000
Loss after income tax		(60,660)	(19,682)	(26,883)	(10,677)
Adjustments for:					
▪ Tax expense	13	1,901	528	(6,559)	(1,068)
▪ Depreciation	15	12,242	10,448	11,442	9,910
▪ Amortisation and impairment charge	7	21,810	37,923	10,052	9,516
▪ Depreciation of leased assets	7	5,993	0	3,743	0
▪ Loss on sale of property, plant and equipment		(33)	427	72	244
▪ unrealised forex (gain) or loss		(4,247)	0	1,906	0
Finance income	12	(6,407)	(3,768)	(5,217)	(1,857)
Finance costs	11	15,768	4,901	14,879	4,080
		<b>(13,633)</b>	<b>30,777</b>	<b>3,435</b>	<b>10,148</b>
Changes in working capital:					
▪ Increase in inventories	22	(19,448)	(4,818)	(3,013)	9,135
▪ (Increase) / Decrease in trade and other receivables	21	(72,521)	2,122	4,775	47,358
▪ Increase / (Decrease) in trade and other payables	24	88,965	(147,557)	(4,190)	(158,167)
▪ Other working capital movements	34	(325)	(2,443)	(5,434)	(1,445)
<b>CASH USED IN OPERATIONS</b>		<b>(16,963)</b>	<b>(121,919)</b>	<b>(4,427)</b>	<b>(92,970)</b>

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)**

	Note	GROUP		COMPANY	
		2023 €'000	2022 Restated €'000	2023 €'000	2022 Restated €'000
<b>CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES</b>					
Cash generated/(used) from operations		(16,963)	(121,919)	(4,427)	(92,970)
Net interest received		(6,806)	1,503	(7,094)	422
Income tax (paid)/received		(6,061)	(17,405)	(4,252)	(2,973)
<b>Net cash (used in)/generated from operating activities</b>	34	<b>(29,829)</b>	<b>(137,821)</b>	<b>(15,773)</b>	<b>(95,521)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment (PPE)	15	(12,631)	(8,008)	(10,056)	(6,467)
Proceeds from sale of PPE		301	919	297	665
Additions to intangible assets	16	(6,661)	(24,746)	(2,438)	(3,344)
New Loans given to related parties	20, 21 & 34	(81,100)	(6,800)	(122,500)	(22,700)
Recovery of Loans from related parties	20, 21 & 34	45,900	50,573	61,800	50,573
<b>Net cash used in investing activities</b>	34	<b>(54,191)</b>	<b>11,938</b>	<b>(72,897)</b>	<b>18,727</b>
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>					
Loan proceeds received	25 & 34	251,204	263,723	338,804	336,166
Repayment of loan Liabilities	25 & 34	(166,608)	(144,770)	(249,555)	(247,570)
Lease payments	18	(5,878)	(7,134)	(3,480)	(3,559)
<b>Net cash generated from financing activities</b>	34	<b>78,718</b>	<b>111,819</b>	<b>85,769</b>	<b>85,037</b>
<b>NET INCREASE/ (DECREASE) IN CASH</b>					
Cash and cash equivalents at beginning of the period		26,640	47,821	54,464	46,221
Effect of foreign exchange rate changes		(1)	(7,116)	0	0
<b>CASH AT END OF THE YEAR</b>		<b>21,338</b>	<b>26,640</b>	<b>51,563</b>	<b>54,464</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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.

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. Yazaki Corporation does not publish its consolidated financial statements.

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 not adopted any new standards.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU). These amendments have not had an impact on the Group accounts during this year.

IFRS Standard in issue	Status	Related to	Effective Date
▪ IAS16	Amendments	Property, Plant and Equipment - Proceeds before Intended Use.	01/01/2022
▪ Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Amendments	Annual Improvements to IFRS Standards 2018-2020 (May 2020)	01/01/2022
▪ IFRS 3	Amendments	Reference to the conceptual Framework	01/01/2022
▪ IAS 37	Issued	Onerous contracts – Cost of fulfilling a contract	01/01/2022

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board (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 2023

### 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.	CI Gutierre de Cetina 19- 1ºE, 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 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4. GOING CONCERN

The Group meets its day-to-day working capital requirements through its bank facilities and loans from related parties of €312m (2022: €234m). All Group's bank facilities mature within one year from the date of the approval of these financial statements, when they will then be subject to a review regarding their renewal. There is no reason for the directors to believe that these facilities will not be renewed. The Group's management forecasts and projections, taking account of reasonable possible 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 the recent volume expectations which considers the upcoming challenges in terms of geopolitical issues caused by Ukraine invasion and economic instability reflected in rising interest rate and recession. Through this update, 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 geopolitical issue, or economic instability will have a material impact on the Group's ability to continue in operation as a going concern.

The Group is funded largely by short term facilities with a credit limit of €779m (external Facilities €579m and Yazaki Corporation €200m). The Group has undrawn facilities available at the year-end of €236m (2022: €252m). All bank facilities mature within one year from the date of the approval of these financial statements, when they will then be subject to a review regarding their renewal. There is no reason for the Directors to believe that they will not be renewed. The directors have assessed that if these facilities are not renewed, the group could continue in operation for at least 12 months from sign off. This is because the Group has access to cash balances of €26m as at the date of signing these financial statements, whilst being in a net liability of €2.7m as of the 31<sup>st</sup> of March 2023. 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 and will therefore bring additional cash and economic benefits into the Group.

The external facilities are subject to annual reviews and guaranteed by the Group's parent company, Yazaki Corporation, through the Letter of support valid until 31<sup>st</sup> March 2025. The Directors have assessed Yazaki Europe's parent company 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 to YEL. This is based on the review performed of Yazaki Corporation's audited financial statements as well as a review of all available post year end information at 22<sup>nd</sup> of November 2023, whereby YEL have identified that their parent has a positive net current asset balance and is in a strong cash position, positive assets and sufficient facilities to support the European operations. Yazaki are therefore satisfied with the ability of their parent company to provide financial support to them as and when this is required.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2023

### 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.

#### 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.

- **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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7. INTANGIBLE ASSETS (CONTINUED)

- **Internally-generated intangible assets (continued)**

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.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.8. 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 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.

#### 3.9. 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.

#### 3.10. 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.

#### 3.11. 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11.1. 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 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11.1 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11.1 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.

#### 3.11.2 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.12. 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.

#### 3.13. 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.

#### 3.14. 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.15. EMPLOYEE BENEFITS**

**3.15.1. 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.

**3.15.2 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.

**3.15.3 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.

**3.16. 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16. PROVISIONS (CONTINUED)

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.

#### 3.17. 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.
- the contract has commercial substance (ie 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17. REVENUE RECOGNITION (CONTINUED)

##### ***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 contract 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 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 OEM's 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17. REVENUE RECOGNITION (CONTINUED)

##### 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:

- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 3.19. 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
- Payments 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.

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:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.19. LEASES (CONTINUED)

- 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.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.19. LEASES (CONTINUED)

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. The Group tries to

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 4.2. MARKET RISK (CONTINUED)

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 (2022: 10% and 44% respectively for New Leu/Euro and Turkish Lira/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 2023	31 March 2022
	€'000	€'000
<b>EUR strengthens by:</b>		
Turkish entities (Turkish Lira 44%)	-	-10,047
Romanian entities (Romanian New Leu 10%)	-307	-256
<b>EUR weakens by:</b>		
Turkish entities (Turkish Lira 44%)	-	10,047
Romanian entities (Romanian New Leu 10%)	307	256

YSTT (Turkish component) functional currency has been changed from Turkish Lira to Euro from the beginning of fiscal year April 1<sup>st</sup>, 2022.

#### - *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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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.

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 2023 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 €675,000 lower / €675,000 higher (2022: €581,000 lower / €581,000 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.

<b>GROUP</b>	<b>&lt;1 year</b>	<b>1-5 years</b>	<b>&gt; 5 Years</b>	<b>Total</b>	<b>Thereof Variable</b>
<b>At 31 March 2022 €'000</b>					
Borrowings	622,822	0	0	622,822	622,822
Lease liabilities	4,714	13,181	0	17,895	17,895
Trade and other payables	394,146	0	0	394,146	394,146
<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

Included within the borrowings amount at 31 March 2023 is an overdraft of €23,441,446 (2022: €49,173,000) which is excluded from the table above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

COMPANY	<1 year	1-5 years	> 5 Years	Total	Thereof Variable
<b>At 31 March 2022 €'000</b>					
Borrowings	714,267	0	0	714,267	714,267
Lease liabilities	2,833	9,456	0	12,289	12,289
Trade and other payables	274,084	0	0	274,084	274,084
<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

The borrowings are at an average weighted interest rate of 1.94% for the year (2022: 0.49%).

#### *Credit risk*

Credit risk refers to the risk that a counter party will default on 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 from defaults. 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.

Counterparty	Long Term Rating
Mitsubishi UFJ Financial Group	A-
Mizuho Bank	A-
Sumitomo Mitsui Banking Corporation Europe	A-
Sumitomo Mitsui Trust	A
Shizuoka Bank (Europe)	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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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 €778.8m in total (including €200m from Yazaki Corporation). The terms of the credit contain no financial covenants.

The Group prepares a rolling cash forecast covering an eight-week period reviewed on a daily basis and a six-month rolling forecast reviewed on a monthly 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 or unused 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 2023		31 March 2022	
	Credit limit €'000	Balance €'000	Credit Limit €'000	Balance €'000
Mitsubishi UFJ Financial Group	294,000	140,700	276,000	153,300
Mizuho Bank	65,500	65,500	65,500	50,000
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	7,504	-	-
Yazaki Corporation	200,000	150,000	200,000	100,000
CITI Bank	71,700	58,062	48,200	34,216
	<b>778,800</b>	<b>542,365</b>	<b>710,300</b>	<b>458,116</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 €236.4m (2022: €252.2m). 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. 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 manufactures 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.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

### **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.

### **5. CRITICAL 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.

#### **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 2023

### 6. REVENUE

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

GROUP	Revenue	
	2023 €'000	2022 €'000
Sale of goods at a point in time	2,299,158	1,868,934
Other non-product Income	21,488	0
Sale of engineering services	205,825	160,176
	<b>2,526,471</b>	<b>2,029,111</b>

21m€ of other non-product income is relating to compensation income recognised due to the transfer of business from one location to another upon request from customers.

Included in revenues are revenues of approximately €2.08bn (2022: €1.7bn) which arose from sales to the Group's 10 largest customers.

YEL Group has a single customer who contributed more than 10 per cent to the Group's revenue €492m (2022: €408m).

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

GROUP	External sales by region	
	2023 €'000	2022 €'000
Japan	9,288	4,474
Asia & Oceania	106,666	27,890
America	59,694	1,576
United Kingdom	125,261	76,687
Europe and Africa	2,225,562	1,918,484
	<b>2,526,471</b>	<b>2,029,111</b>

GROUP	Revenues from related parties	
	2023 €'000	2022 €'000
Yazaki Corporation	9,288	7,307
Subsidiaries of Yazaki Corporation	166,360	137,386
	<b>175,648</b>	<b>144,693</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**7. EXPENSES BY NATURE**

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

	Note	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Warehouse costs		(978)	356	(4,436)	(3,879)
Salaries	9	(100,411)	(97,563)	(67,014)	(61,411)
Social security	9	(16,485)	(17,258)	(7,641)	(7,880)
Defined Contribution costs (DBO)	27.1	(1,625)	(1,839)	(1,331)	(1,598)
Employee benefits	9	(1,316)	(1,493)	(800)	(1,095)
Travel and entertainment		(6,624)	(2,714)	(3,753)	(1,797)
Legal and consultancy fees		(30,914)	(27,674)	(25,010)	(20,798)
Site costs		(21,609)	(17,862)	(18,900)	(15,284)
Communication costs		(1,228)	(1,095)	(759)	(728)
Depreciation of tangible assets		(12,242)	(10,448)	(11,442)	(9,910)
Amortisation of intangible assets		(21,810)	(37,923)	(10,052)	(9,516)
Depreciation of leased assets		(5,993)	(5,580)	(3,743)	(3,443)
Profit on disposal of fixed assets		40	(2)	26	0
Loss on disposal of fixed assets		(7)	(425)	(97)	(244)
Recharges and management fees (expensed)/income		(22,207)	(10,267)	13,171	28,433
<b>Total of distribution costs and administrative expenses</b>		<b>(243,409)</b>	<b>(231,787)</b>	<b>(141,781)</b>	<b>(109,150)</b>

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Inventory write backs / (downs)	(1,585)	3,224	(1,010)	4,023

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**8. OTHER OPERATING INCOME AND EXPENSES**

**GROUP**

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Other operating income	46,979	72,428
Other operating expenses	(57,948)	(41,284)
	<b>(10,969)</b>	<b>31,144</b>

Other operating income mainly comprises:

- Exchange gains of €46,640,000 (2022: €47,329,000).
- Insurance proceeds of €237,156 (2022: €18,599,000).

Other operating expenses mainly comprise:

- Exchange Loss of €57,993,000 (2022: €38,759,000).
- Guarantee Fee of €2,044,317 (2022: €1,554,338).
- Restructuring costs of €-2,080,964 (2022: €136,222).

**9. STAFF COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>The average number of full time staff (including Directors) employed during the year was:</b>				
Application design	602	532	372	329
Core design and development	74	71	17	6
Finance	60	57	32	24
General affairs	32	30	25	29
Human resources	47	48	25	26
Information systems	30	23	20	16
Sales and distribution	611	606	347	348
	<b>1,456</b>	<b>1,367</b>	<b>838</b>	<b>778</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**9. STAFF COSTS (CONTINUED)**

<b>GROUP</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>€'000</b>	<b>€'000</b>
<b>The costs relating to staff (including Directors) employed during the year were</b>			
Wages and salaries	7	101,727	97,563
Social security costs	7	16,485	17,258
	7	<b>118,212</b>	<b>114,821</b>
Pension costs – defined contributions plans	27	1,625	1,839
		<b>119,837</b>	<b>116,660</b>
<b>COMPANY</b>			
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>€'000</b>	<b>€'000</b>
<b>The costs relating to staff (including Directors) employed during the year were</b>			
Wages and salaries	7	67,014	61,411
Social security costs	7	7,641	7,880
	7	<b>74,655</b>	<b>69,291</b>
Pension costs – defined contributions plans	27	1,331	1,598
		<b>75,987</b>	<b>70,888</b>

**THE AGGREGATE DIRECTOR'S REMUNERATION ARE AS FOLLOWS:**

<b>GROUP</b>	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
<b>Aggregate emoluments</b>	<b>1,887</b>	<b>2,858</b>
Short term wages and salaries	1,887	2,858
Termination benefits	0	0
Company contributions to money purchase pension schemes	0	0
	<b>1,887</b>	<b>2,858</b>

The emoluments of the highest paid Director were €726,722 (2022: €871,069).

The pension contributions to the money purchase pension scheme for the highest paid Director amounted to €nil (2022: €nil). The number of directors who participated in the money purchase pension scheme was one in the fiscal year (2022: 1).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 10. AUDITOR'S REMUNERATION

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	1,088	891	678	552
<b>Total audit fees</b>	<b>1,088</b>	<b>891</b>	<b>678</b>	<b>552</b>
Audit related assurance services	0	0	0	0
Other non-audit services	24	7	24	7
<b>Total non-audit fees</b>	<b>24</b>	<b>7</b>	<b>24</b>	<b>7</b>

The Group incurred fees for non-audit services during the year relating to tax compliance and tax advisory services of €24K (2022: €7k). The Company incurred non-audit fees of €24k (€7k) for the same services.

The Group incurred fees for non-audit services during the year relating to an interim review of €0 (2022: €0). The Company incurred non-audit fees of €0 (2022: €0) for the same services.

### 11. FINANCE COSTS

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>Finance costs</b>				
Interest payable on bank loans and overdrafts	13,922	4,273	12,677	3,401
Interest payable on intercompany loans	1,846	628	2,203	679
	<b>15,768</b>	<b>4,901</b>	<b>14,880</b>	<b>4,080</b>

### 12. FINANCE INCOME

<b>Finance income</b>				
Bank interest	4,709	2,861	3,780	948
Interest receivable on intercompany loans	1,698	908	1,437	908
	<b>6,407</b>	<b>3,769</b>	<b>5,217</b>	<b>1,856</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 19% (2022: 19%):

#### GROUP

	Note	2023 €'000	2022 €'000
<b>Income tax</b>			
Current tax charge on Loss for the year		7,178	17,840
Adjustments in respect of prior years		(6,139)	1,008
Other Taxation		2,736	0
		<b>3,775</b>	<b>18,848</b>
<b>Deferred tax</b>			
Deferred tax Expense (previous year tax income)	26	(1,874)	(18,320)
		<b>(1,874)</b>	<b>(18,320)</b>
<b>Tax expense</b>		<b>1,901</b>	<b>528</b>
<b>Reconciliation of tax expense</b>			
(Loss) / Profit before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%)		(9,746)	(3,637)
Items not deductible for tax purposes		(277)	233
Overseas branch profits subject to UK tax		0	(277)
Overseas profit taxable at different rates to the UK		(3,706)	(4,621)
Current year deferred tax not recognized		11,950	7,461
Deferred tax prior year adjustment		7,393	444
Change in deferred tax position from change in tax rate		(310)	(82)
Adjustments in respect of prior years		(6,160)	1,007
Other taxes		2,757	0
<b>Income tax expense</b>		<b>1,901</b>	<b>528</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 19% (2022: 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.

It was announced that the UK tax rate will increase to 25% from 1 April 2023. This was substantively enacted at the date of statement of financial position and will have a consequential effect on the group's future tax charge.

In 2023, there is a current tax impact for prior years of €6,115,000 (2022: €1,021,458) mainly relating to the booked tax expense at the level of YEL in FY 2022 which was reversed against income (as profit) in FY 2023 as well as the payment for previous year by YST-T amounting to €5,183,943. Other previous year tax expenses relate also to the payments for previous years.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**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.

<b>GROUP</b>	<b>Note</b>	<b>2023 €'000</b>	<b>2022 €'000</b>
<b>Current income tax balances</b>			
Current income tax recoverable	21	8,798	9,914
Current income tax liabilities		(86)	(173)
<b>Net current income tax</b>		<b>8,712</b>	<b>9,741</b>

**14. CASH AND CASH EQUIVALENTS**

	<b>Group 2023 €'000</b>	<b>Group 2022 €'000</b>	<b>Company 2023 €'000</b>	<b>Company 2022 €'000</b>
Cash	0	0	0	0
Bank deposits	21,338	26,640	51,563	54,464
<b>Cash and cash equivalents</b>	<b>21,338</b>	<b>26,640</b>	<b>51,563</b>	<b>54,464</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 2023

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
1 April 2021	11,247	44	6,385	964	116,617	135,257
1 April 2022	10,013	50	5,942	938	117,821	134,765
At cost						
Additions	17	4,774	78	33	7,729	12,631
Disposals	(1,619)	0	(1,137)	0	(2,237)	(4,993)
Foreign currency effect	0	0	0	(5)	3	(2)
31 March 2023	8,411	4,824	4,883	966	123,316	142,401
1 April 2021	(10,220)	0	(6,038)	(889)	(75,748)	(92,895)
1 April 2022	(9,330)	0	(5,838)	(921)	(79,592)	(95,681)
Accumulated depreciation						
Depreciation	(125)	0	(6)	(8)	(12,103)	(12,242)
Disposals	1,527	0	995	0	2,137	4,659
Foreign currency effect	0	0	0	0	(1,568)	(1,568)
31 March 2023	(7,928)	0	(4,849)	(929)	(91,126)	(104,832)
Carrying amounts						
31 March 2022	683	50	104	17	38,230	39,084
31 March 2023	483	4,824	34	37	32,191	37,569

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 2023

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 2021	11,246	1	6,215	915	108,114	126,491
	1 April 2022	10,012	6	5,780	933	110,620	127,351
	Additions	17	4,789	78	33	5,139	10,056
	Disposals	(1,619)	0	(1,124)	0	(198)	(2,941)
	Foreign currency effect	0	0	0	0	3	3
	31 March 2023	8,410	4,795	4,734	966	115,564	134,469
	1 April 2021	(10,220)	0	(5,919)	(867)	(68,619)	(85,625)
	1 April 2022	(9,328)	0	(5,718)	(914)	(74,465)	(90,425)
	Depreciation	(125)	0	(7)	(14)	(11,296)	(11,442)
	Disposals	1,527	0	991	0	198	2,716
Foreign currency effect	0	0	0	0	7	7	
31 March 2023	(7,926)	0	(4,734)	(928)	(85,556)	(99,144)	
Carrying amounts	31 March 2022	684	6	62	19	36,155	36,926
	31 March 2023	484	4,795	0	38	30,008	35,325

All depreciation expenses have been charged through administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. INTANGIBLE ASSETS

GROUP

	Design and development	Assets under construction	Computer software	Other intangible	Total
	€'000	€'000	€'000	€'000	€'000
<b>1 April 2021</b>	<b>229,104</b>	<b>20,705</b>	<b>70,248</b>	<b>212,030</b>	<b>532,087</b>
<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>At cost</b>					
Additions	2,182	4,346	133	0	6,661
Disposals	(16,451)	0	(5,450)	(4,207)	(26,108)
Reclassification	0	(4,558)	0	4,558	0
Foreign currency effect	3,075	0	(15)	612	3,672
<b>31 March 2023</b>	<b>232,533</b>	<b>22,000</b>	<b>38,811</b>	<b>210,680</b>	<b>504,024</b>
<b>1 April 2021</b>	<b>(198,481)</b>	<b>0</b>	<b>(62,953)</b>	<b>(164,943)</b>	<b>(426,377)</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>Accumulated amortisation</b>					
Amortisation	(17,980)	0	(2,215)	(1,615)	(21,810)
Disposals	16,451	0	5,434	8,827	30,712
Foreign currency effect	0	0	20	(2,489)	(2,469)
<b>31 March 2023</b>	<b>(213,753)</b>	<b>0</b>	<b>(36,915)</b>	<b>(174,522)</b>	<b>(425,190)</b>
<b>Carrying amounts</b>					
<b>31 March 2022</b>	<b>31,503</b>	<b>22,212</b>	<b>3,989</b>	<b>30,471</b>	<b>88,175</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>

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 €75.5m and will be amortized with the project's lifetime.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2021	161,266	4,863	66,815	52,657	285,601
1 April 2022	156,642	4,299	41,646	52,662	255,249
Additions	1,341	981	116	0	2,438
Disposals	(16,450)	0	(5,434)	0	(21,884)
Reclassification	0	(4,558)	0	4,558	0
Foreign currency effect	0	259	(15)	1,082	1,326
<b>31 March 2023</b>	<b>141,533</b>	<b>981</b>	<b>36,313</b>	<b>58,302</b>	<b>237,129</b>
<b>Accumulated amortisation</b>					
1 April 2021	(147,971)	0	(59,649)	(46,250)	(253,870)
1 April 2022	(145,707)	0	(37,751)	(48,011)	(231,469)
Amortisation	(3,985)	0	(2,157)	(3,910)	(10,052)
Disposals	16,450	0	5,434	0	21,884
Foreign currency effect	0	0	20	0	20
<b>31 March 2023</b>	<b>(133,242)</b>	<b>0</b>	<b>(34,454)</b>	<b>(51,921)</b>	<b>(219,617)</b>
<b>Carrying amounts</b>					
31 March 2022	10,935	4,299	3,895	4,651	23,780
31 March 2023	8,291	981	1,859	6,381	17,512

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 2023

### 17. GOODWILL

As of 31<sup>st</sup> of March 2023, goodwill amounted to €154,810,000 (2022: €154,810,000).

GROUP	Goodwill	
		€'000
	Opening 2022	162,810
	Opening 2023	162,810
At cost	Closing 2023	162,810
	Opening 2022	-8,000
	Opening 2023	-8,000
Accumulated impairment	Closing 2023	-8,000
	Opening 2023	154,810
Carrying Amounts	Closing 2023	154,810

The Group performed its annual impairment test as at 31 December 2022. 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 2022 for each CGU has been prepared using the same allocation methodology which was previously applied at 31 March 2022. The value in use for each CGU at 31 December 2022 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 "2022/2023" 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 8.65% (2022: 6.88%) was applied. WACC comprises a risk-free rate of 2.00% (2022: 0.1%), and market risk premium of 7.25% (2022: 8%). A Beta of 1.26 (2022:1.34) has been used.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 17. GOODWILL (CONTINUED)

Growth rate estimates: Management estimates growth rates based on local market dynamics. A terminal growth rate of 2.47% (FY22: 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 -3.2% to 6.3% of sales.
- Free Cash flow: Between -3.2 % to 8.7% of sales
- Growth rates: Between -4% to and 6.1% 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 analyses 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 €271.38m.

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. However, the headroom in one CGU will be fully consumed resulting in an 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 semi-conductor shortage which has significantly impacted post yearend sales volumes and revenues.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 of €99.3m in two CGUs. The impairment calculated was based on a further reduction in sales compared to the base case which is not deemed to be a realistic scenario. 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.

The weighted average Lessee's incremental borrowing rate is 2.98%.

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 2023

18. LEASES (CONTINUED)

Right-of-use assets	Buildings €'000	Motor Vehicles €'000	Total €'000
<b>Cost</b>			
<b>At 1 April 2022</b>	27,006	2,299	29,305
Additions	5,842	1,555	7,396
Disposal	(4,498)	(948)	(5,446)
<b>At 31 March 2023</b>	28,349	2,906	31,255
<b>Accumulated depreciation</b>			
<b>At 1 April 2022</b>	(9,906)	(1,207)	(11,113)
Charge for the year	(4,966)	(1,027)	(5,993)
Disposal	2,786	885	3,671
<b>At 31 March 2023</b>	(12,086)	(1,349)	(13,435)
<b>Carrying amount</b>			
<b>At 31 March 2023</b>	16,263	1,557	17,820
<b>At 31 March 2022</b>	17,100	1,092	18,192

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

Amounts recognized in profit and loss	2023 €'000	2022 €'000
Depreciation expense on right-of-use assets	5,993	5,580
Interest expense on lease liabilities	482	410
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 2023

### 18. LEASES (CONTINUED)

The maturity of Group Lease liabilities is as following:

	2023	2022
	€'000	€'000
Year 1	4,677	4,714
Year 2	3,403	3,250
Year 3	2,670	2,249
Year 4	2,215	1,793
Year 5	1,878	1,688
Over 5 years	2,577	4,201
	<b>17,420</b>	<b>17,895</b>
Less: unearned interest	(0)	(0)
Analysed as:		
Non-current	12,743	13,181
Current	4,677	4,714
	<b>17,420</b>	<b>17,895</b>

### 19. FINANCIAL ASSETS – INVESTMENTS

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'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.

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 Yazaki Systems Technologies GmbH. We refer to note 3.3.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 20. FINANCIAL ASSETS - LOANS

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Loans to related parties	28,350	41,350	28,350	41,350

The loans to related parties represent a non-current intercompany loan with a total value of €28,350,000 (2022: €41,350,000), the carrying interest rate is 1%. The loans expire starting June 2024.

### 21. TRADE AND OTHER RECEIVABLES

	Note	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Gross trade receivables		406,545	347,256	131,755	145,343
Trade receivables from related parties		59,052	41,579	110,530	84,388
Loss Allowance for trade receivables		(5,846)	(4,244)	(3,217)	(2,841)
Other receivables		57,511	41,927	23,879	3,013
Loans to related parties		136,600	88,400	178,000	104,300
	<b>29</b>	<b>653,862</b>	<b>514,918</b>	<b>440,947</b>	<b>334,203</b>
Current tax receivables		8,798	21,286	4,640	30,376
Prepayments		5,927	13,283	4,727	4,759
Accrued income		28,301	25,564	12,312	24,709
		<b>696,888</b>	<b>575,051</b>	<b>462,626</b>	<b>394,047</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.

Overdue	Expected Credit Loss rate
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 into bankruptcy proceedings.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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

Trade receivables from related parties are due within 30 days and they are against the following:

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Yazaki Corporation	896	970
Subsidiaries of Yazaki Corporation	58,156	40,609
	<b>59,052</b>	<b>41,579</b>

The ageing of the trade receivables is:

	Expected Credit Loss Rate	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>1-60 days</b>	<b>0%</b>	452,624	387,630	236,926	230,855
<b>61-90 days</b>	<b>25%</b>	1,259	108	(138)	(808)
<b>91-180 days</b>	<b>50%</b>	3,950	292	2,746	(1,055)
<b>180-360 days</b>	<b>75%</b>	(533)	1,005	1,594	703
<b>&gt; 360 days</b>	<b>100%</b>	8,297	(200)	1,157	36
		<b>465,597</b>	<b>388,835</b>	<b>242,285</b>	<b>229,731</b>

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Euro	439,856	313,912	258,927	180,896
US Dollar	7,204	1,448	7,204	1,448
GBP	20	32,161	20	33,778
TRY	63,456	52,440	0	0
Other currencies	12,572	30,801	13	16,622
	<b>523,108</b>	<b>430,762</b>	<b>266,164</b>	<b>232,744</b>

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

<b>Opening provision</b>	<b>4,244</b>	<b>2,355</b>	<b>2,841</b>	<b>1,748</b>
Change in receivables impairment	1,724	2,923	429	2,127
Unused amounts reversed	(122)	(1,034)	(53)	(1,034)
<b>Closing provision</b>	<b>5,846</b>	<b>4,244</b>	<b>3,217</b>	<b>2,841</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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 €-122,000 (2022: €-1,034,000) is recognized as the correspondent receivables were recovered.

The ageing of these Loss allowance provisions is as follows:

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
1-60 days	1,713	0	1,713	0
61-90 days	(262)	27	(241)	0
91-180 days	374	146	98	0
180-360 days	(3,941)	754	678	527
> 360 days	7,962	3,317	969	2,314
	<b>5,846</b>	<b>4,244</b>	<b>3,217</b>	<b>2,841</b>

### 22. INVENTORIES

	Group		Company	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Finished goods	118,981	96,674	62,433	59,317
Merchandise in transit	29,577	30,432	2,287	1,416
Consumable supplies	263	683	203	167
Reserve for obsolescence	(7,083)	(5,499)	(3,928)	(2,917)
	<b>141,738</b>	<b>122,290</b>	<b>60,996</b>	<b>57,984</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations was €1,585,000 (2022: €3,224,000).

This year, an impairment loss of €1,083,943 (2022: €983,000) was recognised due to a reduction in the net realisable value of inventories.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 23. EQUITY

#### 23.1 SHARE CAPITAL

The total authorised number of ordinary shares is 45,000,000 (2022: 45,000,000) with a par value of £1. 45,000,000 shares (2022: 1.45,000,000) have been issued at par and are fully paid. The share capital of €65,302,000 (2022: €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 (2022: €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 decreased by €123,000 (2022: €33,061,000 ) mainly due to the functional currency change in the Turkish component, YSTT, changing from Turkish Lira to €, The exchange reserves for the Company also decreased by €1,758,000 (2022: decrease of €129,000).

#### 23.4 OTHER RESERVE

Other reserves mainly increased by €4,665,000 (2022: €1,147,000) and correspond to the actuarial gains on the defined benefit obligation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 24. TRADE AND OTHER PAYABLES

Current	Group	Group	Company	Company
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Trade payables	115,199	39,251	28,568	18,576
Trade payables to related parties	196,148	226,578	153,385	140,572
Other payables	5,092	11,741	2,105	53,287
	<b>316,439</b>	<b>277,570</b>	<b>184,058</b>	<b>212,435</b>
Social security and other taxes	24,222	28	5,620	0
Accrued expenses	153,821	127,920	92,898	74,331
	<b>494,482</b>	<b>405,518</b>	<b>282,576</b>	<b>286,766</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:

	2023	2022
	€'000	€'000
Yazaki Corporation	4,116	3,578
Subsidiaries of Yazaki Corporation	192,032	223,000
	<b>196,148</b>	<b>226,578</b>

There were no loans payable to subsidiaries of Yazaki Corporation.

### 25. FINANCIAL LIABILITIES - BORROWINGS

NON-CURRENT	Group	Group	Company	Company
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Bank borrowings	25,504	0	25,504	0
Finance lease liabilities	17,419	17,895	13,256	12,289
	<b>42,923</b>	<b>17,895</b>	<b>38,760</b>	<b>12,289</b>

CURRENT	Group	Group	Company	Company
	2023	2022	2021	2022
	€'000	€'000	€'000	€'000
Bank borrowings	370,776	388,074	370,294	404,046
Loans from related parties	312,498	234,748	407,601	310,221
	<b>683,274</b>	<b>622,822</b>	<b>777,895</b>	<b>714,267</b>

Included within the borrowings amount for 2023 is an overdraft of € 23,441,445 (2022: € 49,173,000).

Bank borrowings are at variable interest rates. The average interest rate for the year was 1.70% (2022: 0.49%). Overdraft facilities are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)**

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	162,498	31 March 2023	01 April 2023	Euribor +0.50% + 1%
YAZAKI Corporation	EUR	150,000	27 January 2023	27 April 2023	Euribor +0.50%

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
6 months or less	683,274	622,822	777,895	714,267

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 1.70% (2022: 0.49%).

Bank Borrowings of €392,366,000 (2022: €358,116,000) with credit lines of €578,800,000 (2022: €510,300,000) are guaranteed by Yazaki Corporation.

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Euro	690,156	604,200	784,777	695,645
RON	13,741	13,741	13,741	13,741
RUB	4,881	4,881	4,881	4,881

The Group has the following undrawn borrowing facilities:

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Expiring within one year	236,434	252,200	231,434	227,000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)**

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.

<b>Group (restated)</b>	<b>1 APRIL 2021</b>	<b>Financing cash flows</b>	<b>Non-Cash Changes</b>	<b>31 MARCH 2022</b>
Bank borrowings	0	0	0	0
Finance lease liabilities	18,394	(7,134)	6,635	17,895
<b>Non-current Financial liabilities - loans</b>	<b>18,394</b>	<b>(7,134)</b>	<b>6,635</b>	<b>17,895</b>
Bank borrowings	301,394	86,680	0	388,074
Loans from related parties	201,617	32,273	858	234,748
<b>Current Financial liabilities - loans</b>	<b>503,011</b>	<b>118,953</b>	<b>885</b>	<b>622,822</b>
<b>Total liabilities from financing activities</b>	<b>521,405</b>	<b>111,819</b>	<b>7,493</b>	<b>640,717</b>

<b>Group</b>	<b>1 APRIL 2022</b>	<b>Financing cash flows</b>	<b>Non-Cash Changes</b>	<b>31 MARCH 2023</b>
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 2023

25. FINANCIAL LIABILITIES - BORROWINGS (CONTINUED)

Company (restated)	1 APRIL 2021	Financing cash flows	Non-Cash Changes	31 MARCH 2022
Bank borrowings	0	0	0	0
Finance lease liabilities	11,884	(3,559)	3,964	12,289
<b>Non-current Financial liabilities - loans</b>	<b>11,884</b>	<b>(3,559)</b>	<b>3,964</b>	<b>12,289</b>
Bank borrowings	317,366	86,680	0	404,046
Loans from related parties	307,447	1,916	858	310,221
<b>Current Financial liabilities - loans</b>	<b>624,813</b>	<b>88,596</b>	<b>858</b>	<b>714,267</b>
<b>Total liabilities from financing activities</b>	<b>636,697</b>	<b>87,037</b>	<b>4,822</b>	<b>726,556</b>

Company	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>

The prior year comparative has been restated as 'loan with related party' has been reclassified from financing activities to investing activities, for details please refer to note 34 – Prior Year Restatement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>Deferred tax assets</b>				
Non-current	56,087	54,320	43,798	39,486
<b>Deferred tax liabilities</b>				
Non-current	(28,689)	(28,796)	(8,006)	(9,622)
<b>Net deferred tax asset</b>	<b>27,398</b>	<b>25,524</b>	<b>35,792</b>	<b>29,864</b>

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>At 1 April 2022</b>	<b>25,524</b>	<b>10,744</b>	<b>29,864</b>	<b>24,324</b>
Charged / Credited to Statement of Comprehensive Income	1,874	18,321	5,928	5,540
Charged / Credited to profit and loss reserve	0	0	0	0
Foreign Exchange difference	0	(3,541)	0	0
<b>At 31 March 2023</b>	<b>27,398</b>	<b>25,524</b>	<b>35,792</b>	<b>29,864</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:

<b>GROUP</b>	Tax losses €'000	Deferred tax depreciation €'000	Pension liabilities €'000	Other timing differences €'000	Total €'000
<b>Deferred tax assets</b>					
<b>At 1 April 2022</b>	<b>36,459</b>	<b>2,219</b>	<b>2,167</b>	<b>13,475</b>	<b>54,320</b>
Charged/Credited to Statement of Comprehensive Income	11,610	(845)	472	(9,425)	(1,812)
Credited/(charged) to profit and loss reserve	0	0	0	0	0
Foreign Exchange difference	4	0	(49)	0	(45)
<b>At 31 March 2023</b>	<b>48,073</b>	<b>1,374</b>	<b>2,590</b>	<b>4,050</b>	<b>56,087</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

26. DEFERRED TAX (CONTINUED)

GROUP	Intangible assets- customer relationship	Intangible assets- other	Accelerat ed tax depreciati on	Pensio n liabiliti es	Other timing differences	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Deferred tax liabilities</b>						
<b>At 1 April 2022</b>	<b>7,225</b>	<b>6,474</b>	<b>1,369</b>	<b>434</b>	<b>13,294</b>	<b>28,796</b>
Charged/Credited to Statement of Comprehensive Income	3,556	(718)	(1,369)	(434)	(1,142)	(107)
<b>At 31 March 2023</b>	<b>10,781</b>	<b>5,756</b>	<b>0</b>	<b>0</b>	<b>12,152</b>	<b>28,689</b>

At the reporting date, the Group has unused tax losses of € 603,419,520 (2022: €521,498,076) available for offset against future profits. No deferred tax asset has been recognised in respect of € 454,954,440 these losses as it is not considered probable that there will be future taxable profits available based on forecast procedures performed.

The aforementioned rights apply only to some jurisdictions. The information is sensitive in nature. Therefore, no further disclosures are made.

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 2022</b>	<b>35,388</b>	<b>2,134</b>	<b>674</b>	<b>1,290</b>	<b>39,486</b>
Credited to Statement of Comprehensive Income	5,178	(1012)	260	(114)	4,312
Foreign exchange difference	0	0	0	0	0
<b>At 31 March 2023</b>	<b>40,566</b>	<b>1,122</b>	<b>934</b>	<b>1,176</b>	<b>43,798</b>

COMPANY

	Intangible assets-other	Accelerated tax depreciation	Pension liabilities	Total
	€'000	€'000	€'000	€'000
<b>Deferred tax liabilities</b>				
<b>At 1 April 2022</b>	<b>2,396</b>	<b>7,226</b>	<b>0</b>	<b>9,622</b>
Charged / (Credited) to Statement of Comprehensive Income	(502)	(1,114)	0	(1,616)
<b>At 31 March 2023</b>	<b>1,894</b>	<b>6,112</b>	<b>0</b>	<b>8,006</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 €1,625k (2022: €1,839k) 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:

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Defined contributions	1,625	1,839	1,331	1,598

#### 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 2023**

**27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION 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 2023, 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 2023

### 27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION SCHEME (CONTINUED)

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

KEY ASSUMPTIONS USED	Group 2023	Group 2022	Company 2023	Company 2022
Discount rate(s)	3.50%-12%	1.30%-21.65%	4.30%	2.10%
Expected rate(s) of salary increase	2.00%-9%	2.00%-17.00%	3.00%	2.75%
Expected rate(s) of pension increase	2.25%-12.00%	1.60%-2.00%	2.25%	2.00%

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 2023 for discounting to present value the expected benefit obligation, including expected future salary increases (defined benefit obligation) was 5.46% (2022: 6.59%).

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:

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Present value of defined benefit obligations	(14,587)	(18,832)	(4,805)	(6,185)
Fair value of scheme assets	3,822	3,727	3,822	3,727
Net defined liability	(10,765)	(15,105)	(983)	(2,458)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION SCHEME (CONTINUED)

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>Present value of net defined benefit obligations at beginning of the year</b>	<b>15,073</b>	<b>16,043</b>	<b>2,458</b>	<b>2,843</b>
Current services cost	299	905	2	2
Interest cost	328	205	51	37
<b>Included in profit of loss</b>	<b>627</b>	<b>1,110</b>	<b>53</b>	<b>39</b>
Actuarial (gains)/losses arising from:				
▪ Change of valuation method	(230)	(144)	0	0
▪ demographic assumptions	(1,589)	0	(1,481)	(402)
▪ financial assumptions	(2,405)	(580)	0	0
▪ experience adjustments	(195)	(346)	0	0
Return on plan assets (excl. interest income)	(246)	(77)	(25)	(0)
<b>Included in OCI</b>	<b>(4,665)</b>	<b>(1,147)</b>	<b>(1,506)</b>	<b>(402)</b>
Business Combination	0	(41)	0	0
Employee contributions	37	(611)	0	(22)
Benefits paid	(307)	(249)	(22)	0
<b>Other</b>	<b>(270)</b>	<b>(901)</b>	<b>(22)</b>	<b>(22)</b>
<b>Present value of net defined benefit obligations at end of the year</b>	<b>10,765</b>	<b>15,105</b>	<b>983</b>	<b>2,458</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION SCHEME (CONTINUED)**

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

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
<b>Opening fair value of plan assets</b>	<b>3,727</b>	<b>3,483</b>	<b>3,727</b>	<b>3,483</b>
Interest income	78	47	78	47
Benefits paid	(8)	(8)	(8)	(8)
The return on plan assets (excluding amounts included in net interest expense)	25	205	25	205
<b>Closing fair value of plan assets</b>	<b>3,822</b>	<b>3,727</b>	<b>3,822</b>	<b>3,727</b>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and pension increase. The sensitivity analysis 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:

	2023 €'000	2022 €'000
Discount rate +0.50% to +1.00%	12,207	14,192
Discount rate - 1.00% to -0.50%	14,086	16,132
Pension increase +0.25%	12,910	10,848
Pension increase -0.25%	12,122	10,136
Salary increase +0.50% to +1.00%	5,383	4,920
Salary increase -1.00% to -0.50%	5,377	4,363

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 €1.8 m (2022: €2 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 m per annum in line with the agreed Schedule of Contributions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 28. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	Product liability	Other	Total
	€'000	€'000	€'000
<b>At 1 April 2022</b>	<b>2,854</b>	<b>24</b>	<b>2,878</b>
Provisions made during the year	552	1,064	1,616
Provisions used during the year	(1,892)	0	(1,892)
<b>At 31 March 2023</b>	<b>1,514</b>	<b>1,088</b>	<b>2,602</b>

COMPANY	Product liability	Other	Total
	€'000	€'000	€'000
<b>At 1 April 2022</b>	<b>2,547</b>	<b>24</b>	<b>2,571</b>
Provisions made during the year	233	1,064	1,297
Provisions used during the year	(1,892)	0	(1,892)
<b>At 31 March 2023</b>	<b>888</b>	<b>1,088</b>	<b>1,976</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 2023**

**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 2023		Carrying amount			Total
		Amortised Cost	Fair Value through Profit or Loss	Fair Value through OCI	
Group	Note	€'000	€'000	€'000	€'000
<b>Financial assets</b>					
Investments	19	26,717	0	0	26,717
Cash and cash equivalents		21,338	0	0	21,338
Financial assets - loans	20	28,350	0	0	28,350
Trade and other receivables <sup>(b)</sup>	21	653,862	0	0	653,862
		<b>730,267</b>	<b>0</b>	<b>0</b>	<b>730,267</b>
<b>Financial liabilities</b>					
Financial liabilities - borrowings					
▪ Current	25	683,274	0	0	683,274
▪ Non-current	25	42,923	0	0	42,923
Trade and other payables <sup>(c)</sup>	24	316,439	0	0	316,439
		<b>1,042,636</b>	<b>0</b>	<b>0</b>	<b>1,042,636</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 (€8,798k), prepayments and accrued income (€34,228k) that are not financial assets are not included.

<sup>(c)</sup> Social security and other taxes (€24,233k), 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 2023

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2022

Group	Note	Carrying amount				Total €'000	Fair value			Total €'000
		Loan and receivable €'000	Available for sale €'000	Other financial assets / liabilities €'000	Held to maturity €'000		Level 1 €'000	Level 2 €'000	Level 3 €'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	41,350	0	0	0	41,350	0	0	0	0
Trade and other receivables <sup>(a)</sup>	21	472,991	0	41,927	0	514,918	0	0	0	0
Cash and cash equivalents		26,640	0	0	0	26,640	0	0	0	0
		540,981	0	41,927	0	582,908	0	0	0	0
		540,981	181,527	41,927	0	764,435	0	0	181,527	181,527
<b>Financial liabilities measured at fair value</b>										
Financial liabilities – borrowings										
▪ Current	25	622,822	0	0	0	622,822	0	0	0	0
▪ Non-current	25	17,895	0	0	0	17,895	0	0	0	0
▪ Trade and other payables <sup>(b)</sup>		0	0	0	0	0	0	0	0	0
		640,717	0	0	0	640,717	0	0	0	0
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables <sup>(b)</sup>	24	265,829	0	11,741	0	277,570	0	0	0	0
		906,546	0	11,741	0	918,287	0	0	0	0

<sup>(a)</sup> Current tax receivables (€21,286k), prepayments and accrued income (€38,847k) that are not financial assets are not included.

<sup>(b)</sup> Social security and other taxes (€28k) as well as accrued expenses and deferred income (€127,920k) that are not financial liabilities are not included.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2022</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 2023</b>	<b>26,717</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2023		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		51,563	0	0	51,563
Financial assets - loans	20	28,350	0	0	28,350
Trade and other receivables <sup>(b)</sup>	21	440,947	0	0	440,947
		<b>903,018</b>	<b>0</b>	<b>0</b>	<b>903,018</b>
<b>Financial liabilities</b>					
Financial liabilities - borrowings					
▪ Current	25	777,895	0	0	777,895
▪ Non-current	25	38,760	0	0	38,760
Trade and other payables <sup>(c)</sup>	24	184,058	0	0	184,058
		<b>1,000,713</b>	<b>0</b>	<b>0</b>	<b>1,000,713</b>

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

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

<sup>(c)</sup> Social security and other taxes (€5,620k) as well as accrued expenses and deferred income (€92,898k) that are not financial liabilities are not included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2022		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	41,350	0	0	0	41,350	0	0	0	0
Trade and other receivables <sup>(a)</sup>	21	331,190	0	3,013	0	334,203	0	0	0	0
Cash and cash equivalents		54,464	0	0	0	54,464	0	0	0	0
		427,004	0	0	0	430,017	0	0	0	0
		427,004	382,158	3,013	0	812,175	0	0	382,158	382,158
<b>Financial liabilities measured at fair value</b>										
<b>Financial liabilities – borrowings</b>										
▪ Current	25	714,267	0	0	0	714,267	714,267	0	0	714,267
▪ Non-current	25	12,289	0	0	0	12,289	0	0	0	0
		726,556	0	0	0	726,556	714,267	0	0	714,267
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables <sup>(b)</sup>	24	159,149	0	53,286	0	212,435	0	0	0	0
		885,705	0	53,286	0	938,991	714,267	0	0	714,267

<sup>(a)</sup> Current tax receivables (€30,376k), prepayments and accrued income (€29,468k) that are not financial assets are not included.

<sup>(b)</sup> Social security and other taxes (€0) as well as accrued expenses and deferred income (€74,331k) that are not financial liabilities are not included.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2022</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 2023</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 2023

### 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 Corporation, Tokyo, Japan.

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

- Purchase of goods from Yazaki manufacturing plants for €1.9bn (2022: €1.6bn).
- Service Fees expense for support service carried out by related parties for €22m (2022: €16m).
- Revenue from related parties corresponds mainly to:
  - Sale of goods for €162m. (2022: €139m)
  - Engineering services "Research and development" for €13m (2022: €1.6m).

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 2023**

### **31. COMMITMENTS**

#### **CONTINGENT LIABILITIES**

There are no contingent liabilities at 31 March 2023 (2022 €nil)

### **32. EVENTS AFTER THE REPORTING PERIOD**

Yazaki Europe Middle East Africa NV was formed in June 2022 and has the form of a public limited liability company in Belgium.

The Company was formed to serve as the new management holding company for Yazaki companies EMEA region and both in Belgium and abroad, for its own account, for the account of third parties or in cooperation with third parties, participate in the:

1. Sale, processing, manufacturing, repair and lease of automotive components, various electric wires for cars, various electric equipment and components, cables and re-rolled copper articles, various meters, clocks and their components, moulds and dies and tools related to the preceding items;
2. Sale of data processing service and data through communication systems;
3. Maintenance and management of computers, related accessories and components;
4. Purchase, reproduction, supply and establishment of materials, raw materials, parts, products and machine equipment for business related to the preceding items;
5. Export and import with regards to affiliated businesses;
6. Testing, research and development for new products and technology related to the preceding items

In its first year of operations the Company will focus on its mission to serve as the new management holding company for Yazaki companies operating in the EMEA region. In subsequent years the Company's focus will grow to encompass the additional business areas mentioned above.

In its history in the EMEA region, Yazaki has grown through multiple acquisitions and new greenfield investments and subsidiaries. The result of which is a legal corporate organization in the EMEA region with multiple ownership chains and both direct and indirect ownership of the EMEA legal entities ultimately with the global parent company of the Yazaki Corporation in Japan.

As a result, it is intended to regroup all Yazaki EMEA legal entities underneath the Company and form one new ownership chain which in turn will be directly owned by Yazaki Corporation in Japan, the 100% shareholder of the Company.

### **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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 34. PRIOR YEAR RESTATEMENT

The 2022 Cash flow statement have been restated to include the impact of three items as set out below:

- **Loan receivables with related parties:**

The loans with related parties have now been reclassified from 'financing activities' to investing activities, in addition the balance in prior year has now been split out to reflect the split between new loans given out and recovery of loans:

Group	€'000 2022	€'000 Adjustment	€'000 2022 Restated
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>			
Loans given to related parties	43,773	(43,773)	0
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
New loan given to related parties	0	(6,800)	(6,800)
Recovery of Loans from related parties	0	50,573	50,573
Company	€'000 2022	€'000 Adjustment	€'000 2022 Restated
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>			
Loan given to related parties	27,873	(27,873)	0
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
New loan given to related parties	0	(22,700)	(22,700)
Recovery of Loans from related parties	0	50,573	50,573

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**34. PRIOR YEAR RESTATEMENT - continued**

- **Loan liabilities:**

The loans liabilities have now been restated to reflect the split between new loan liabilities entered and repayment of loan liabilities

<b>Group</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Increase in current loan liabilities	119,811	(119,811)	0
Loan proceeds received	0	263,723	263,723
Repayment of loan liabilities	0	(144,770)	(144,770)
<b>Company</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Increase in current loan liabilities	89,454	(89,454)	0
Loan proceeds received	0	336,166	336,166
Repayment of loan liabilities	0	(247,570)	(247,570)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**34. PRIOR YEAR RESTATEMENT – continued**

- **Other working capital movements**

Linked to the above restatement regarding to 'loan liabilities', the other working capital movements have now been restated:

<b>Group</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
<b>CASH USED IN OPERATIONS</b>			
Other working capital movements	(3,301)	858	(2,443)

<b>Company</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
<b>CASH USED IN OPERATIONS</b>			
Other working capital movements	(2,303)	858	(1,445)

The 'Cash used in operation', 'Net cash used in operating activities', 'Net cash used in investing activities' and 'Net cash generated from financing activities' have been restated to reflect the above changes:

<b>Group</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
Cash used in operations	(122,777)	858	(121,919)
Net cash used in operating activities	(138,679)	858	(137,821)
Net cash used in investing activities	(31,835)	43,773	11,938
Net cash generated from financing activities	156,450	(44,631)	111,819

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****34. PRIOR YEAR RESTATEMENT - continued**

<b>Group</b>	<b>€'000 2022</b>	<b>€'000 Adjustment</b>	<b>€'000 2022 Restated</b>
<b>Cash used in operations</b>	(93,828)	858	(92,970)
<b>Net cash used in operating activities</b>	(96,379)	858	(95,521)
<b>Net cash used in investing activities</b>	(9,146)	27,873	18,727
<b>Net cash generated from financing activities</b>	113,768	(28,731)	85,037