

YAZAKI EUROPE LIMITED

31 March

2022

Company Registration No. 01490660

Annual Report and
Financial Statements



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STRATEGIC REPORT

OVERVIEW OF CONDITIONS AND BUSINESS PERFORMANCE

Following the economic decline in the year 2020 because of the COVID-19 pandemic, the economy normalized in all regions across the world in 2021. In addition to the increasing number of coronavirus vaccinations, the economic stimulus programs in certain major economies also contributed to this recovery. According to the January 2022 World Economic Outlook Update (WEO Update) published by the International Monetary Fund (IMF), the global economy grew by 5.9% in the year 2021. This slightly exceeded the MIMFS forecast of 5.5% growth from January 2021.

In the eurozone gross domestic product (GDP) rose by 5.2%, compared to the previous year's figures in 2021 according to statistical office Eurostat. Of the major eurozone economies France, Italy and Spain reported strong growth rates of around 5% to just under 7% in 2021 according to the IMF after experiencing steep declines in GDP in the previous year. In Germany according to the Federal Statistical Office, GDP rose by 2.7% in 2021. Other major European economies also recorded high growth rates for the economic output. For the UK and Russia, the IMF estimated GDP growth in 2021 of 7.2% and 4.5% respectively.

Development of new passenger-car registrations 2021 saw high demand for passenger cars in the world's automotive markets, including as a result of catch-up effects from the previous year, during which passenger car production was temporarily suspended due to the spread of the coronavirus. However, various events in the year under review led to an increasing shortage of semiconductors and ongoing production limitations among car manufacturers, resulting in limited availability of many car models in individual regions. In the European car market (EU27, EFTA and the United Kingdom), there were around 2% fewer new-car registrations in 2021 than in the previous year according to European Automobile Manufacturers' Association (ACEA).

In the year 2021 semiconductor supply shortages limited the recovery of global production of passenger cars and light commercial vehicles weighing less than 6 metric tons after the previous year's pandemic related decline. Global motor vehicle production for 2021 rose by around 1.3% to 79.1 million units.

European automotive plants were hit particularly hard by the semiconductor shortages in the year 2021. As a result, the motor vehicle production volumes in Europe decreased by 4.8% year-on-year.

For the group this trend started already at the end of the fiscal year 2020/2021 as presented in previous annual report. Nevertheless, the group could raise its sales by 2.3% in the fiscal year ending March 2022 from €1,984m in the prior year to €2,029m. Beside some volume recoveries the sales growth was partially resulting from commodity price increases mainly for copper content, which are passed through to customers by price adjustments. These adjustments are reflecting only 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, cost of sales was hit by shut down costs where customers announced on short notice partial plant closures where fixed cost in manufacturing sites of the Group could not be adjusted accordingly in the short term. In total the cost of sales increased from €1,766m in prior year to €1,844m in the reporting year. The gross profit margin was down by 1.9% to 9.1%.

STRATEGIC REPORT (CONTINUED)

OVERVIEW OF CONDITIONS AND BUSINESS PERFORMANCE (CONTINUED)

Design and development cost reduced by 1.0% to €77m, whereas distribution costs rose by €4m to €71m driven by the increase of logistic cost, administrative expenses have been reduced by 2.3% to €84m. The result from other operating income and expense has been significantly improved from a net expense of €129m in the prior year to a net income of €39m in the reporting year. The previous fiscal year was heavily impacted by unusual items such as restructuring expenses and transformation costs. Improvement programs focusing on retooling of the manufacturing footprint, exiting of unprofitable business and further rightsizing of the structure of the corporate functions to reduce sales general and admin (SG&A) expenses have been completed in the prior year and are not expected to reoccur. In the reporting year the Group received an insurance compensation of €18m for Covid-19 pandemic related damages on the profits during the lock down in Europe mainly in March/April 2020. In addition, the Group benefited from a positive net result from revaluation of items in foreign currency of €17m (prior year: €15m). Furthermore, the group recognized other revenues from the transfer of a business at an amount of €7m to associated group undertakings.

In total the Group made a loss of €20m for the reporting year, mainly resulting from the shutdowns caused by the global semiconductor shortages which impacted our customers significantly. Without the impact of the semiconductor shortage, the Group would have had a positive net result owing to the two years of significant costs invested in restructuring and transformation. Compared with the previous year which was still impacted by those unusual cost the net result has been improved by €127m.

In the reporting year the Group continued its strategic orientation for future business acquisition and extended further its footprint for electronic products to support the electrification of cars. The ongoing electrification of vehicles provides the Group with further opportunities to increase the content per car for its Electrical Distribution System business as well as for electronic components. With the power and support of a strong global automotive supply group Yazaki Europe Limited is further strengthening its product range for electronic components. The Group's product quality, measured by number of customer claims, could have been further improved. Although the quality was already at a very high level throughout the prior years. 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 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 €799m at the end of the financial year and was stable throughout the financial year. €266m was available as undrawn credit commitments as of 31st March 2022. The total net debt position managed by central Group treasury increased from €416m to €488m. 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 €1.146b (2021: €1.244b).

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.

STRATEGIC REPORT (CONTINUED)

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 (2021: €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.

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 on a monthly basis 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 risks and uncertainties facing the business are the level of consumer demand and the ongoing uncertainties regarding the political and economic situation. 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 is a continuous challenge for the fix cost structure of the Group and requires permanent adjustments. The Group is managing this risk with high focus on its rolling forecasts and quick decisions on necessary corrective actions.

Brexit had no material impact on the business of the Group.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The environmental changes in our industry do lead to continuous new challenges for the OEM's, Suppliers and of course to the group. In this intensely competitive environment, increasing environmental challenges and pressures are adding to the demand for automotive manufacturers to come up with even more innovations in order to remain competitive (and compliant). Use of regular combustion engines in vehicles and with today's sales mix of gasoline and diesel along with today's or near future technologies it will not be possible to meet long-term legal as well as OEM targets. 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.

BOARD'S STATEMENT ON S172

It is the third 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 customers for more technologically complex and diversified wire harnesses. Increasing safety and advanced entertainment features, connectivity, as well as changing Powertrain technologies, lead to a higher demand for Electric and Electronic Distribution Systems and therefore higher value unit sales per car. This development partly offsets 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 the material content and overall cost structure. In this context, the Group intensified the efforts on several work streams 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 of some loss-making businesses, adaptation of the total YEL European setup to take into

STRATEGIC REPORT (CONTINUED)

BOARD'S STATEMENT ON S172 (CONTINUED)

consideration the customer's needs and the streamlining of all the overhead functions. This will lead to a significant SG&A reduction. The Group is targeting to complete the transition phase and footprint optimization during the coming business years in the light of the defined holistic Transformation Strategy that is based on the pillars of business excellence, product diversification and human development.

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 seen as a key activity 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. With the installation of the Talent Management Initiative, Yazaki is proactively identifying talents and provides opportunities to grow for Talents across the entire organization available for various career paths. Mutual communication plays an important role and to foster this a regular All Employee Meeting is held. 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.

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 a result of the COVID-19 pandemic as well as in the context of recent 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. 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 by having implemented a Sustainability Department, creating a vision and mission on sustainability as a basis to enable the Group to take necessary actions within the entire supply chain. 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.

STRATEGIC REPORT (CONTINUED)

BOARD'S STATEMENT ON S172 (CONTINUED)

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 set specific focus on establishing 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 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.

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 CSR activities related to Social Development Goals (SDG) and continuously improves these activities in line with the holistic sustainability approach. By taking these steps this will further facilitate benchmark and transparency on Yazaki's efforts on CSR activities with other companies. The latest Yazaki CSR report is available on the website www.yazaki-group.com.

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. 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.
- Yazaki Europe Limited: 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.

STRATEGIC REPORT (CONTINUED)

GOING CONCERN

The Group meets its day-to-day working capital requirements through its bank facilities and loans from related parties of €234m (2021: €152m). 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 as at the date of sign off. 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 semiconductors shortage impact and the Ukraine invasion. 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 Ukraine invasion, or the semi-conductor shortage 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 €710m (external Facilities €510m and Yazaki Corporation €200m). The Group has undrawn facilities available at the year-end of €252m (2021: €262m). 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 €114m as at the date of signing these financial statements, whilst being in a net asset position of €53m as at the 31st March 2022. 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 2024. 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 16th of September 2022, 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.

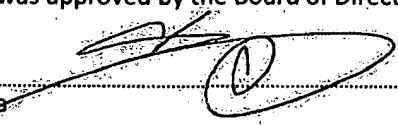
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it appropriate to continue to adopt the going concern basis in preparing the consolidated financial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

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

STRATEGIC REPORT (CONTINUED)

This report was approved by the Board of Directors on 16th of September 2022, and was signed on its behalf by:

.....
M. Yamada
Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a dotted line.

DIRECTORS' REPORT

DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiary undertakings (together "the Group") for the year ended 31 March 2022. 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:

- B. Andersson (Resigned 13 April 2021)
- H. Ichikawa (Resigned 13 April 2021)
- H. Lemmens (Appointed 13 April 2021)
- A. Di Vece (Appointed 13 April 2021)
- M. Katsumata (Appointed 13 April 2021)
- A. Ishigami (Appointed 15 November 2021)
- M. Kanda
- J. Kitami
- M. Yamada
- N. Sugie
- R. Yazaki (Resigned 15 November 2021)

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

GHG emissions and energy usage data for period 1 April 2021 to 31 March 2022		
	UK and offshore	
	2022	2021
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	1,058,46	830.69
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO ₂ e)	430,35	378.96
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO ₂ e)	294,14	746.73
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO ₂ e)	135.872	15.88
Total gross CO₂e based on above	137,654.95	1,972.26
Energy consumption used to calculate emissions – kwh	3,274,602,39	2,848,912.10

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 of the group's and of the parent company's affairs as at 31 March 2022 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 33.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YAZAKI EUROPE LIMITED (CONTINUED)

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YAZAKI EUROPE LIMITED (CONTINUED)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in

respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YAZAKI EUROPE LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YAZAKI EUROPE LIMITED (CONTINUED)

Use of our report

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

Manmeet Kalsi

Manmeet Kalsi (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
2019/2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 €'000	2021 €'000
Revenue	6	2,029,111	1,984,348
Cost of goods sold		(1,844,700)	(1,766,405)
GROSS PROFIT		184,411	217,943
Research and development costs	7	(76,935)	(77,686)
Distribution costs	7	(70,891)	(66,770)
Administrative expenses	7	(84,451)	(86,410)
Other operating income /(expenses)	8	31,144	(129,426)
OPERATING LOSS		(16,722)	(142,349)
Other (Losses)/Gain		(1,300)	0
Finance income	12	3,769	4,269
Finance costs	11	(4,901)	(4,358)
LOSS BEFORE TAX		(19,154)	(142,438)
Income tax	13	(18,925)	(11,082)
Deferred tax	13	18,397	6,449
LOSS FOR THE YEAR		(19,682)	(147,071)

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 2022

	Note	2022 €'000	2021 €'000
LOSS FOR THE YEAR		(19,682)	(147,071)
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gains/(losses) under defined benefit pension plans and similar obligations	27.2	1,147	493
Net Losses under deferred taxation	26	0	(221)
Net Items that will not be reclassified subsequently to profit or loss		1,147	272
Items that may be reclassified subsequently to profit or loss			
Net losses on currency translation from foreign subsidiaries	23.3	(33,061)	(22,491)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR		(31,914)	(22,219)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(51,596)	(169,290)

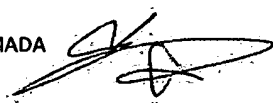
STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2022

	Note	GROUP		COMPANY	
		2022 €'000	2021 €'000	2022 €'000	2021 €'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	39,084	42,364	36,926	40,866
Right of use asset	18	18,192	18,426	12,299	11,784
Intangible assets	16	88,175	105,709	23,780	31,731
Goodwill	17	154,810	154,810	0	0
Financial assets - investments	19	26,717	26,717	382,158	382,158
Financial assets - loans	20	41,350	47,350	41,350	47,350
Deferred tax assets	26	54,320	42,383	39,486	34,899
		422,648	437,759	535,999	548,788
Current assets					
Inventories	22	122,290	117,472	57,984	67,119
Trade and other receivables	21	575,051	641,335	394,047	463,278
Cash and cash equivalents	14	26,640	47,821	54,464	46,221
		723,981	806,627	506,495	576,618
Total assets		1,146,629	1,244,386	1,042,494	1,125,406
EQUITY					
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		(170,107)	(150,425)	(295,743)	(285,067)
Exchange reserves	23.3	(81,159)	(48,098)	513	642
Other reserves	23.4	(3,814)	(4,961)	(1,349)	(1,750)
Total equity		53,442	105,038	11,944	22,347
LIABILITIES					
Non-current liabilities					
Financial liabilities – borrowings	25	17,895	18,394	12,289	11,883
Pension liabilities	27	15,105	16,043	2,458	2,843
Deferred tax liabilities	26	28,796	31,639	9,622	10,575
		61,796	66,076	24,369	25,301
Current liabilities					
Trade and other payables	24	405,518	562,143	286,766	444,933
Financial liabilities - borrowings	25	622,822	503,010	714,267	624,814
Provisions	28	2,878	6,119	2,571	7,617
Current income tax liabilities	13	173	2,000	2,577	394
		1,031,391	1,073,272	1,006,181	1,077,758
Total liabilities		1,093,187	1,139,348	1,030,550	1,103,059
Total equity and liabilities		1,146,629	1,244,386	1,042,494	1,125,406

The loss for the financial year dealt with in the financial statements of the parent Company was € 10,676,863 (2021: €171,327,000).

The financial statements of Yazaki Europe Limited, registered number 1490660, were approved by the Board of Directors on 16th of September 2022, and will be signed on its behalf by:

M. YAMADA



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

GROUP	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 2020		65,302	68,403	174,817	(3,354)	(25,607)	(5,233)	274,328
Loss for the year		0	0	0	(147,071)	0	0	(147,071)
Other Comprehensive Expense		0	0	0	0	(22,491)	272	(22,219)
Other Comprehensive Expense		0	0	0	0	(22,491)	272	(22,219)
AS AT 31 MARCH 2021		65,302	68,403	174,817	(150,425)	(48,098)	(4,961)	105,038
AS AT 1 APRIL 2021		65,302	68,403	174,817	(150,425)	(48,098)	(4,961)	105,038
Loss for the year		0	0	0	(19,682)	0		(19,682)
Other Comprehensive Expense	23.3 & 23.4	0	0	0		(33,061)	1,147	(31,914)
AS AT 31 MARCH 2022		65,302	68,403	174,817	(170,107)	(81,159)	(3,814)	53,442

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022 (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 2020		65,302	68,403	174,817	(113,733)	3,099	(1,560)	196,328
Loss for the year		0	0	0	(171,334)	0	0	(171,334)
Other Comprehensive Expense		0	0	0	0	(2,457)	(190)	(2,647)
Other Comprehensive Expense		0	0	0	0	(2,457)	(190)	(2,647)
AS AT 31 MARCH 2021		65,302	68,403	174,817	(285,067)	642	(1,750)	22,347
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	23.3 & 23.4	0	0	0	0	(129)	402	273
AS AT 31 MARCH 2022		65,302	68,403	174,817	(295,743)	513	(1,349)	11,944

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Note	GROUP		COMPANY	
		2022 €'000	2021 €'000	2022 €'000	2021 €'000
Loss after income tax		(19,682)	(147,071)	(10,677)	(171,327)
Adjustments for:					
▪ Tax expense	13	528	4,633	(1,068)	(572)
▪ Depreciation	15	10,448	17,693	9,910	15,379
▪ Amortisation and impairment charge	7 & 8	37,923	76,256	9,516	49,002
▪ Loss on sale of property, plant and equipment		427	50	244	43
Finance income	12	(3,768)	(4,269)	(1,857)	(2,949)
Finance costs	11	4,901	4,358	4,080	3,849
		30,777	(48,350)	10,148	(106,575)
Changes in working capital:					
▪ Increase in inventories	22	(4,818)	(19,073)	9,135	(7,268)
▪ Decrease in trade and other receivables	21	2,122	4,929	47,358	16,399
▪ (Decrease)/increase in trade and other payables	24	(147,557)	64,408	(158,167)	109,863
▪ Other working capital movements		(3,301)	(8,876)	(2,303)	4,298
CASH USED IN OPERATIONS		(122,777)	(6,962)	(93,828)	16,717

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

	Note	GROUP		COMPANY	
		2022 €'000	2021 €'000	2022 €'000	2021 €'000
CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES					
Cash generated/(used) from operations		(122,777)	(6,962)	(93,828)	16,717
Net interest received		1,503	1,685	422	1,985
Income tax (paid)/received		(17,405)	(8,742)	(2,973)	3,160
Net cash (used in)/generated from operating activities		(138,679)	(14,019)	(96,379)	21,862
CASH FLOWS USED IN INVESTING ACTIVITIES					
Purchase of property, plant and equipment (PPE)	15	(8,008)	(12,860)	(6,467)	(10,451)
Proceeds from sale of PPE		919	173	665	174
Additions to intangible assets	16	(24,746)	(19,398)	(3,344)	(3,173)
Proceeds from sale of intangible assets		0	(22)	0	0
Additional investment in subsidiary	19	0	(13,000)	0	(13,000)
Net cash used in investing activities		(31,835)	(45,107)	(9,146)	(26,450)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES					
Increase in current loan Liabilities	25	119,811	115,661	89,454	51,478
Lease payments	18	(7,134)	(6,607)	(3,559)	(4,474)
Loans given to related parties	20 & 21	43,773	(11,714)	27,873	(5,500)
Net cash generated from financing activities		156,450	97,340	113,768	41,504
NET INCREASE/ (DECREASE) IN CASH					
Cash and cash equivalents at beginning of the period		47,821	11,369	46,221	9,305
Effect of foreign exchange rate changes		(7,116)	(1,762)	0	0
CASH AT END OF THE YEAR		26,640	47,821	54,464	46,221

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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
▪ IFRS 3	Amendments	Definition of a Business	01/01/2022
▪ IFRS 3, IFRS 11	Amendments	Previously Held Interests in a Joint Operation	N/A
▪ IFRS 16	Amendments	Covid-19-Related Rent Concessions	N/A
▪ IFRS 17	Issued	Insurance Contracts	01/01/2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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- 1ªE, 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

(*) As in the previous year, the Group exercises the exemption pursuant to section 264 (3) of the German Commercial Code (HGB).

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 2022

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 €234m (2021: €152m). 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 semiconductors shortage impact and the Ukraine invasion. 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 Ukraine invasion, or the semi-conductor shortage 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 €710m (external Facilities €510m and Yazaki Corporation €200m). The Group has undrawn facilities available at the year-end of €252m (2021: €262m). 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 €114m as at the date of signing these financial statements, whilst being in a net asset position of €53m as at the 31st March 2022. 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 2024. 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 16th of September 2022, 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 2022

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 2022

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 2022

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 - 7
Other intangibles	3 - 9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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	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 2022

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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17. REVENUE RECOGNITION (CONTINUED)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. LEASES (CONTINUED)

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. LEASES (CONTINUED)

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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2. MARKET RISK (CONTINUED)

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 to 44% and 10% increase and decrease respectively in the Turkish Lira/Euro and Romanian New Leu/Euro exchange rates at the year-end date (2021 : 10%), 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 2022	31 March 2021
	€'000	€'000
EUR strengthens by:		
Turkish entities (Turkish Lira 44%)	-10,047	-2,941
Romanian entities (Romanian New Leu 10%)	-256	-404
EUR weakens by:		
Turkish entities (Turkish Lira 44%)	10,047	2,941
Romanian entities (Romanian New Leu 10%)	256	404

Given the anticipated inflation rates in Turkey with significant monthly increases from December, the Group will apply the inflation accounting according to IAS 29 starting next financial year end.

- *Price Risk*

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

- *Cash flow risk*

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

- *Interest rate risk*

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2022, 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 €581,000 lower / €581,000 higher (2021: €467,000 lower / €467,000 higher).

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

GROUP	<1 year	1-5 years	Total	Thereof Variable
At 31 March 2021 €'000				
Borrowings	503,010	0	503,010	503,010
Lease liabilities	5,014	13,380	18,394	18,394
Trade and other payables	562,143	0	562,143	562,143
At 31 March 2022 €'000				
Borrowings	622,822	0	622,822	622,822
Lease liabilities	4,714	13,181	17,895	17,895
Trade and other payables	394,146	0	394,146	394,146

Included within the borrowings amount at 31 March 2022 is an overdraft of €49,173,000 (2021: €€29,594,000) which is excluded from the table above.

COMPANY	<1 year	1-5 years	Total	Thereof Variable
At 31 March 2021 €'000				
Borrowings	624,814	0	624,814	624,814
Lease liabilities	3,057	8,826	11,883	11,883
Trade and other payables	444,933	0	444,933	444,933
At 31 March 2022 €'000				
Borrowings	714,267	0	714,267	714,267
Lease liabilities	2,833	9,456	12,289	12,289
Trade and other payables	274,084	0	274,084	274,084

The borrowings are at an average weighted interest rate of 0.49% for the year (2021: 0.47%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

- *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.

- *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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The current funding arrangements of the Group consist of uncommitted guaranteed credit facilities at the year-end of €710.3m in total (including €200m from Yazaki Corporation). The terms of the credit facilities 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.

The Group considers that it has adequate financing in place to meet all its liquidity requirements.

Counterparty	31 March 2022		31 March 2021	
	Credit limit €'000	Balance €'000	Credit Limit €'000	Balance €'000
Mitsubishi UFJ Financial Group	276,000	153,300	187,000	77,400
Mizuho Bank	65,500	50,000	65,500	65,500
Sumitomo Mitsui Banking Corporation Europe	2,100	2,100	2,100	2,100
Shizuoka Bank (Europe)	33,500	33,500	33,500	33,500
Sumitomo Mitsui Trust Bank	85,000	85,000	85,000	85,000
Yazaki Corporation	200,000	100,000	200,000	50,000
CITI Bank	48,200	34,216	29,300	27,346
	710,300	458,116	602,400	340,846

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

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

The Group has undrawn facilities available at the year-end of €252.2 (2021: €261.6m). 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

- *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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

Recognition and Measurement of Defined Benefit Plans

Accrued pension liabilities and the resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

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 2022

6. REVENUE

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

GROUP

	Revenue	
	2022	2021
	€'000	€'000
Sale of goods at a point in time	1,868,934	1,903,012
Sale of engineering services	160,176	81,336
	2,029,111	1,984,348

Included in revenues are revenues of approximately €1.7bn (2021: €1.6bn) 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 €408m (2021: €344m).

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

GROUP

	External sales by region	
	2022	2021
	€'000	€'000
Japan	4,474	2,438
Asia & Oceania	27,890	24,052
America	1,576	3,779
United Kingdom	76,687	193,353
Europe and Africa	1,918,484	1,760,725
	2,029,111	1,984,347

GROUP

	Revenues from related parties	
	2022	2021
	€'000	€'000
Yazaki Corporation	7,307	5,587
Subsidiaries of Yazaki Corporation	137,386	143,033
	144,693	148,620

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. EXPENSES BY NATURE

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

	Note	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Research & Development		(489)	(306)	(7)	0
Warehouse costs		356	(129)	(3,879)	(3,034)
Salaries	9	(97,563)	(99,310)	(61,411)	(61,450)
Social security	9	(17,258)	(17,160)	(7,880)	(8,034)
Defined Contribution costs (DBO)	27.1	(1,839)	(2,382)	(1,598)	(2,018)
Employee benefits		(1,493)	(1,398)	(1,095)	(1,188)
Travel and entertainment		(2,714)	(2,365)	(1,797)	(1,548)
Legal and consultancy fees		(27,674)	(21,862)	(20,798)	(17,448)
Site costs		(17,862)	(16,889)	(15,284)	(14,212)
Communication costs		(1,095)	(906)	(728)	(599)
Depreciation of tangible assets		(10,448)	(11,308)	(9,910)	(10,834)
Amortisation of intangible assets		(37,923)	(39,799)	(9,516)	(12,545)
Depreciation of leased assets		(5,580)	(6,385)	(3,443)	(4,545)
Profit on disposal of fixed assets		(2)	0	0	0
Loss on disposal of fixed assets		(425)	(50)	(244)	(43)
Recharges and management fees (expensed)/income		(10,267)	(10,617)	28,433	17,506
Total of Research and development costs, distribution costs and administrative expenses		(232,277)	(230,866)	(109,156)	(119,992)

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Inventory write backs / (downs)	3,224	(4,609)	4,023	(4,596)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. OTHER OPERATING INCOME AND EXPENSES

GROUP

	2022 €'000	2021 €'000
Other operating income	72,428	16,198
Other operating expenses	(41,284)	(145,624)
	31,144	(129,426)

Other operating income mainly comprises:

- Exchange gains of €47,329,000 (2021: €14,152,000).
- €18,599,000 Insurance proceeds.

Other operating expenses mainly comprise:

- Exchange Loss of €38,759,000 (2021: €12,725,000).
- Guarantee Fee of €1,554,338 (2021: €0).
- Restructuring costs of €136,222 (2021: €55,194,334).
- Compensation for additional complexity cost €834,584 (2021: €76,526,014) of projects which are to be recovered by future profitability increase.

9. STAFF COSTS

	Group		Company	
	2022	2021	2022	2021
The average number of full time staff (including Directors) employed during the year was:				
Application design	532	529	329	272
Core design and development	71	40	6	2
Finance	57	47	24	41
General affairs	30	58	29	33
Human resources	48	50	26	26
Information systems	23	26	16	14
Sales and distribution	606	645	348	363
	1,367	1,395	778	751

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. STAFF COSTS (CONTINUED)

GROUP	Note	2022 €'000	2021 €'000
The costs relating to staff (including Directors) employed during the year were			
Wages and salaries	7	97,563	99,310
Social security costs	7	17,258	17,160
	7	114,821	116,470
Pension costs – defined contributions plans	27	1,839	2,382
		116,660	118,852
COMPANY			
	Note	2022 €'000	2021 €'000
The costs relating to staff (including Directors) employed during the year were			
Wages and salaries	7	61,411	61,450
Social security costs	7	7,880	8,034
	7	69,291	69,484
Pension costs – defined contributions plans	27	1,598	2,018
		70,888	71,502

THE AGGREGATE DIRECTOR'S REMUNERATION ARE AS FOLLOWS:

GROUP	2022 €'000	2021 €'000
Aggregate emoluments	2,858	5,348
Short term wages and salaries	2,858	2,663
Termination benefits	0	2,685
Company contributions to money purchase pension schemes	0	0
	2,858	5,348

The emoluments of the highest paid Director were €871,069 (2021: €4,747,441).

The pension contributions to the money purchase pension scheme for the highest paid Director amounted to €nil (2021: €nil). The number of directors who participated in the money purchase pension scheme was one in the fiscal year (2021: 1).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. AUDITOR'S REMUNERATION

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	891	695	552	411
Total audit fees	891	695	552	411
Audit related assurance services	0	220	0	144
Other non-audit services	7	53	7	45
Total non-audit fees	7	273	7	189

The Group incurred fees for non-audit services during the year relating to tax compliance and tax advisory services of €7k (2021: €53k). The Company incurred non-audit fees of €45k (€nil) for the same services.

The Group incurred fees for non-audit services during the year relating to an interim review of €nil (2021: €220k). The Company incurred non-audit fees of €(€0k) for the same services.

11. FINANCE COSTS

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Finance costs				
Interest payable on bank loans and overdrafts	4,273	3,854	3,401	3,318
Interest payable on intercompany loans	628	504	679	531
	4,901	4,358	4,080	3,849

12. FINANCE INCOME

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Finance income				
Bank interest	2,861	3,056	948	1,736
Interest receivable on intercompany loans	908	1,213	908	1,213
	3,769	4,269	1,857	2,949

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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% (2021: 19%):

GROUP

	Note	2022 €'000	2021 €'000
Income tax			
Current tax charge on Loss for the year		17,840	10,933
Adjustments in respect of prior years		1,008	(1,634)
Other Taxation		0	1,783
		18,848	11,082
Deferred tax			
Deferred tax Expense (previous year tax income)	26	(18,320)	(6,449)
		(18,320)	(6,449)
Tax expense		528	4,633
Reconciliation of tax expense			
(Loss) / Profit before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%)		(3,637)	(27,063)
Items not deductible for tax purposes		233	9,966
Overseas branch profits subject to UK tax		(277)	(14,653)
Overseas profit taxable at different rates to the UK		(4,621)	0
Current year deferred tax not recognized		7,461	36,246
Utilisation of losses not previously recognised		0	237
Deferred tax prior year adjustment		444	(1,340)
Deferred tax previously recognized now written off		0	1,746
Deferred tax previously not recognised		0	(236)
Change in deferred tax position from change in tax rate		(82)	(139)
Adjustments in respect of prior years		1,007	(1,919)
Other taxes		0	1,788
Income tax expense		528	4,633

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% (2021: 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 not substantively enacted at the date of statement of financial position and will have a consequential effect on the group's future tax charge.

In 2022, there is a current tax impact for prior years of €1,021,458 (2021: -€1,634,478) mainly relating to Gothenburg branch FY19 amounting to €2,176,000 due to court decision of losses carried forward are not valuable and a tax refund in Turkey €1,060,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. TAXATION (CONTINUED)

Additionally, there is a deferred tax impact for prior years of €-443,685 (2021: -€283,736) relating to an adjustment of the applicable tax rates in Belgium for deferred tax purposes.

GROUP	Note	2022 €'000	2021 €'000
Current income tax balances			
Current income tax recoverable	21	9,914	8,715
Current income tax liabilities		(173)	(2,343)
Net current income tax		9,741	6,372

14. CASH AND CASH EQUIVALENTS

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Cash	0	5	0	2
Bank deposits	26,640	47,816	54,464	46,220
Cash and cash equivalents	26,640	47,821	54,464	46,222

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 2022

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 2020	11,269	3,900	6,993	968	110,039	133,169
1 April 2021	11,247	44	6,385	964	116,617	135,258
At cost						
Additions	0	12	0	18	7,978	8,008
Disposals	(1,234)	0	(443)	(40)	(6,385)	(8,102)
Reclassification	0	(5)	0	0	5	0
Foreign currency effect	0	(1)	0	(4)	(394)	(399)
31 March 2022	10,013	50	5,942	938	117,821	134,765
Accumulated depreciation						
1 April 2020	(10,017)	0	(6,229)	(830)	(66,903)	(83,979)
1 April 2021	(10,220)	0	(6,038)	(889)	(75,748)	(92,895)
Depreciation	(151)	0	(146)	(50)	(9,919)	(10,266)
Disposals	1,041	0	346	15	5,781	7,183
Foreign currency effect	0	0	0	3	294	297
31 March 2022	(9,330)	0	(5,838)	(921)	(79,592)	(95,681)
Carrying amounts						
31 March 2021	1,027	44	347	76	40,869	42,363
31 March 2022	683	50	104	17	38,230	39,084

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 2022

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
	1 April 2020	11,268	3,867	6,823	915	94,336	117,209
	1 April 2021	11,246	1	6,215	915	108,114	126,491
At cost	Additions	0	5	0	18	6,444	6,467
	Disposals	(1,234)	0	(435)	0	(3,942)	(5,611)
	Reclassification	0	0	0	0	0	0
	Foreign currency effect	0	0	0	0	4	4
	31 March 2022	10,012	6	5,780	933	110,620	127,351
	1 April 2020	(10,017)	0	(6,121)	(815)	(58,776)	(75,729)
	1 April 2021	(10,220)	0	(5,919)	(867)	(68,619)	(85,625)
Accumulated depreciation	Depreciation	(150)	0	(137)	(47)	(9,409)	(9,743)
	Disposals	1,042	0	338	0	3,566	4,946
	Foreign currency effect	0	0	0	0	(3)	(3)
	31 March 2021	(9,328)	0	(5,718)	(914)	(74,465)	(90,425)
Carrying amounts	31 March 2021	1,026	1	296	48	39,495	40,866
	31 March 2022	684	6	62	19	36,155	36,926

All depreciation expenses have been charged through administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. INTANGIBLE ASSETS

GROUP

	Design and development	Assets under construction	Computer software	Other intangible	Total
	€'000	€'000	€'000	€'000	€'000
At cost					
1 April 2020	223,397	9,757	68,736	212,932	514,822
1 April 2021	229,104	20,705	70,248	212,030	532,087
Additions	21,507	3,156	53	30	24,746
Disposals	(8,533)	0	(26,156)	0	(34,689)
Reclassification	1,649	(1,649)	0	0	0
Foreign currency effect	0	0	(2)	(2,343)	(2,345)
31 March 2022	243,727	22,212	44,143	209,717	519,799
Accumulated amortisation					
1 April 2020	(177,495)	0	(58,645)	(105,496)	(341,636)
1 April 2021	(198,481)	0	(62,953)	(164,943)	(426,378)
Amortisation	(19,894)	0	(3,359)	(14,283)	(37,536)
Disposals	6,151	0	26,156	0	32,307
Foreign currency effect	0	0	2	(19)	(17)
31 March 2022	(212,224)	0	(40,154)	(179,245)	(431,624)
Carrying amounts					
31 March 2021	30,623	20,705	7,294	47,087	105,709
31 March 2022	31,503	22,212	3,989	30,472	88,175

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 2022

16. INTANGIBLE ASSETS (CONTINUED)

COMPANY

	Design and development €'000	Assets under construction €'000	Computer software €'000	Other intangible €'000	Total €'000
At cost					
1 April 2020	157,319	7,145	65,307	52,670	282,441
1 April 2021	161,266	4,863	66,815	52,657	285,601
Additions	3,344	0	0	0	3,344
Disposals	(8,532)	0	(25,169)	0	(33,702)
Reclassification	564	(564)	0	0	0
Foreign currency effect	0	0	0	5	5
31 March 2022	156,642	4,299	41,646	52,662	255,248
Accumulated amortisation					
1 April 2020	(139,514)	0	(55,453)	(2,431)	(197,398)
Opening 2021	(147,971)	0	(59,649)	(46,250)	(253,870)
Amortisation	(3,886)	0	(3,271)	(1,761)	(8,918)
Disposals	6,150	0	25,169	0	31,319
31 March 2022	(145,707)	0	(37,751)	(48,011)	(231,469)
Carrying amounts					
31 March 2021	13,295	4,863	7,166	6,407	31,731
31 March 2022	10,935	4,299	3,895	4,651	23,780

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 2022

17. GOODWILL

As of 31st of March 2022, goodwill amounted to €154,810,000 (2021: €154,810,000).

GROUP	Goodwill	
		€'000
	Opening 2021	162,809
At cost	Opening 2022	162,809
	Closing 2022	162,809
	Opening 2021	-8,000
Accumulated impairment	Opening 2022	-8,000
	Closing 2022	-8,000
Carrying Amounts	Opening 2022	154,809
	Closing 2022	154,809

The Group performed its annual impairment test as at 31 March 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 at 31 March 2022 for each CGU has been prepared using the same allocation methodology which was previously applied at 31 March 2021. The value in use for each CGU at 31 March 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 "2021/2022" 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") after tax at a uniform rate of 6.88% was applied. WACC comprises a risk-free rate of 0.10%, and market risk premium of 8.00%. A Beta of 1.34 has been used.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. GOODWILL (CONTINUED)

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 1.5% to 4% of sales.
- Free Cash flow: Between -3.8 % to 3.1% of sales
- Growth rates: Between 3.9% to and 10.5% 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 on reduction of volumes by in average 15% for the first year of forecast period then reduction by 10% for the following year.

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 €242.63m.

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 lead to an impairment loss in one CGU of €3.9m. For the rest of CGUs, headroom decreases but remains positive. 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.

In relation the Russia's invasion of Ukraine, we believe that the crisis does not have a material impact on the impairment conclusions reached since the updated sensitivity analysis completed by management does not result in an impairment loss. In addition, several actions have been undertaken by the management to secure the operations in Ukraine and avoid any disruption in alignment with our customer. The Group has a plan in place for any future disruptions in Ukraine and therefore no further impairment indicators are noted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. GOODWILL (CONTINUED)

For the purpose of the sensitivity analysis, management simulated the impact of further decrease as between 10% to 20% of volumes. The simulation result shows that further decrease in sales during forecast period will lead to an impairment loss of €46.3m in one CGU. The impairment calculated was based on a further reduction in sales compared to the based case, which already included decreases between 10-20%, therefore this 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 1.7%.

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 2022

18. LEASES (CONTINUED)

Right-of-use assets	Buildings €'000	Motor Vehicles €'000	Total €'000
Cost			
At 1 April 2021	25,628	1,879	27,507
Additions	12,151	1,329	13,480
Disposal	(10,773)	(909)	(11,682)
At 31 March 2022	27,006	2,299	29,305
Accumulated depreciation			
At 1 April 2021	(7,967)	(1,115)	(9,082)
Charge for the year	(1,939)	(92)	(2,031)
At 31 March 2022	(9,906)	(1,207)	(11,113)
Carrying amount			
At 31 March 2022	17,100	1,092	18,192
At 31 March 2021	17,661	764	18,425

The Group leases several assets including buildings and motor vehicles. The average lease term is 4 years.

Amounts recognized in profit and loss	2022 €'000	2021 €'000
Depreciation expense on right-of-use assets	5,580	6,385
Interest expense on lease liabilities	410	513
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 2022

18. LEASES (CONTINUED)

The maturity of Group Lease liabilities is as following:

	2022	2021
	€'000	€'000
Year 1	4,714	5,014
Year 2	3,250	3,788
Year 3	2,249	2,801
Year 4	1,793	1,953
Year 5	1,688	1,723
Over 5 years	4,201	3,115
	17,895	18,394
Less: unearned interest	(0)	(0)
Analysed as:		
Non-current	13,181	13,380
Current	4,714	5,014
	17,895	18,394

19. FINANCIAL ASSETS – INVESTMENTS

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'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').

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 2022

20. FINANCIAL ASSETS - LOANS

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Loans to related parties	41,350	47,350	41,350	47,350

The loans to related parties represent three non-current intercompany loans with a total value of €41,350,000 (2021: € 47,350,000), the carrying interest rate is 1%. The loans expire between April 2023 and December 2023.

21. TRADE AND OTHER RECEIVABLES

Note	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Gross trade receivables	347,256	357,596	145,343	160,297
Trade receivables from related parties	41,579	49,803	84,388	82,020
Loss Allowance for trade receivables	(4,244)	(2,355)	(2,841)	(1,748)
Other receivables	41,927	84,573	3,013	76,896
Loans to related parties	88,400	126,173	104,300	126,173
29	514,918	615,790	334,203	443,638
Current tax receivables	21,286	8,715	30,376	3,786
Prepayments	13,283	8,117	4,759	4,014
Accrued income	25,564	8,713	24,709	11,840
	575,052	641,335	394,047	463,278

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 2022

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2022 €'000	2021 €'000
Yazaki Corporation	970	1,563
Subsidiaries of Yazaki Corporation	40,609	48,241
	41,579	49,804

The ageing of the trade receivables is:

	Expected Credit Loss Rate	Group	Group	Company	Company
		2022 €'000	2021 €'000	2022 €'000	2021 €'000
1-60 days	0%	387,630	616,631	230,855	445,263
61-90 days	25%	108	(14)	(808)	(269)
91-180 days	50%	292	(1,649)	(1,055)	(1,836)
180-360 days	75%	1,005	267	703	223
> 360 days	100%	-200	554	36	257
		388,835	615,789	229,731	443,638

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Euro	313,912	355,158	180,896	305,612
US Dollar	1,448	13,346	1,448	13,346
GBP	32,161	0	33,778	0
TRY	52,440	61,606	0	0
Other currencies	30,801	61,862	16,622	255
	430,762	491,972	232,744	319,213

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Opening provision	2,355	2,160	1,748	1,804
Change in receivables impairment	2,923	(825)	2,127	826
Unused amounts reversed	(1,034)	1,020	(1,034)	(882)
Closing provision	4,244	2,355	2,841	1,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 -€1,034,000 (2021: -€1,020,000) is recognized as the correspondent receivables were recovered.

The ageing of these Loss allowance provisions is as follows:

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
1-60 days	0	0	0	0
61-90 days	27	0	0	0
91-180 days	146	1,602	0	1,324
180-360 days	754	200	527	167
> 360 days	3,317	553	2,314	257
	4,244	2,355	2,841	1,748

22. INVENTORIES

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Finished goods	96,674	87,881	59,317	71,491
Merchandise in transit	30,432	38,040	1,416	2,548
Consumable supplies	683	274	167	20
Reserve for obsolescence	(5,499)	(8,722)	(2,917)	(6,940)
	122,290	117,473	57,984	67,119

The cost of inventories recognised as an expense during the year in respect of continuing operations was (€3,224,000) (2021: €4,609,000).

This year, an impairment loss of €983,000 (2021: €543,000) was recognised due to a reduction in the net realisable value of inventories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. EQUITY

23.1 SHARE CAPITAL

The total authorised number of ordinary shares is 45,000,000 (2021: 45,000,000) with a par value of £1. 45,000,000 shares (2021: 1.45,000,000) have been issued at par and are fully paid. The share capital of €65,302,000 (2021: €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 (2021: €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 €33,061,000 (2021: €22,491,000) due mainly to Turkish Lira fluctuation, and of the Company decreased by €129,000 (2021: increase of €2,457,000).

The net losses on currency translation of €33,061,000 arose as a result of translating foreign subsidiaries into the Group accounts:

- Loss of €32,933,000 due to difference on translation on the YST components in Turkey and Romania.
- Loss of €128,000 due to difference on translation of other branches in the Group.

23.4 OTHER RESERVE

Other reserves mainly increased by €1,147,000 (2021: €493,000) and correspond to the actuarial gains on the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. TRADE AND OTHER PAYABLES

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Current				
Trade payables	39,251	45,822	18,576	31,608
Trade payables to related parties	226,578	292,580	140,572	171,430
Other payables	11,741	68,660	53,285	138,132
	277,570	407,062	212,435	341,170
Social security and other taxes	28	988	0	1,012
Accrued expenses	127,920	154,093	74,331	102,751
	405,518	562,143	286,766	444,933

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:

	2022 €'000	2021 €'000
Yazaki Corporation	3,578	6,208
Subsidiaries of Yazaki Corporation	223,000	286,372
	226,578	292,580

There were no loans payable to subsidiaries of Yazaki Corporation.

25. FINANCIAL LIABILITIES - BORROWINGS

NON-CURRENT	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Lease liability	17,895	18,394	12,289	11,884
	17,895	18,394	12,289	11,884

CURRENT	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Bank borrowings	388,074	301,394	404,046	317,366
Loans from related parties	234,748	201,617	310,221	307,448
	622,822	503,010	714,267	624,814

Included within the borrowings amount for 2022 is an overdraft of €49,173,000 (2021: € 29,594,000).

Bank borrowings are at variable interest rates. The average interest rate for the year was 0.49% (2021: 0.47%). Overdraft facilities are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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	234,748	31 March 2022	01 April 2022	0.50%-1%
YAZAKI					
Corporation	EUR	100,000	28 January 2022	28 April 2022	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 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
6 months or less	622,822	503,010	714,267	624,814

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 0.49% (2021: 0.47%).

Bank Borrowings of €358,116,000 (2021: €290,846,000) with credit lines of €510,300,000 (2021: €402,400,000) are guaranteed by Yazaki Corporation.

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Euro	604,200	503,010	695,645	624,814
RON	13,741	0	13,741	0
RUB	4,881	0	4,881	0

The Group has the following undrawn borrowing facilities:

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Expiring within one year	252,200	261,554	227,000	236,554

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

Group	1 APRIL 2021	Financing cash flows	31 MARCH 2022
Loans to related parties	47,350	-6,000	41,350
Non-current Financial assets - loans	47,350	-6,000	41,350
Loans to related parties	126,173	-37,773	88,400
Current Trade and other receivables	126,173	-37,773	88,400
Total assets from financing activities	173,523	-43,773	129,750
Bank borrowings	0	0	0
Non-current Financial liabilities - loans	0	0	0
Bank borrowings	301,394	87,537	388,931
Loans from related parties	201,616	32,275	233,891
Current Financial liabilities - loans	503,010	119,812	622,822
Total liabilities from financing activities	503,010	119,812	622,822

Company	1 APRIL 2021	Financing cash flows	31 MARCH 2022
Loans to related parties	47,350	-6,000	41,350
Non-current Financial assets - loans	47,350	-6,000	41,350
Loans to related parties	126,173	-21,873	104,300
Current Trade and other receivables	126,173	-21,873	104,300
Total assets from financing activities	173,523	-27,873	145,650
Bank borrowings	0	0	0
Non-current Financial liabilities - loans	0	0	0
Bank borrowings	317,366	86,680	404,046
Loans from related parties	307,448	2,773	310,221
Current Financial liabilities - loans	624,814	89,453	714,267
Total liabilities from financing activities	624,814	89,453	714,267

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Deferred tax assets				
Non-current	54,320	42,383	39,486	34,899
Deferred tax liabilities				
Non-current	(28,796)	(31,639)	(9,622)	(10,575)
Net deferred tax asset	25,524	10,744	29,864	24,324

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
At 1 April 2021	10,744	4,958	24,324	22,340
Charged / Credited to Statement of Comprehensive Income	18,321	6,449	5,540	1,822
Charged / Credited to profit and loss reserve	0	397	0	88
Foreign Exchange difference	(3,541)	(1,060)	0	74
At 31 March 2022	25,524	10,744	29,864	24,324

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

GROUP	Tax losses	Deferred tax depreciation	Pension liabilities	Other timing differences	Total
	€'000	€'000	€'000	€'000	€'000
Deferred tax assets					
At 1 April 2021	31,137	2,216	2,503	6,527	42,383
Charged/Credited to Statement of Comprehensive Income	5,322	3	(336)	10,488	15,477
Credited/(charged) to profit and loss reserve	0	0	0	0	0
Foreign Exchange difference	0	0	0	(3,540)	(3,540)
At 31 March 2022	36,459	2,219	2,167	13,475	54,320

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. DEFERRED TAX (CONTINUED)

GROUP	Intangible assets-customer relationship	Intangible assets-other	Accelerated tax depreciation	Pension liabilities	Other timing differences	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Deferred tax liabilities						
At 1 April 2021	13,544	6,688	1,369	434	9,604	31,639
Charged/Credited to Statement of Comprehensive Income	(6,319)	(214)	0	0	3,690	(2,843)
At 31 March 2022	7,225	6,474	1,369	434	13,294	28,796

At the reporting date, the Group has unused tax losses of €521,498,076 (2021: €480,197,878) available for offset against future profits. No deferred tax asset has been recognised in respect of €403,403,010 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
Deferred tax assets					
At 1 April 2021	30,539	2,151	0	2,209	34,899
Credited to Statement of Comprehensive Income	4,849	(17)	674	(919)	4,587
Foreign exchange difference	0	0	0	0	0
At 31 March 2022	35,388	2,134	674	1,290	39,486

COMPANY

	Intangible assets-other	Accelerated tax depreciation	Pension liabilities	Total
	€'000	€'000	€'000	€'000
Deferred tax liabilities				
At 1 April 2021	2,340	7,800	435	10,575
Charged / (Credited) to Statement of Comprehensive Income	56	(574)	(435)	(953)
At 31 March 2022	2,396	7,226	0	9,622

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 €1,839k (2021: €2,382k) 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 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Defined contributions	1,839	2,382	1,598	2,018

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 2022

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 2022, 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 2022

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 2022	Group 2021	Company 2022	Company 2021
Discount rate(s)	1.30%-21.65%	0.70%-1.30%	2.10%	1.30%
Expected rate(s) of salary increase	2.00%-17.00%	2.00%-2.75%	2.75%	2.75%
Expected rate(s) of pension increase	1.60%-2.00%	1.60%-2.00%	2.00%	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 2022 for discounting to present value the expected benefit obligation, including expected future salary increases (defined benefit obligation) was 6.59% (2021: 0.86%).

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 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Present value of defined benefit obligations	(18,832)	(19,526)	(6,185)	(6,326)
Fair value of scheme assets	3,727	3,483	3,727	3,483
Net defined liability	(15,105)	(16,043)	(2,458)	(2,843)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Present value of net defined benefit obligations at beginning of the year	16,043	16,191	2,843	2,454
Current services cost	905	443	2	112
Interest cost	201	156	37	21
Included in profit of loss	1,110	599	39	133
Actuarial (gains)/losses arising from:				
▪ Change of valuation method	(145)	0	0	0
▪ demographic assumptions	0	3	(402)	0
▪ financial assumptions	(580)	(540)	0	278
▪ experience adjustments	(346)	44	0	0
Return on plan assets (excl. interest income)	(77)	0	(0)	0
Included in OCI	(1,147)	(493)	(402)	278
Business Combination	(41)	0	0	0
Employee contributions	(611)	1	(22)	1
Benefits paid	(249)	(253)	0	(22)
Other	(902)	(253)	(22)	(22)
Present value of net defined benefit obligations at end of the year	15,105	16,043	2,458	2,843

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27. PENSION LIABILITIES / RETIREMENT CONTRIBUTION SCHEME (CONTINUED)

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

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Opening fair value of plan assets	3,483	3,483	3,483	3,482
Interest income	47	0	47	0
Benefits paid	(8)	(253)	(8)	(22)
The return on plan assets (excluding amounts included in net interest expense)	205	253	205	23
Closing fair value of plan assets	3,727	3,483	3,727	3,483

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

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

	2022 €'000	2021 €'000
Discount rate +0.50% to +1.00%	14,192	17,894
Discount rate - 1.00% to -0.50%	16,132	21,513
Pension increase +0.25%	10,848	18,345
Pension increase -0.25%	10,136	16,967
Salary increase +0.50% to +1.00%	4,920	8,703
Salary increase -1.00% to -0.50%	4,363	8,124

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 €2 million (2021: €2 million) to the defined benefit plans during the next financial year. The Group is committed to paying into the plan for 10 future years, €1 million per annum in line with the agreed Schedule of Contributions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

28. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	Product liability	Other	Total
	€'000	€'000	€'000
At 1 April 2021	3,875	2,244	6,119
Provisions made during the year	3,864	0	3,864
Provisions used during the year	(4,885)	(2,220)	(7,105)
At 31 March 2022	2,854	24	2,878

COMPANY	Product liability	Other	Total
	€'000	€'000	€'000
At 1 April 2021	5,550	2,067	7,617
Provisions made during the year	3,864	0	3,864
Provisions used during the year	(6,867)	(2,043)	(8,910)
At 31 March 2022	2,547	24	2,571

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.

28.1. 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 2022

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 2022		Carrying amount			
GROUP	Note	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Fair Value through OCI €'000	Total €'000
Financial assets					
Investments	19	0	26,717 ^(a)	0	26,717
Cash and cash equivalents		26,640	0	0	26,640
Financial assets - loans	20	41,350	0	0	41,350
Trade and other receivables ^(b)	21	514,918	0	0	514,918
		582,908	26,717	0	609,625
Financial liabilities					
Financial liabilities - borrowings					
▪ Current	25	622,822	0	0	622,822
▪ Non-current	25	17,895	0	0	17,895
Trade and other payables ^(c)	24	277,570	0	0	277,570
		918,287	0	0	918,287

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

^(b) Current tax receivables (€21,286k), prepayments and accrued income (€38,847k) that are not financial assets are not included.

^(c) 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 2022

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2021		Carrying amount				Fair value				
GROUP	Note	Loan and receivable €'000	Available for sale €'000	Other financial assets / liabilities €'000	Held to maturity €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets measured at fair value										
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
Non - Financial assets measured at fair value										
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
Financial assets not measured at fair value										
Financial assets - borrowings	20	47,350	0	0	0	47,350	0	0	0	0
Trade and other receivables ^(a)	21	531,217	0	84,573	0	615,790	0	0	0	0
Cash and cash equivalents		47,821	0	0	0	47,821	0	0	0	0
		626,388	0	84,573	0	710,961	0	0	0	0
		626,388	181,527	84,573	0	892,488	0	0	181,527	181,527
Financial liabilities measured at fair value										
Financial liabilities - borrowings										
▪ Current	25	503,011	0	0	0	503,011	0	0	0	0
▪ Non-current	25	18,394	0	0	0	18,394	0	0	0	0
▪ Trade and other payables ^(b)		0	0	0	0	0	0	0	0	0
		521,405	0	0	0	521,405	0	0	0	0
Financial liabilities not measured at fair value										
Trade and other payables ^(b)	24	338,402	0	68,660	0	407,062	0	0	0	0
		859,807	0	68,660	0	928,467	0	0	0	0

^(a) Current tax receivables (€8,715k), prepayments and accrued income (€16,830k) that are not financial assets are not included.

^(b) Social security and other taxes (€988k) as well as accrued expenses and deferred income (€154,093k) that are not financial liabilities are not included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**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.

GROUP	Investments
Balance at 1 April 2021	26,717
Purchases	0
Total gains or losses	0
in profit or loss	0
in other comprehensive income	0
Balance at 31 March 2022	26,717

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2022		Carrying amount			
COMPANY	Note	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Fair Value through OCI €'000	Total €'000
Financial assets					
Investments	19	0	382,158 ^(a)	0	382,158
Cash and cash equivalents		54,464	0	0	54,464
Financial assets - loans	20	41,350	0	0	41,350
Trade and other receivables ^(b)	21	334,203	0	0	334,203
		430,017	382,158	0	812,175
Financial liabilities					
Financial liabilities - borrowings					
▪ Current	25	714,267	0	0	714,267
▪ Non-current	25	12,289	0	0	12,289
Trade and other payables ^(c)	24	212,435	0	0	212,435
		938,991	0	0	938,991

^(a) The fair value of the Investments is determined as Level 3 instruments.

^(b) Current tax receivables (€30,376k), prepayments and accrued income (€29,468k) that are not financial assets are not included.

^(c) 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 2022

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 March 2021		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
Financial assets measured at fair value										
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
Financial assets not measured at fair value										
Financial assets - borrowings	20	47,350	0	0	0	47,350	0	0	0	0
Trade and other receivables ^(a)	21	366,742	0	76,896	0	443,638	0	0	0	0
Cash and cash equivalents		46,221	0	0	0	46,221	0	0	0	0
		460,313	0	76,896	0	537,209	0	0	0	0
		460,313	382,158	76,896	0	919,367	0	0	382,158	382,158
Financial liabilities measured at fair value										
Financial liabilities - borrowings										
▪ Current	25	624,813	0	0	0	624,813	624,813	0	0	624,813
▪ Non-current	25	11,883	0	0	0	11,883	0	0	0	0
		636,696	0	0	0	636,696	624,813	0	0	624,813
Financial liabilities not measured at fair value										
Trade and other payables ^(b)	24	203,038	0	138,132	0	341,170	0	0	0	0
		839,734	0	138,132	0	977,866	624,813	0	0	624,813

^(a) Current tax receivables (€3,786k), prepayments and accrued income (€15,854k) that are not financial assets are not included.

^(b) Social security and other taxes (€1,012k) as well as accrued expenses and deferred income (€102,751k) that are not financial liabilities are not included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

COMPANY	Investments
Balance at 1 April 2021	382,158
Purchases	0
Total gains or losses	0
in profit or loss	0
in other comprehensive income	0
Balance at 31 March 2022	382,158

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 2022

29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

	Parameters
Years that expresses the repetition of profit	5
Cost of equity	6.5% - 10.9%
Cost of debt (less tax rate)	1.16% - 2.50%
Average EBIT	€4,785,000
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.

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 €1.6b (2021: €1.6b).
- True-up of purchase of Goods from Yazaki manufacturing plants for €0.8m (2021: €76.5m)
- Service Fees expense for support service carried out by related parties for €16m (2021: €11m).
- Revenue from related parties corresponds mainly to:
 - Sale of goods for €139m. (2021: €146m)
 - Engineering services "Research and development" for €1.6m (2021: €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 2022

31. COMMITMENTS

CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 2022 (Nil: 2021)

32. EVENTS AFTER THE REPORTING PERIOD

Russian invasion

Russia's invasion of Ukraine which started before year end closing is causing ripple effects in the global automotive supply chain. The attack also has prompted companies to stop shipping to Ukraine/Russia or suspend operations there. Several companies, including automakers, outlined plans to shut or shift manufacturing operations following Russia's invasion of Ukraine.

The invasion was a factor in the reduction of the 2022 global new-car sales outlook by 0.4 million vehicles to 85.8 million units according to the "LMC", the leading provider of automotive production, sales and powertrain forecasts. The auto industry had already been dealing with a tight supply of vehicles due to the global semiconductor shortage.

From supply chain point of view, there is high risk of interruptions caused by tighter border controls in transit countries and the forced need to change a number of established logistics routes.

For the time being, the management does not foresee any immediate impact on operations in Ukraine. Workers in Ukrainian plant are still to help keep customer building vehicles. In parallel, a crisis management team has been set up to work on a contingency plan and avoid disruption of operations in pessimistic scenario.

With reference to the Goodwill Impairment analysis, the forecasted volume and cost assumptions have been adjusted under a conservative approach to consider any unplanned event that might impact negatively the future performance of the Group. We believe that any impact of Ukraine and Russia conflict will be largely covered by this adjustment.

Change in Turkey component foreign currency

As at 30th September 2022, YSTT (Turkish component) functional currency will change from Turkish Lira to Euro retroactively from beginning of fiscal year April 1st, 2022.

YSTT sales to the customers are mainly in Turkish Lira. However, the prices that are negotiated with customer are based on euro price. The conversion to Turkish Lira is made using standard FX rate Euro/TL that is agreed with customer. The sales are recorded in Turkish Lira and are adjusted considering the actual FX rate at closing date. The impact from difference between standard FX and FX at closing date is booked as an adjustment of sales to recognize the equivalent amount of Euro price in Turkish Lira at month end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Through the accounting treatment of the above adjustments, it is obvious that sales and accounts receivables are based finally on euro prices which agreed with customer. Consequently, the functional currency of the primary economic environment in which YSTT operates is Euro. In this case, YSTT functional currency should be changed to Euro in line with IAS 21 since it is affected by EUR prices which are agreed with customer.

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.