



Årsregnskap for regnskapsåret 2024

Organisasjonsnr: 915 946 062
Navn/foretaksnavn: MITSUBISHI ELECTRIC EUROPE B.V. NUF
Forretningsadresse: Gneisveien 2D
1914 YTRE ENEBAKK

Brønnøysundregistrene
26.01.2026

Brønnøysundregistrene

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Organisasjonsnummer: 974 760 673



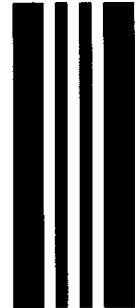
Brønnøysundregistrene - Regnskapsregisteret



VEDLEGG TIL ÅRSREGNSKAP 2024



MITSUBISHI ELECTRIC EUROPE B.V. NORWEGIAN BRANCH Gneisveien 2D 1914 YTRE ENEBAKK	Organisasjonsnr. 915 946 062	NUF
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Registrerte opplysninger per 17.12.2024	Eventuelle endringer dette regnskapsåret
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Startdato 01.04.2023	Avslutningsdato 31.03.2024	Startdato	Avslutningsdato
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Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold <input type="checkbox"/> Morselskap <input type="checkbox"/> Ikke morselskap
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Kun for aksjeselskap som har meldt fravalg av revisjon

Selskapet har besluttet at årsregnskapet ikke skal revideres Ja

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører Ja

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet Ja

Årsregnskapet er satt opp etter reglene for frivillig virksomhet Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret

Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av IFRS selskap IFRS konsern

Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av Funksjon selskap Funksjon konsern

Følges regnskapsreglene for små foretak? Ja Nei

Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den _____ Dato

Sted/dato, Underskrift av representant for enheten

UTLA
e-mot

Bare til bruk for Regnskapsregisteret Au

G NYVE Admr Kregn Ja Nei Aktiv. regn

M Rets Ant.s

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BR-1001-11





Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer: 2024 758595

Enheten

Organisasjonsnummer: 915 946 062
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: MITSUBISHI ELECTRIC EUROPE B.V.
NORWEGIAN BRANCH
Forretningsadresse: Gneisveien 2D
1914 YTRE ENEBAKK

Regnskapsår

Årsregnskapets periode: 01.04.2023 - 31.03.2024

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hallvard Grindheim
Dato for fastsettelse av årsregnskapet: 30.09.2024

Grunnlag for avgivelse

År 2024: Årsregnskap er elektronisk innlevert.
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 17.12.2024



Organisasjonsnr: 915 946 062
MITSUBISHI ELECTRIC EUROPE B.V.
NORWEGIAN BRANCH

BALANSE

Beløp i: EUR	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	25	31 903 000	16 989 000
Goodwill	34	10 531 000	10 338 000
Other intangible assets	34	22 189 000	13 249 000
Sum immaterielle eiendeler		64 623 000	40 576 000
Varige driftsmidler			
Land and buildings	35	57 283 000	58 108 000
Plant and equipment	35	23 533 000	22 455 000
Asset under construction	35	2 236 000	1 674 000
Right to use assets		67 327 000	63 608 000
Sum varige driftsmidler		150 379 000	145 845 000
Finansielle anleggsmidler			
Investering i datterselskap	36	41 418 000	39 132 000
Investeringer i tilknyttet selskap	37	10 283 000	10 082 000
Pension asset	14	21 708 000	25 189 000
Sum finansielle anleggsmidler		73 409 000	74 403 000
Sum anleggsmidler		288 411 000	260 824 000
Omløpsmidler			
Varer			
Varer	38	1 006 339 000	987 074 000
Sum varer		1 006 339 000	987 074 000
Fordringer			
Trade and other receivables	39	971 854 000	1 154 718 000
Sum fordringer		971 854 000	1 154 718 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	40	92 874 000	76 781 000
Sum bankinnskudd, kontanter og lignende		92 874 000	76 781 000
Sum omløpsmidler		2 071 067 000	2 218 573 000
SUM EIENDELER		2 359 478 000	2 479 397 000
BALANSE - EGENKAPITAL OG GJELD			



Egenkapital			
Innskutt egenkapital			
Selskapskapital	41	83 982 000	83 982 000
Overkurs	41	50 359 000	50 359 000
Sum innskutt egenkapital		134 341 000	134 341 000
Opptjent egenkapital			
Foreign currency translation reserve	41	-49 503 000	-48 250 000
Retained earnings		449 358 000	351 792 000
Unappropriated result		114 154 000	146 977 000
Sum opptjent egenkapital		514 009 000	450 519 000
Sum egenkapital		648 350 000	584 860 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	14	4 816 000	4 334 000
Utsatt skatt	25	23 981 000	10 354 000
Other Provisions	43	46 675 000	44 206 000
Sum avsetninger for forpliktelser		75 472 000	58 894 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	42	58 443 000	52 681 000
Ansvarlig lånekapital	42	6 103 000	21 103 000
Øvrig langsiktig gjeld		962 000	456 000
Sum annen langsiktig gjeld		65 508 000	74 240 000
Sum langsiktig gjeld		140 980 000	133 134 000
Kortsiktig gjeld			
Current loans and borrowings from third parties	42	18 843 000	17 625 000
Leverandørgjeld	44	1 092 351 000	1 289 095 000
Skyldige offentlige avgifter		30 559 000	38 807 000
Kortsiktig konserngjeld	42	43 446 000	30 892 000
Trade payables to third parties	44	63 528 000	66 945 000
Other current liabilities	44	321 421 000	318 039 000
Sum kortsiktig gjeld		1 570 148 000	1 761 403 000
Sum gjeld		1 711 128 000	1 894 537 000
SUM EGENKAPITAL OG GJELD		2 359 478 000	2 479 397 000



ANNUAL REPORT

**MITSUBISHI ELECTRIC EUROPE B.V.
AMSTERDAM, THE NETHERLANDS**

Year ended March 31, 2024



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Board of Managing Directors' Report

The Managing Directors are pleased to submit their report together with the financial statements of Mitsubishi Electric Europe B.V. for the year ended March 31, 2024. The independent auditor's report is included in 'Other Information'.

General information

Mitsubishi Electric Europe B.V., Amsterdam, the Netherlands (Hereinafter 'the Company', 'MEU' or 'the Group') was incorporated on April 17, 1996 and operates as the European sales organization of Mitsubishi Electric Corporation ('MELCO'), Tokyo, Japan, its sole shareholder. The registered office of MEU is located at Capronilaan 34, Schiphol-Rijk, the Netherlands. The Company was established as a private company with limited liability and is listed under number 33279602 in the Dutch trade register of the Chamber of Commerce.

MEU carries out its operations primarily through branches in France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden and the United Kingdom as well as through subsidiaries in Turkey, Italy and the Russian Federation.

We refer to page 118 for the complete list with the Company's branches and representation offices.

Principal activities

The principal activities of MEU are as follows:

- A The sales and service of industrial, electrical and electronic equipment as well as consumer electric products and electronic and information technology systems and components.
- B The engineering design, project management and internal construction relating to power substations, building service modules, large screen display systems.



Financial information

Activities and results

In the business year ended March 31, 2024, the revenues amounted to EUR 4.234,4 million (previous business year: EUR 3.964,5 million). Higher net sales (EUR 269,9 million / 6,8%) were recorded in almost all business areas compared to prior year.

Following the sales development, the cost of sales increased by EUR 244,5 million compared with the previous business year to EUR 3.361,2 million, representing 79,4% of net sales (previous business year: 78,6%).

Operating expenses, i.e. the total of selling, general and administrative expenses, other operating income and other operating expenses, increased compared to the previous year in line with the increased business volume, totaling at EUR 721,8 million (17,0%) (previous business year: EUR 659,9 million (16,6%)).

Net finance income amounted to EUR 4,4 million (previous business year: net finance expense of EUR 0,5 million).

Taking into account the aforementioned factors, a profit before tax of EUR 156,0 million was achieved in 2023/2024 (previous business year: EUR 187,5 million).

The profit from continuing operations amounted to EUR 112,6 million (previous business year: EUR 141,3 million).

On 7 December 2020 the Group decided the phased closure of its Home Appliances and Digital Media division following a decision from our supplier and parent, MELCO, to stop the production of display wall and printer products. Last shipments of Display Monitors, Display Walls and Cubes were on 30 September 2021 whereas last shipments of printers for photo and medical applications were on 31 March 2022. Media supply as well as service and technical support ends at 31 March 2030. The profit from discontinued operation amounts to EUR 1,1 million (previous business year: EUR 4,6 million).



Statement of financial position

Total assets amounted to EUR 2.419,0 million as at March 31, 2024, being EUR 119,8 million lower compared to March 31, 2023 (EUR 2.538,8 million). The decrease mainly results from a decrease in trade payables leading to a slightly reduced liquidity compared to prior business year.

Total equity increased by EUR 61,9 million compared to the previous business year to EUR 663,5 million, which includes the profit for the period of EUR 113,7 million, dividend payments of EUR 44,9 million, and other comprehensive expense of EUR 6,9 million. In total, the full equity ratio (total equity divided by total equity and liabilities) was 27,4% (previous year: 23,7%).

Cash flow

The business year ended March 31, 2024, showed a negative net cash flow from operating activities of EUR 90,7 million. Net negative cash flow from investing activities was EUR 30,4 million and the net positive cash flow from financing activities was EUR 138,4 million. The effect of movement in exchange rates amounted to EUR 4,1 million decrease. Consequently, the end of financial year cash and cash equivalents balance amounted to EUR 119,7 million, an increase by EUR 13,2 million year on year.

The negative net cash flow from operating activities (EUR 90,7 million) has been EUR 172,6 million lower compared to previous financial year's level. This decrease results from the lower profit and an increase of the net working capital, in particular the decrease in trade and other liabilities and the increase in inventories and trade and other receivables. Net negative cash flow from investing activities (EUR 30,4 million) was EUR 12,5 million higher than last year mainly due to higher investments in intangible fixed assets and acquisition of subsidiaries.

Net positive cash flow from financing activities this year was EUR 138,4 million, compared to net negative cash from financing activities of EUR 44,3 million last year. The change mainly reflects the change in cash-pool balances and short-term deposits. Financing activities are mainly operated through affiliated companies.

Investments and divestments during the year

The Group's main investments and divestments relate to the acquisition and disposal of non-current assets. These investments and divestments have been disclosed in note 7 'Property, plant and equipment' and note 8 'Intangible assets and goodwill' to the accompanying financial statements.

During the financial year ended March 31, 2024 the Group also acquired two businesses. On April 26th, 2023, the Group acquired 100,0% of the shares of Leonardi



S.r.L., specialized in air conditioning maintenance and repairing service solutions, at a final purchase price paid in cash for an amount of EUR 1.400 thousand. By acquiring Leonardi S.r.L., the Group aims to strengthen its maintenance and repairing service business in Italy. On January 23rd, 2024, the Group acquired 100% of the shares in Zilioli S.r.L., a company specialized in air conditioning and refrigerating repairs and replacements, for a consideration in the amount of EUR 4.650 thousand. Zilioli S.r.L.'s business activities further complement the Group's existing LES business unit.

Financial and non-financial performance indicators

The financial performance indicators are described under the heading 'Financial information'. There were no structural changes in the financial performance indicators as the Group's activities and performance did not significantly change in the financial year ended March 31, 2024 compared to the financial year ended March 31, 2023.

Customer and employee satisfaction are important to the Group and are closely monitored and measured in the business operations on a branch/representation office and subsidiary level (decentralised). Due to specific activities of each office, no single set of non-performance indicators is prepared on a Group level (centralised).

We develop relationships based on strong mutual trust with all stakeholders including customers and employees working together. In this respect also Environment, Social and Governance ('ESG') is a cornerstone of management and we are committed to MELCO Group's ESG policies and initiatives and the sustainable development goals (SDGs) MELCO Group has set. For further information on the goals we refer to the heading 'Information regarding the aspects of Environment, Social and Governance ('ESG')'.

Liquidity and need for external financing

The Group's liquidity position decreased to a level of EUR 324,2 million as of March 31, 2024, compared to EUR 514,4 million last year. The liquidity position balance of EUR 324,2 million contains an amount of EUR 93,6 million relating to short-term deposits to Mitsubishi Electric Finance Europe PLC (March 31, 2023: EUR 209,8 million) and a receivable from cash-pooling in the amount of EUR 110,9 million (March 31, 2023: EUR 198,1 million). MEU expects to remain profitable in the foreseeable future. Additional temporary liquidity needs (if any) are covered by existing credit lines with MELCO Group's finance company Mitsubishi Electric Finance Europe PLC. The Group has no need for external financing.



Personnel related information

The average number of personnel employed during the year was 3.662 FTE (2022/2023: 3.391). At year end 3.813 FTE were employed (March 31, 2023: 3.495). In the purchasing, sales and marketing departments 1.851 FTE and in the administrative departments 1.962 FTE were employed. We refer to note 26 of the financial statements for further details on personnel related information such as staff categories, number of staff employed as at reporting date, and staff employed outside of the Netherlands.

Information regarding the aspects of Environment, Social and Governance ('ESG')

The MELCO Group promotes its ESG activities based on the conviction that all business activities must take ESG into consideration. We are committed to MELCO Group's ESG policies and initiatives and the 17 SDGs it has set:

	Materiality	Initiative items	Long-term target
Provide solutions to social challenges through our business	Realize a sustainable global environment	Carbon neutrality	FY2051: Aiming for net zero greenhouse gas emissions in the entire value chain Achieving a decarbonized society through innovation and integrated solutions
		Circular economy	Contributing to the realization of a circular economy
	Realize a safe, secure, and comfortable society	Safety/security, inclusion, well-being	Achieving safety/security, inclusion, and well-being through our business activities
Strengthen our business foundation to realize sustainable growth	Respect for all people	Human rights	Establishing human rights initiatives based on international norms and implementing responsible supply chains
		Human capital	Realize workplace where diverse and versatile human capital gathers and works together
	Strengthen corporate governance and compliance on a sustainable basis	Governance	Increase effectiveness of the Board of Directors
		Quality	Prevent the recurrence of improper quality control practices
		Compliance	True understanding and practices of a compliance motto "Always Act with Integrity"
		Information security	Improve the Cybersecurity maturity level
	Create a sustainability-oriented corporate culture	Understanding and practices of sustainability	Understanding and practices of sustainability by employees
		Communication	Provide communication with stakeholders both inside and outside the company

Further details on the 17 SDGs can be found on MELCO Group's website (www.mitsubishielectric.com/en/sustainability/management/materiality). We integrate MELCO Group's ESG policies and concept of the SDGs into our management strategy.

We are vigilant in our enforcement of corporate ethics and compliance and constantly work to improve educational programs and strengthen our internal control system. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

Regarding the environment, MELCO Group has formulated an environmental plan with specific targets, and has continued to make efforts to improve MELCO's environmental management vision on a global scale. Through MELCO Group's environmental plan the MELCO Group aims to contribute to achieving several SDGs established by the United



Nations that are deeply related to the environment, including affordable and clean energy and climate action. Major initiatives of the environmental plan include realizing a low-carbon society, creating a recycling-based society and creating a society in tune with nature.

The MELCO Group has placed contributing to preservation of the environment as an important issue for management, and its "Environmental Sustainability Vision 2050" stipulates that the MELCO Group will commit itself to taking the initiative to solve environmental problems. Details can be found on MELCO Group's website (www.mitsubishielectric.com/en/sustainability/environment/ev2050).

It is MELCO Group's, as well as our, aim in this environmental declaration to resolve issues related to air, land and water. We hope that all employees in the Group and those we work with outside of it will passionately take action and work towards creating a sustainable future.

Information concerning application of code of conduct

MEU is committed to MELCO Group's Code of Conduct. The Code of Conduct of MELCO Group is a uniform code of conduct that consolidates and summarises laws and regulations and social norms to be observed and respected by each and every officer and employee of the MELCO Group in the execution of business and defines how we should act on a daily basis. With the Code of Conduct, we have established the Compliance Motto "Always Act with Integrity" as a symbolic expression of the Code of Conduct. The following is a summary of MELCO Group's thoughts that led to the establishment of the Compliance Motto.

It is easy to understand why laws and regulations should be complied with and respected. However, what are social norms and what it means to comply and respect social norms?

Social norms are typically defined as informal, but accepted rules of beliefs, attitudes, and behaviors that govern a society. In other words, they are the eyes, expectations, and demands of a society. And for a corporate entity, stakeholders considered it a social norm that corporate activities should be conducted fairly and appropriately. More specifically, investors and shareholders believe that the company will properly prepare financial statements, business partners expect that the company will faithfully fulfill the promises made in the contract, and customers and consumers purchase products on the premise that the products' quality claims are truthful and reliable.

While we conduct our business activities for the purpose of generating business profit, we are strongly expected and requested by the society and other stakeholders to do so on the basic premise of fair play and without fraudulent means, beyond what is required



by laws and regulations. This is precisely what constitutes social norms. Not only the violation of laws and regulations, but also the incorporation of lies into our business activities and processes and the use of improper means are synonymous with betrayal of society's expectations and requests for the MELCO Group, and such violations of social norms will lead to damage and loss of stakeholders' trust and confidence in the MELCO Group.

"Always Act with Integrity" shows our attitude and determination to confront society's expectations and requests for the MELCO Group and sincerely respond to them.

We strive that "Always Act with Integrity" is put into practice on a daily basis in accordance with the MELCO Group Code of Conduct, and the pride that comes with maintaining high ethical standards will permeate throughout our workplace.

The code of conduct among others contains MELCO Group's core values and policies regarding:

- Contract compliance
- Product safety and quality
- Fair competition
- Bribery and other improper gifts and entertainment prohibition
- Personal data protection
- Confidential corporate information protection
- Fair advertising
- Public relations building
- Intellectual property protection
- Fair transactions with business partners and suppliers
- Business information disclosure and accounting procedures
- Insider trading prohibition
- Company's assets protection and conflict of interest avoidance
- Respect for human rights of employees
- Fair employment
- Responsibilities and activities as a corporate citizen
- Respect for human rights
- Environmental conservation
- Import and export control
- Anti-social Forces Resistance and Anti-money Laundering

Furthermore, with the aim of ensuring an effective functioning of the compliance system, the Group continues to roll out the system by formulating specific annual plans every year, such as updating rules and providing training. In order to create a cycle of self-purification whereby violations of laws and regulations are discovered and corrected at an early-stage, and to protect whistle-blowers, the Group has put in place an internal whistleblowing system that is being operated appropriately and is available to all employees. The Board of Managing Directors takes measures in case of instances of non-compliance with the Code of Conduct.



Research and development information

MEU does not perform development activities within the production environments and hence no development expenditure is capitalised or recognised in profit or loss. Research activities are performed on specific client requests. Expenditure on research activities is recognised in profit or loss as incurred and amounted to EUR 0,9 million (previous business year: EUR 0,8 million).

Control relationship within the Company

100% of the shares of the Company are held by MELCO, Tokyo, Japan. MELCO is also the ultimate parent of the Mitsubishi Electric Group.

The Board of Managing Directors currently consists of seven male members and therefore there is no situation of a balanced male-female partitioning in the Board of Managing Directors as of this moment in time. In April 2024 a male Managing Director resigned and another male Managing Director was appointed based on the outcome of the selection process. Appointment is based on competence, required knowledge and expertise of the respective Managing Directors.

The Company's Board of Managing Directors will take the diversity (e.g. male/female ratio) into consideration in future appointments of members of the Board of Managing Directors.

As at March 31, 2024, MEU had 80 women in managerial positions versus 246 men.

Our target is to achieve a 30% ratio of women in the board as well as in the senior managerial level and managerial level by 2032. There is an action plan in place to achieve this goal, that includes the creation of a project team to accelerate DE&I (diversity, equity and inclusion) activities, seminars related to DE&I and an improvement of related working rules.

Risk management and risk profile

The Board of Managing Directors, under the supervision of parent company MELCO, has overall responsibility and sets rules for the Group's risk management and control systems. They are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Managing Directors and senior management oversee the adequacy and functioning of the entire system of risk management and internal control, assisted by MEU Group departments (e.g. internal audit and legal counsel) and MELCO Group departments, in order to monitor and manage the Group's risk appetite. The Board of Managing Directors and senior management are responsible for establishing the risk appetite within the Group in relation to the Group's strategy and activities. Risk appetite is defined as the level at which the Group is willing to accept risk



in the ordinary course of business in order to achieve its objectives. The Group's risk appetite is low.

The Managing Directors and senior management regularly assess material risks to which the Group is exposed to and take the necessary actions to manage and/or mitigate such risks satisfactorily in order to reduce their likelihood and potential impact. Following this risk assessment no changes to the risk management procedures were adopted during the business year nor are expected to be undertaken in the foreseeable future. It is, and had been throughout the financial year, the Group's policy that no trading in financial instruments shall be undertaken.

The risk appetite is assessed on the basis of the Group's strategy and activities. MEU's risk appetite and main risk areas are described on the basis of the following categories:

Strategic risks

MEU's involvement in the sales and service of industrial, electrical and electronic equipment, consumer electric products and electronic and information technology systems and components, and the engineering design, project management and internal construction relating to power substations, building service modules in a large number of countries leads to a number of unavoidable strategic risks that occur naturally. These include geopolitical risks, industrial risks, market risks and risks in connection with social responsibility and environmental behavior.

Inherent to this strategy is that MEU will take risks and be exposed to a variety of factors that directly or indirectly affect the Group's results within MEU's risk appetite. However, we believe that by being active in a number of segments, each with its own market dynamics, we obtain a certain degree of 'counter cyclical' between the activities and hence a somewhat more stable result development.

The Group takes a balanced approach on risk and reward to achieve its strategic objectives in terms of results. Based on MEU's strategy, the Group applies a disciplined focus on profitable growth platforms where it can use either scale or expertise as a critical success factor.

The goals set up within the Group to mitigate the risks in connection with environment, social and governance are explained under the heading 'Information regarding the aspects of Environment, Social and Governance ('ESG')'.

Operational risks

The Group seeks to limit the risks that may jeopardize the execution of its business activities. Naturally, the Group is exposed to operational risks caused by e.g. supplier



risks, IT risks, and risks related to business and work processes. Management is closely monitoring operational risk factors to which the Group is exposed to through a variety of internal control measures to manage such risks effectively.

Financial risks

The Group strives to maintain a solid financial position. The Group wants to provide an insightful, fair and accurate representation of its performance and economic results.

The policy of the Group regarding the use of financial instruments is to mitigate risks. The Group, therefore, does not make use of derivative financial instruments for speculating or trading purposes. The financial instruments recognised in the financial statements consists primarily of primary financial instruments.

Financial risks include foreign currency risks, interest rate risks, price risks, credit risks, and liquidity risks. The Group is exposed to developments in the currency markets and to interest-rate developments. With respect to exchange rates, MEU is affected primarily by changes in the value relation between EUR and JPY, USD and GBP. We refer to note 6 of the financial statements for further details about financial instruments and related risk management.

Regulatory and compliance risks

The business areas are geographically represented in a variety of countries and the Group is therefore naturally exposed to a number of legal risks, tax risks and risks in connection with the reporting to public authorities or other external reporting. Management is closely monitoring the development concerning the regulatory environment to manage such risks.

It is the Group's policy to invest in the knowledge and experience of its employees and to share knowledge between departments, branches, subsidiaries and other related parties and the service providers that assist the Group with reporting to public authorities or other external reporting. This enables the Group to address any regulatory risks. Where necessary, the Group engages professional experts (e.g. tax advisors, legal advisors) to assist in identifying and mitigating regulatory risks.

Compliance with all applicable laws and regulations, including MELCO Group's Code of Conduct, is of fundamental importance to MEU.



Principle risks and uncertainties

Several risk areas and measures were identified with respect to the Group's objectives:

Financial risks and uncertainties regarding the Russia/Belarus and Ukraine conflict

On February 21, 2022, the Russian Federation officially recognised two breakaway regions in eastern Ukraine and authorised the use of military force in those territories and on February 24, 2022, Russian troops invaded Ukraine and commenced military operations in multiple locations. These ongoing operations have led to casualties, significant dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine.

In response, multiple jurisdictions, including the EU, the UK, Switzerland, the US, Canada, Japan and Australia have implemented tranches of economic sanctions on Russia (and in certain cases Belarus) and further sanctions may be implemented and may be broadened to include more individuals, further entities, and a wider range of goods and services. Russia has introduced retaliatory measures in response and may further escalate these.

Following Russia's invasion of Ukraine, MEU, and its shareholder MELCO, decided to suspend all deliveries to Russia and Belarus. MEU ceased trading activities with its Russian and Belarus customer base, including with its subsidiary in Russia. MEU holds 70% of the shares in Mitsubishi Electric (Russia) LLC ('MER'), Moscow/Russian Federation, and MELCO holds the remaining 30% of the shares in MER. Currently it is unclear whether/when trading activities will be restarted.

At the end of FY 2023/2024, MER had approximately EUR 27 million in assets (March 31, 2023: EUR 34 million), mainly cash and cash equivalents and short-term bank deposits (March 31, 2024: EUR 21 million / March 31, 2023: EUR 21 million), inventories (March 31, 2024: EUR 2 million / March 31, 2023: EUR 3 million), trade receivables (March 31, 2024: EUR 1 million / March 31, 2023: EUR 1 million) and other current assets (March 31, 2024: EUR 2 million / March 31, 2023: EUR 6 million). As at March 31, 2024, MER had non-current assets in the amount of EUR 1 million (March 31, 2023: EUR 2 million). In FY 2023/2024 MER generated revenues in the amount of EUR 1 million (March 31, 2023: EUR 11 million) and contributed an operating loss in the amount of EUR 3 million (March 31, 2023: operating loss of EUR 6 million). Currently, MEU and MELCO have not planned any restructuring of MER's business operations but will closely monitor the ongoing developments.

Due to MER's relatively limited sales volumes (MER's revenues are approximately 0,02% of MEU's consolidated revenues) and the product shortages in the European market in general, management expects that the loss of revenues in Russia, Belarus



and Ukraine can be offset by additional sales volumes in other European markets by reallocating the products that were initially meant for the Russian, Belarussian and Ukrainian markets.

Although the Group has relatively limited business activities in Russia, Belarus and Ukraine, the conflict in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are interacting with and exacerbating the effects of the already uncertain market conditions (e.g. COVID-19 after effects). At this stage it is very difficult to reliably evaluate the exact economic impact on the industries in which MEU operates and to which extend the Group's business will be impacted. Nevertheless it is clear that the conflict in Ukraine has, besides suspended operations in Russia, Belarus and Ukraine, also global macroeconomic effects, such as:

- Higher inflation, because of higher energy prices (higher prices of crude oil and its derivatives), unavailability of major raw materials and components, and interest-rate tightening from major central banks.
- Supply chain disruptions of major raw materials and components due to sanctions against Russia, and a further exacerbation of the semiconductor chip shortage (Russia and Ukraine are critical suppliers of neon gas and palladium that are used to produce semiconductor chips).

The direct impacts and indirect impacts (such as the macroeconomic effects) of the conflict on our business however do not trigger re-assessment of MEU's going concern assumption.

Impact of social, economic, and political upheaval due to heightened geopolitical risks

The international situation around Ukraine has changed the level of geopolitical risk, particularly in Europe. It has destabilized social conditions and slowed the global economic recovery. In addition, tensions between the U.S. and China have had a major impact on corporate information management and supply chains due to mutually contradictory policies, doctrines, and regulations. The international community has become divided into blocs. As a result, the possibility of unforeseeable business risks is increasing, and there are also events that cannot be judged solely on the basis of economic rationality.

MEU conducts business in a wide range of areas from air conditioners and refrigerating systems to semi-conductors. Therefore, MEU's performance may be adversely affected by slower-than-expected economic growth in countries and regions around the world, which could result in changes in demand for Mitsubishi Electric brand products or sales trends of customer products in which the Mitsubishi Electric brand are used. This could occur against the background of circumstances such as an economic slowdown in Europe due to the prolonged situation in Ukraine and worsening inflation, among other



factors.

To respond to these rapid changes in the economic security policies of countries, MELCO's Corporate Economic Security Division investigates and analyses policy developments and legal systems and conducts an integrated risk management from the viewpoint of economic security related to the control of sensitive technologies, information security, investment, development, and supply chain in the entire MELCO Group (including MEU).

Changes in supply and demand situation of products and supply chain (material procurement) environment

New lifestyles such as remote working, which became popular as a countermeasure against COVID-19, have taken root as the new normal and are helping to expand global demand in areas such as data centers and 5G communication. In addition, the spread of renewable energy and electric vehicles is accelerating as part of efforts toward carbon neutrality.

In addition to growth in global demand backed by factors such as economic measures in various countries, the prices of semiconductors, certain electronic components, materials, and logistics costs are rising and difficulties in procurement are becoming apparent primarily due to soaring energy prices caused by sanctions against Russia.

In light of these developments, the Group will continue to focus on securing supplies for stable procurement and controlling price hikes in order to supply competitive products to the market.

In addition, changes can be expected to arise in the supply chain due to tensions between the U.S. and China, or regulations in Europe and the U.S. related to human rights or the environment. However, MELCO Group is building a sustainable procurement system that can mitigate various procurement risks and respond to environmental changes. Parent company MELCO will also strengthen business continuity plan measures to enable the continuation of production activities of its manufacturing plants.

Environment surrounding information security

If the Group's confidential corporate information relating to sales, engineering, and other areas, as well as information entrusted to the Group by its customers and stakeholders, were to be destroyed or leaked outside the Group due to infection by a computer virus, unauthorized access, or other unforeseen circumstances, or if the kind of cyber-attack that would affect work processes were to occur, this may affect the business activities and performance of the Group.



In addition, if information systems were to malfunction due to large-scale failure to software or hardware, unknown vulnerabilities in the systems of the Group and systems outside the Group's control, the disruption of communications services provided by external operators, large-scale disasters, or other causes, this may affect the business of the Group. As a response to such risks, the Group will promote activities to reinforce its information security infrastructure, strengthen its countermeasures to the latest patterns of cyber-attacks, which are becoming increasingly advanced and sophisticated, and maintain and enhance resilient information systems.

Acceleration of technological innovation and intensifying competition

MELCO Group advances the research and development ('R&D') with a balanced approach. These R&D efforts also reinforce and transform MEU's existing businesses and promote the creation of new value, in order to solve a variety of social issues through the use of advanced technologies and contribute to the realisation of a sustainable society.

Among the key issues for realising a sustainable society, international legislative and regulatory efforts are accelerating to address climate-related issues (such as decarbonization), human rights, and other issues. These could lead to changes to established values and social structures, triggering rapid technological innovation (game change).

Rapid acceleration of technological innovation may lead to intensified competition, which may introduce the risk of impact on MEU's performance. Since a highly uncertain business environment is expected, MELCO Group (including MEU) will endeavor to build a solid revenue base that is resilient in the face of these changes.

Laws and regulations and increased social demand for achievement of a sustainable global environment

Among environmental risks, the Group places the highest priority on addressing climate-related risks. The climate-related risks can be broadly classified into the following: risks related to the transition to a decarbonized society (transition risks); and risks related to the physical impacts of global warming if it progresses (physical risks).

These risks could result in various outcomes such as increased costs and decreased revenues.

In response to these risks MEU, together with its parent company MELCO, will examine governance, strategy, risk management, and metrics and targets for climate-related issues in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and strengthen the efforts to address them.



The impact of large-scale disasters (earthquakes, tsunamis, typhoons, floods, volcanic eruptions, and fires), etc.

Japan has suffered from many natural disasters (earthquakes, tsunamis, typhoons, floods, volcanic eruptions, and fires), etc. In recent years, weather-related disasters have become more frequent, larger in scale, and more severe as the risk of climate change has increased, both in Japan and globally.

Such a large-scale disaster could cause direct damage to MELCO Group facilities and disrupt business activities of the MELCO Group, which has numerous main facilities in and outside Japan, including manufacturing facilities and research laboratories. Even in cases where MELCO Group facilities are not directly affected, supply chain disruptions could impede various areas of procurement. This could have an impact on MELCO Group's production activities, and also on shipping, logistics, and deliveries, which could result in substantial losses.

In the event of a large-scale disaster, MELCO Group will establish a Corporate Crisis Management Office. Its purpose is to centrally manage company-wide information, ensure the safety of each business site, and restore and continue business activities (Business Continuity Plan ('BCP')).

The MELCO Group will also build a flexible and sustainable supply chain that is capable of responding to the risks of large-scale disasters and fortify its BCP measures for stable procurement that will enable production activities to continue to ensure supplying its sales offices around the globe (including MEU).

Financial resilience

The attractiveness of the Group as a trusted partner to collaborate with is strongly influenced by its financial position and its ability to manage financial risks.

Failure to achieve the status of trusted partner may prevent MEU from working with preferred parties and lead to restrictions on access to financial markets.

MEU's financing strategy is based on long-term relationships with reputable financial institutions, with MELCO Group's finance company Mitsubishi Electric Finance Europe PLC and a well-spread debt maturity schedule. A strong centralised focus on cash and working capital, including financing by clients and suppliers, limits the need for extra capital.

Other specific financial risk management measures, including those in the area of foreign currency risks, interest rate risks, price risks, credit risks, and liquidity risks are



disclosed in note 6 of the financial statements.

Impact of material misstatements in financial reporting

Providing insightful, fair and accurate representation of performance and economic results is essential for trust in MEU. Potential material misstatements in the financial reports may lead to a loss of confidence in the accounts by internal and external stakeholders.

MEU has a centrally steered finance organisation located in Ratingen, Germany, that coordinates the process of accurate, complete and timely closing and consolidation of financial data. This finance organisation provides the principles and standards (through the MEU accounting manual) for the appropriate and consistent application of International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code within the Group. The appropriate implementation of new accounting guidelines by MEU's operations is monitored. If needed, external accounting experts are involved to support complex interpretations and valuations that need to be supported by position papers.

Periodic reviews by finance and risk functions underpin the insightful, fair and accurate representation of performance and economic results, and aim to prevent any material misstatements due to fraud or errors.

Impact of ethical misconduct or non-compliance with applicable laws and regulations

Regulatory compliance and the trust of clients, shareholders, lenders, partners and employees in MEU is vital to ensure the continuity of the Group.

Ethical misconduct or non-compliance with applicable laws and regulations (such as bribery and corruption) could expose the Group to liabilities or have a negative impact on its business and reputation. The Group may be subject to administrative, civil or criminal liabilities including significant fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time.

MELCO Group's Code of Conduct and MELCO's and MEU's adjoining policies such as those relating to anti-bribery and corruption, anti-money laundering, trade sanctions (e.g. trade sanctions from war in Ukraine) and labor rights align with generally accepted standards and values but also with local legal and other rules and regulations. All employees must acknowledge the compliance with the Code of Conduct. The Group has a robust speak up approach (including whistleblowing mechanism), so that breaches of laws and regulations, the Code of Conduct and adjoining policies can be reported. Compliance officers monitor compliance and advise on integrity issues.



Outlook

With a wide range of products that are competitive and enjoying growth in markets, MEU is able to provide solutions that fulfill customer needs in different areas, which is the key to future growth. To raise overall profitability, the Group will continue to enhance the formidable competitiveness especially in the areas of quality, costs and services.

Current business environment is reflecting a situation of uncertainty in several relevant markets and a continuing risk of recessionary conditions. The currently ongoing political and military conflict regarding Ukraine significantly impact the global economy and markets. During 2023/2024 we have not witnessed significant changes in operations and demand, whereas supply chains and distribution channels are intact and our liquidity remains healthy. However, going forward the above mentioned situation may negatively impact our business and at this stage determining the precise impact is challenging. In this respect, we developed and implemented contingency plans and are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and protect our employees, suppliers, customers and all other stakeholders.

Confronted with this business environment, MEU as part of the MELCO Group, places great emphasis on promoting growth strategies to boost its competitiveness and strengthen its business structure.

Based on this, MEU is expecting to achieve positive results in business year 2024/2025 on a level comparable to 2023/2024. As in prior years, the positive result will be mainly driven by the operating profit of the Group.

Other than the challenging business environment and related uncertainties and volatility at the moment, management is not aware of any other events that could have a significant influence on expectations concerning future activities, investments, financing, staffing, income and profitability. However, if necessary the Group will react on business opportunities.

Subsequent events

In April 2024 MEU acquired a 10% share in the company AIRCALO, an air-conditioning company in France. The remaining 90% were acquired by Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., Italy, a wholly owned subsidiary of MELCO. Going forward, Mitsubishi Electric Group expects to leverage AIRCALO's broad product line and strong customization capabilities to expand and upgrade its hydronic HVAC systems business in the diversifying European market, including by meeting strong demand for made-to-order products and environmental awareness.



There have been no further events after reporting date which have a significant impact on, or should be disclosed in, the accompanying 2023/2024 financial statements.

Amsterdam, June 28, 2024

Board of Managing Directors

S. Kurita
A. Wagner
E. Pellerin
H. Puetz
M. Kusano
T. Kondo
T. Ito



Consolidated statement of financial position as at March 31, 2024 (before profit appropriation)

Assets		March 31,2024 EUR'000	March 31,2023 EUR'000
	Notes		
Non-current assets			
Property, plant and equipment	7		
Land and buildings		57.283	58.108
Plant and equipment		24.278	23.119
Assets under construction		<u>2.237</u>	<u>1.783</u>
Total property, plant and equipment		83.798	83.010
Intangible assets and goodwill	8	47.050	36.652
Right-of-use assets	18	68.078	65.146
Investments in associates and other investments	9	14.933	10.082
Deferred tax assets	25	34.713	18.925
Pension asset	14	<u>21.708</u>	<u>25.189</u>
Total non-current assets		270.280	239.004
Current assets			
Inventories	10	1.035.550	1.012.940
Trade and other receivables	11	993.459	1.180.386
Cash and cash equivalents	12	<u>119.710</u>	<u>106.486</u>
Total current assets		<u>2.148.719</u>	<u>2.299.812</u>
Total assets		<u>2.418.999</u>	<u>2.538.816</u>

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.



Equity and liabilities		March 31,2024	March 31,2023
		EUR'000	EUR'000
	Notes		
Equity			
Share capital	13	83.982	83.982
Share premium	13	50.359	50.359
Foreign currency translation reserve	13	(49.503)	(48.250)
Retained earnings		449.358	351.792
Unappropriated result		<u>114.154</u>	<u>146.977</u>
Total equity attributable to owners of the Company		648.350	584.860
Non-controlling interest	13	<u>15.108</u>	<u>16.771</u>
Total equity		663.458	601.631
Non-current liabilities			
Pension liabilities	14	4.938	4.334
Provisions	16	15.853	13.341
Non-current loans and borrowings from third parties	15	58.516	53.027
Non-current loans and borrowings from affiliates	15	6.103	21.103
Other non-current liabilities		2.235	986
Deferred tax liabilities	25	<u>23.996</u>	<u>10.371</u>
Total non-current liabilities		111.641	103.162
Current liabilities			
Current loans and borrowings from third parties	15	19.517	18.604
Current loans and borrowings from affiliates	15	43.646	30.892
Trade and other payables to affiliates	6	1.110.126	1.306.826
Trade payables to third parties	6	64.779	67.748
Other current liabilities	6	343.429	340.143
Income tax payable	25	30.673	38.030
Provisions	16	<u>31.730</u>	<u>31.780</u>
Total current liabilities		1.643.900	1.834.023
Total equity and liabilities		<u>2.418.999</u>	<u>2.538.816</u>

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.



Consolidated statement of profit or loss for the year ended March 31, 2024

		2023/2024 EUR'000	2022/2023 EUR'000
	Notes		
Revenue	19	4.234.375	3.964.490
Cost of sales		<u>(3.361.229)</u>	<u>(3.116.659)</u>
Gross profit		873.146	847.831
Other income	21	33.754	30.220
Selling, general and administrative expenses	20	(742.888)	(679.904)
Other expenses	22	<u>(12.618)</u>	<u>(10.203)</u>
		(721.752)	(659.887)
Operating profit		151.394	187.944
Finance income	23	13.189	4.686
Finance costs	23	(8.890)	(5.482)
Other net finance income	23	141	336
Net finance income (cost)		4.440	(460)
Share of result of associates	24	<u>201</u>	<u>21</u>
Profit (loss) before income tax		156.035	187.505
Income tax expenses	25	<u>(43.395)</u>	<u>(46.245)</u>
Profit (loss) from continuing operations		112.640	141.260
Profit (loss) from discontinued operation, net of tax	29	<u>1.054</u>	<u>4.550</u>
Profit for the year		<u>113.694</u>	<u>145.810</u>
Attributable to:			
Equity holders of the parent		114.154	146.977
Non-controlling interests		<u>(460)</u>	<u>(1.167)</u>
		<u>113.694</u>	<u>145.810</u>

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.



Consolidated statement of other comprehensive income for the year ended March 31, 2024

	Notes	2023/2024 EUR'000	2022/2023 EUR'000
Profit (loss) for the year		113.694	145.810
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net actuarial losses IAS 19	14	(6.025)	(3.173)
Deferred tax effect on IAS 19	25	1.506	793
		<u>(4.519)</u>	<u>(2.380)</u>
Other comprehensive income			
Items that will be or may be reclassified to profit or loss			
Foreign currency translation differences foreign operations		<u>(2.456)</u>	<u>3.572</u>
		(2.456)	3.572
Other comprehensive income, net of tax		<u>(6.975)</u>	<u>1.192</u>
Total comprehensive income		<u>106.719</u>	<u>147.002</u>
Attributable to:			
Owners of the Company		108.382	145.804
Non-controlling interests		<u>(1.663)</u>	<u>1.198</u>
		<u>106.719</u>	<u>147.002</u>

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.



Consolidated statement of changes in equity for the year ended March 31, 2024

In thousand of EUR	Share capital	Share premium	Foreign currency translation reserve	Retained Earnings	Unappropriated results	Total	Non-controlling interest	Total equity
Balance at March 31, 2022	83.982	50.359	(49.457)	269.001	109.466	483.351	12.842	476.193
Hyperinflation restatement at April 1, 2022	-	-	-	6.372	-	6.372	2.731	9.103
Balance at April 1, 2022 after restatement	83.982	50.359	(49.457)	275.373	109.466	489.723	15.573	485.296
Appropriation of prior year result	-	-	-	109.466	(109.466)	-	-	-
Profit for the period	-	-	-	-	146.977	146.977	(1.167)	145.810
Other comprehensive income								
Foreign currency translation differences foreign operations	-	-	1.207 ¹⁾	-	-	1.207	2.365 ²⁾	3.572
Net actuarial losses IAS 19	-	-	-	(3.173)	-	(3.173)	-	(3.173)
Deferred taxes on IAS 19	-	-	-	793	-	793	-	793
Total other comprehensive income	-	-	1.207	(2.380)	-	(1.173)	2.365	1.192
Total comprehensive income for the year	-	-	1.207	(2.380)	146.977	145.804	1.198	147.002
Transactions with owners of the Company, recognised directly in equity								
Dividends paid	-	-	-	(30.667)	-	(30.667)	-	(30.667)
Balance at March 31, 2023	83.982	50.359	(48.250)	351.792	146.977	584.860	16.771	601.631
Appropriation of prior year result	-	-	-	146.977	(146.977)	-	-	-
Profit for the period	-	-	-	-	114.154	114.154	(460)	113.694
Other comprehensive income								
Foreign currency translation differences foreign operations	-	-	(1.253) ³⁾	-	-	(1.253)	(1.203) ⁴⁾	(2.456)
Net actuarial losses IAS 19	-	-	-	(6.025)	-	(6.025)	-	(6.025)
Deferred taxes on IAS 19	-	-	-	1.506	-	1.506	-	1.506
Total other comprehensive income	-	-	(1.253)	(4.519)	-	(5.772)	(1.203)	(6.975)
Total comprehensive income for the year	-	-	(1.253)	(4.519)	114.154	108.382	(1.663)	106.719
Transactions with owners of the Company, recognised directly in equity								
Dividends paid	-	-	-	(44.892)	-	(44.892)	-	(44.892)
Balance at March 31, 2024	83.982	50.359	(49.503)	449.358	114.154	648.350	15.108	663.458

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.

- 1) Foreign currency translation differences include hyperinflation effects after April 1, 2022 according to IAS 29 in the amount of EUR 6.058 thousand.
- 2) Foreign currency translation differences for non-controlling interests include hyperinflation effects after April 1, 2022 according to IAS 29 in the amount of EUR 2.596 thousand.
- 3) Foreign currency translation differences include hyperinflation effects after April 1, 2023 according to IAS 29 in the amount of EUR 5.598 thousand.
- 4) Foreign currency translation differences for non-controlling interests include hyperinflation effects after April 1, 2023 according to IAS 29 in the amount of EUR 2.398 thousand.



Consolidated statement of cash flows for the year ended March 31, 2024

		2023/2024 EUR'000	2022/2023 EUR'000
	Notes		
Cash flows from operating activities			
Profit (loss) before income tax from continuing operations		156.035	187.505
Profit (loss) from discontinued operation, net of tax		1.054	4.550
Adjustments for:			
• Loss/(gain) on disposal of non-current assets	7,8	169	2.010
• Depreciation, amortisation and reversal (impairment) loss on non-current assets	7,8,18	35.032	33.115
• Foreign exchange differences		(9.139)	(2.677)
• Monetary (gain)/loss arising from hyperinflationary economies	3	5.849	5.919
• Share of profit of equity-accounted investees, net of tax	24	(201)	(21)
		31.710	38.346
Changes in:			
• Decrease/(increase) in trade and other receivables	11	(13.298)	(121.593)
• Decrease/(increase) in inventories	10	(21.233)	(353.340)
• Increase/(decrease) in trade and other liabilities	6	(198.255)	372.834
• Increase/(decrease) in provisions and employee benefits	14,16	436	(1.356)
		(232.350)	(103.455)
Cash generated from operating activities:			
• Interest received	23	13.189	4.686
• Interest paid	23	(8.890)	(5.482)
• Income taxes paid		(51.463)	(44.225)
		(47.164)	(45.021)
Net cash (used in)/ provided by operating activities		(90.715)	81.925
Cash flows from investing activities			
Dividends received	23	141	336
Acquisition of property, plant and equipment	7	(10.597)	(12.655)
Acquisition of intangible assets	8	(13.921)	(5.589)
Acquisition of/additions to subsidiaries, associates and other investments	5,9	(6.029)	-
Net cash (used in)/ provided by investing act.		(30.406)	(17.908)

**Cash flows from financing activities**

Change in cash-pooling / deposit balances with affiliated companies	203.460	12.042
Proceeds from loans and borrowings	19.200	2.775
Repayment of loans and borrowings	(21.669)	(8.897)
Payment of lease liabilities	(17.671)	(19.590)
Dividends paid	<u>(44.892)</u>	<u>(30.667)</u>
Net cash (used in)/ provided by financing activities	138.428	(44.337)
Net (decrease)/ increase in cash and cash equivalents	17.307	19.680
Cash and cash equivalents at beginning of period	106.486	88.375
Effect of movement in exchange rates	<u>(4.083)</u>	<u>(1.569)</u>
Cash and cash equivalents at end of period	<u>119.710</u>	<u>106.486</u>

The notes on pages 26 to 94 are an integral part of these consolidated financial statements.



Notes to the consolidated financial statements for the year ended March 31, 2024

1 General

a) Reporting entity

Mitsubishi Electric Europe B.V., Amsterdam, the Netherlands (Hereinafter 'the Company' or 'MEU') was incorporated on April 17, 1996 and operates as the European sales organization of Mitsubishi Electric Corporation ('MELCO'), Tokyo, Japan. The office location of MEU is at Capronilaan 34, Schiphol-Rijk, Amsterdam, the Netherlands. The Company was established as a private company with limited liability and is listed under number 33279602 in the Dutch trade register of the Chamber of Commerce.

The consolidated financial statements of the Company as at and for the year ended March 31, 2024 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

MEU's sole shareholder is MELCO, a company whose registered address is 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan and from whom consolidated financial statements can be requested. The financial information of MEU is included in the consolidated financial statements of MELCO.

The principal activities of MEU are as follows:

- A The sales and service of industrial, electrical and electronic equipment as well as consumer electric products and electronic and information technology systems and components.
- B The engineering design, project management and internal construction relating to power substations, building service modules, large screen display systems.

MEU carries out its operations primarily through branches in France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden and the United Kingdom as well as through subsidiaries in Turkey, Italy and the Russian Federation.



MEU has the following branch offices and representation offices:

- Automotive Equipment Business Unit, Amsterdam/The Netherlands
- Dutch branch, Amsterdam/The Netherlands
- Scandinavian branch, Sollentuna/Sweden
- UK branch, Hatfield/Great Britain
- Corporate office, London/Great Britain
- European Purchase Center, London/Great Britain
- French branch, Nanterre/France
- Spanish branch, Madrid/Spain
- Italian branch, Milano/Italy
- Irish branch, Dublin/Republic of Ireland
- German branch, Ratingen/Germany
- Portuguese branch, Lisbon/Portugal
- Polish branch, Krakow/Poland
- Norwegian branch, Ytre Enebakk/Norway
- Greek branch, Attica/Greece
- Representative office in Prague/Czech Republic
- Representative office in Bruges/Belgium
- Representative office in Dubai/UAE
- Representative office in Johannesburg/ Republic of South Africa (office closed as of May 15, 2023)
- Representative office in Nitra/ Slovakia
- Representative office in Budapest/ Hungary
- Representative office in Bucharest/ Romania

b) Financial reporting period

These financial statements cover the year 2023/2024, which ended at the balance sheet date of 31 March 2024.

c) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

d) Application of Section 402, Book 2 of the Dutch Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate statement of profit and loss of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax. For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the company financial statements, as included under pages 95 to 117.



2 Basis of preparation

Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code .

The consolidated financial statements were authorised for issue by the Board of Managing Directors on June 28, 2024.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items in the statement of financial position:

- Derivative financial instruments are measured at fair values;
- The defined benefit liability is recognised as explained in note 3 under the heading 'Employee benefits'.

Functional and presentation currency

The consolidated financial statements are presented in EUR. Operations with a functional currency other than EUR were translated to the Company's presentation currency. All financial information presented in EUR has been rounded to the nearest thousand, unless stated otherwise.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6 - Financial risk management and financial instruments (determining fair values of financial instruments and the relevant assumptions made in measuring these fair values and measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate)
- Note 7 - Property, plant and equipment (determining the probable useful lives of property, plant and equipment and determining whether there is any indication that an asset may be impaired)
- Note 8 - Intangible assets and goodwill (determining the probable useful lives of intangible assets and impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts)
- Note 14 - Employee benefits (measurement of defined benefit obligations: key actuarial assumptions)
- Note 16 - Provisions (recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources)
- Note 17 - Commitments and contingencies (recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources)
- Note 18 - Leases (whether an arrangement contains a lease and whether the Group is reasonably certain to exercise extension options)

Russia/Belarus and Ukraine conflict

On February 21, 2022, the Russian Federation officially recognised two breakaway regions in eastern Ukraine and authorised the use of military force in those territories and on February 24, 2022, Russian troops invaded Ukraine and commenced military operations in multiple locations. These ongoing operations have led to casualties, significant dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine.

In response, multiple jurisdictions, including the EU, the UK, Switzerland, the US, Canada, Japan and Australia have implemented tranches of economic sanctions on Russia (and in certain cases Belarus) and further sanctions may be implemented and may be broadened to include more individuals, further entities, and a wider range of goods and services. Russia has introduced retaliatory measures in response and may further escalate these.

Following Russia's invasion of Ukraine, MEU, and its shareholder MELCO, decided to suspend all deliveries to Russia and Belarus. MEU ceased trading activities with its Russian and Belarus customer base, including with its subsidiary in Russia. MEU holds 70% of the shares in Mitsubishi Electric (Russia) LLC ('MER'), Moscow/Russian



Federation, and MELCO holds the remaining 30% of the shares in MER. Currently it is unclear whether/when trading activities will be restarted.

At the end of FY 2023/2024, MER had approximately EUR 27 million in assets (March 31, 2023: EUR 34 million), mainly cash and cash equivalents and short-term bank deposits (March 31, 2024: EUR 21 million / March 31, 2023: EUR 21 million), inventories (March 31, 2024: EUR 2 million / March 31, 2023: EUR 3 million), trade receivables (March 31, 2024: EUR 1 million / March 31, 2023: EUR 1 million) and other current assets (March 31, 2024: EUR 2 million / March 31, 2023: EUR 6 million). As at March 31, 2024, MER had non-current assets in the amount of EUR 1 million (March 31, 2023: EUR 2 million). In FY 2023/2024 MER generated revenues in the amount of EUR 1 million (March 31, 2023: EUR 11 million) and contributed an operating loss in the amount of EUR 3 million (March 31, 2023: operating loss of EUR 6 million). Currently, MEU and MELCO have not planned any restructuring of MER's business operations but will closely monitor the ongoing developments.

Due to MER's relatively limited sales volumes (MER's revenues are approximately 0,02% of MEU's consolidated revenues) and the product shortages in the European market in general, management expects that the loss of revenues in Russia, Belarus and Ukraine can be offset by additional sales volumes in other European markets by reallocating the products that were initially meant for the Russian, Belarussian and Ukrainian markets.

Although the Group has relatively limited business activities in Russia, Belarus and Ukraine, the conflict in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are interacting with and exacerbating the effects of the already uncertain market conditions (e.g. COVID-19 after effects). At this stage it is very difficult to reliably evaluate the exact economic impact on the industries in which MEU operates and to which extent the Group's business will be impacted. Nevertheless it is clear that the conflict in Ukraine has, besides suspended operations in Russia, Belarus and Ukraine, also global macroeconomic effects, such as:

- Higher inflation, because of higher energy prices (higher prices of crude oil and its derivatives), unavailability of major raw materials and components, and interest-rate tightening from major central banks.
- Supply chain disruptions of major raw materials and components due to sanctions against Russia, and a further exacerbation of the semiconductor chip shortage (Russia and Ukraine are critical suppliers of neon gas and palladium that are used to produce semiconductor chips).

The direct impacts and indirect impacts (such as the macroeconomic effects) of the conflict on our business however do not trigger re-assessment of MEU's going concern assumption.



Changes in material accounting policies

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 25).

Global minimum top-up tax

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 25).

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 March 2023 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting



policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by MEU, except if mentioned otherwise (see Note 2 for the changes in material accounting policies).

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 April 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3 in certain instances (see Note 2 for further information).

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing



equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. For an overview of the consolidated group companies, please refer to note 36 'Participating interests in group companies'.



Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20,0% and 50,0% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Foreign entities

The financial information of the subsidiaries is fully consolidated in the consolidated financial statements and the financial information of the branches is fully aggregated in the consolidated financial statements of the Company. Internal transactions and balances and unrealised profits on internal transactions are eliminated on consolidation/aggregation.

The subsidiaries and the branches are considered to be foreign entities for reporting purposes, because the activities are not an integral part of the enterprise which is e.g. evidenced by the fact that the costs of the branches are primarily paid or settled in the local (functional) currency of the country of residence.

Foreign currency

Transactions and balances in foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of the Company's branches at the exchange rate at the date of the transaction, except for MEU's operations in hyperinflationary economies (refer to the information provided under the header 'Hyperinflationary economies'). Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

Subsidiaries and branches maintain their accounting records in their respective functional currencies. For inclusion in the Company's consolidated financial statements the assets and liabilities of foreign operations are translated to presentation currency EUR at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to EUR at rates approximating to the foreign exchange rates ruling at the dates of the transactions, except for foreign operations in hyperinflationary economies. The exchange differences arising on the translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.



Hyperinflationary economies

To determine the existence of hyperinflation, MEU assesses the qualitative and quantitative characteristics of the economic environment of the country, such as the cumulative inflation rate over the previous three years.

The Turkish economy was designated as hyperinflationary for the period ended 31 March 2022. As Turkey's cumulative inflation rate over the previous three years has exceeded 100% from the beginning of the first quarter of the fiscal year ending March 31, 2023 the Group has consolidated the financial statements of its Turkish subsidiary, METR, by adjusting its financial statements in Turkish Lira for inflation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) and translating it to EUR using the balance sheet exchange rate as of April 1, 2022. Amounts shown for prior years for comparative purposes are not modified in accordance with the requirements of IAS 21.42-43.

We used the consumer prices index based on Turkish regulatory body announcement in applying IAS 29 restatement. (<https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-August-2022-45797&dil=2>). At April 1, 2023 and March 31, 2024 the consumer price index was 1.269,75 and 2.139,47 respectively. The movement in the consumer price index for the year ended March 31, 2024 was 68,5% (2022/2023: 50,5%).

The application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date;
- Adjustment of the income statement for inflation during the reporting period;
- The income statement is translated to EUR at the period-end foreign exchange rate instead of at rates approximating to the foreign exchange rates ruling at the dates of the transactions and
- Adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency (net monetary gain/ (loss) arising from hyperinflationary economies).

The main effects on the consolidated financial statements for FY2023/2024 are:

- Total assets at March 31, 2024 are increased by EUR 14,0 million, which mainly related to an increased goodwill in the amount of EUR 11,3 million;
- Net sales for 2023/2024 are increased by EUR 25,9 million;
- Operating profit is reduced by EUR 5,8 million which includes a net monetary loss of EUR 5,8 million (refer to note 22).



Discontinued operation

A discontinued operation is a component of the Group' s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Financial instruments

Recognition and initial measurement/ Derecognition

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is



recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Subsequent measurement

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group elects to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so



eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The following table summarises the different classes for financial assets and the realization of gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains



substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. However, the Group does not hold derivative financial instruments for hedge accounting purposes. All derivative financial instruments are therefore classified as financial assets or financial liabilities at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.



Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When translated assets are sold, any related amount included in the foreign currency translation reserve is transferred to retained earnings.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land and Assets under construction are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- Buildings 10 - 33 years
- Plant and equipment
 - Technical equipment: 3 to 13 years
 - Office equipment: 3 to 13 years
 - Cars: 4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Goodwill that arises upon the acquisition of investments is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses.



Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Goodwill is not amortised. The estimated useful lives for the current and comparative years are as follows:

- Other intangible assets
 - Customer relationships: 5 to 10 years
 - Other (e.g. software): 5 to 6 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of company cars the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines incremental borrowing rate by obtaining interest rates from various external financing sources. The incremental borrowing rates are differentiated by the terms of the lease and countries/functional currencies of its branches and subsidiaries.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a



revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'right-of-use assets' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group acts as a lessor (for some company car agreements), it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values (if any) used in calculating the gross investment in the lease.



In case a company car head lease is subleased to an employee as part of his labor contract the Group recognises such finance sublease as a receivable. The reduction of the receivable is recognised as an operating expense on a straight-line basis over the lease term as part of "other expenses".

Inventories

Inventories are stated at the lower of cost and net realizable value. The weighted average cost method is applied and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI and contract assets.

ECLs are a probability-weighted estimate and amount to the present value of cash shortfalls over the expected life of the financial instrument using the original effective interest rate.

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.



For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset such as - significant financial difficulty of the borrower, a breach of contract, overdue receivables, probability that the borrower will enter bankruptcy or other financial reorganization - have occurred.

Any changes in the amount of expected credit losses (or reversal) that is required to adjust the loss allowances at the reporting date to the amounts previously reported are recognised in profit or loss as an impairment gain or loss.

The Group has to consider consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of non-derivative financial assets to be presented in a separate line item in the statement of profit or loss.

Impairment losses on trade and other receivables and other non-derivative financial



assets are presented under 'Selling, General and Administrative expenses', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss due to materiality considerations.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying



amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair values of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in potential asset to the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount



of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with



the contract, which is determined based on the incremental of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer net of returns, trade discounts and volume rebates. The Group recognises revenue when it transfers control over a good or service to a customer. Typically control is transferred when the product is received at the customer's warehouse. However, for some international shipments transfer occurs upon loading the goods onto the relevant carrier. Invoices are issued according to contractual terms and are usually payable depending on the countries and business units within 30 to 90 days.

Products in the business units Air Conditioners and Refrigerating Systems, Factory Automation and Home Appliances and Digital Media are partly sold under warranty. Respective provisions are set up based on past experience of the level of repairs and returns.

Contract revenue and revenue for services is recognised over time based on surveys of work performed. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities. The contract assets are transferred to receivables when its rights become unconditional and an invoice is issued to the customer.

Other income is gains from sale of property, plant and equipment, intangible assets, and investments in non-controlling interests, net of sales tax. They are recognised in profit or loss when ownership has been transferred to the buyer.

Finance income comprises dividend income, interest income, and changes in the fair value of financial assets designated at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method unless collectability is in doubt. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Expenses

- Costs of sales include allowances for inventories.
- Impairment losses recognised on any receivables or contracts assets arising from contracts with customers are included in Selling, General and Administrative expenses.



- Finance cost comprises interest expenses, unwinding of the discount on provisions, changes in the fair value of financial assets designated at fair value through profit or loss, and impairment losses recognised on financial assets. Interest expenses are recognised as they accrue in profit or loss, using the effective interest rate method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows, such as translation differences and other non-cash items have been eliminated for the purpose of preparing this statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is included in operating activities. Cash consists of current (including short-term deposit) accounts with banks and cash in hand.

Standards issued but not yet effective

A number of new standards, amendments to existing standards and interpretations are effective for annual periods beginning after January 1, 2023, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

A. Classification of Liabilities as Current or Non-Current and Non-current liabilities with covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

Liabilities may be classified as non-current, a breach of the related covenants may however require an entity to repay the liabilities earlier than the contractual maturity dates. As the Group currently has no loans and borrowings subject to specific covenants, the amendments to IAS 1 are not expected to have a significant impact on the Group's consolidated financial statements.



B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Group does not participate in any supply chain financing arrangement for which the new disclosures will apply. The amendments to IAS 7 and IFRS 7 are not expected to have a significant impact on the Group's consolidated financial statements.

C. Other standards

Also the following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

4 Determination fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the



related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5 Acquisition of subsidiaries, associates and investments

The Group acquired on April 26th, 2023, 100,0% of the shares of Leonardi S.r.L., specialized in air conditioning maintenance and repairing service solutions, at a final purchase price paid in cash for an amount of EUR 1.400 thousand. By acquiring Leonardi S.r.L., the Group aims to strengthen its maintenance and repairing service business in Italy.



For the period from acquisition date to reporting date 31 March 2024 Leonardi S.r.L. contributed revenue of EUR 3,0 million and profit for the year after tax of EUR 0,1 million to the Group's result.

The Group incurred acquisition-related costs of EUR 0,3 million on legal fees and due diligence costs. These costs have been included in administrative expenses.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	EUR'000
Property, plant and equipment	122
Intangible assets	3
Inventories	50
Accounts receivable	621
Cash	21
Other assets	226
Income taxes payable	(8)
Trade payables	(294)
Other liabilities	(230)
Pension provision	(86)
Short term borrowings	(223)
Long term borrowings	(125)
Total identifiable net assets acquired	77

Goodwill arising from the acquisition has been recognised as follows:

	EUR'000
Consideration transferred	1.400
Fair value of identifiable net assets	(77)
Goodwill	1.323

The goodwill is attributable mainly to synergies expected to be achieved from integrating Leonardi S.r.L. into the Group's existing LES business unit.



6 Financial risk management and financial instruments

Overview

The Company's principal instruments, other than derivatives, comprise loans/deposits with Mitsubishi Electric Finance Europe PLC and bank loans/deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Company also enters into derivative transactions principally forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations.

It is, and had been throughout the financial year, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Company also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the period is detailed below. The Company's accounting policies in relation to financial instruments are set out in note 3.

The Company's risk management strategy has not changed due to Covid-19 nor due to the Russia-Belarus-Ukraine conflict.

Foreign currency risk and Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rate, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The following table also demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables constant, of the Company's profit before tax (through the impact on floating rate borrowings).



2023/2024	Variance +10% in EUR'000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	(70)	70
EUR/GBP	(63)	63
EUR/JPY	79	(79)
	<u>(54)</u>	<u>54</u>
2023/2024	Variance +1% in EUR'000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	<u>342</u>	<u>(342)</u>
2022/2023	Variance +10% in EUR'000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	(903)	903
EUR/GBP	(175)	175
EUR/JPY	(1.491)	1.491
	<u>(2.569)</u>	<u>2.569</u>
2022/2023	Variance +1% in EUR'000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	<u>862</u>	<u>(862)</u>

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial assets and liabilities.

Classes of Financial Assets	Fair Value	Carrying amount	Fair Value	Carrying amount
	March 31, 2024 in EUR'000	March 31, 2024 in EUR'000	March 31, 2023 in EUR'000	March 31, 2023 in EUR'000
Derivatives	892	892	121	121
Investments	14.933	14.933	10.082	10.082
Cash & cash equivalents	119.710	119.710	106.486	106.486
Trade receivables 3rd parties	692.163	692.163	676.861	676.861
Trade & other receivables affiliates	226.200	226.200	428.833	428.833
Other debtors	24.952	24.952	27.369	27.369
	<u>1.078.850</u>	<u>1.078.850</u>	<u>1.249.753</u>	<u>1.249.753</u>



Classes of Financial Liabilities	Fair Value	Carrying amount	Fair Value	Carrying amount
	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2023
	in EUR'000	in EUR'000	in EUR'000	in EUR'000
Non-current loans and borrowings from affiliates	6.103	6.103	21.103	21.103
Non-current loans and borrowings from third parties	56	56		
Derivatives	150	150	972	972
Trade payables 3rd parties	64.779	64.779	67.748	67.748
Trade & other payables to affiliates	1.110.126	1.110.126	1.306.826	1.306.826
Current loans and borrowings from third parties	69	69	-	-
Current loans and borrowings from affiliates	43.646	43.646	30.892	30.892
Other creditors	260.582	260.582	243.408	243.408
	<u>1.485.511</u>	<u>1.485.511</u>	<u>1.670.947</u>	<u>1.670.947</u>

Basis for determining fair values and fair value hierarchy levels

The significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above are discussed in note 4.

The derivatives set out above consist of short term foreign currency exchange contracts. Their fair value has been obtained from external market confirmations (fair value hierarchy level 2).

The different fair value hierarchy levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest rate risk

The Company's exposure to interest rate risk relates to changes in market interest rates primarily to the Company's borrowings. Wherever practical, interest payable profiles are matched to the underlying asset categories. The Company's policy is to manage its interest cost by strict cash flow and working capital management to reduce the need for funding. Due to the Company's strict cash flow and working capital management the interest rate risk for MEU is considered to be low.



Trade and other receivables include short-term deposits to Mitsubishi Electric Finance Europe PLC for an amount of EUR 93.596 thousand at March 31, 2024 (March 31, 2023: EUR 209.825 thousand). The effective interest rates on these deposits range between 0,1 % and 5,0 % (March 31, 2023: 0,1% and 4,9%).

Loans and borrowings include short-term loans for an amount of EUR 43.646 thousand (March 31, 2023: EUR 30.892) and long-term loans for an amount of EUR 6.103 thousand (March 31, 2023: EUR 21.103) from Mitsubishi Electric Finance Europe PLC. The effective interest rates on these loans range between 0,9 % and 5,5 % (March 31, 2023: 0,4% and 5,1%).

Foreign currency risk

The Group has currency translation exposures. Such exposures arise from sales or purchases of goods in currencies other than the unit's functional currency. As a result, the Company had significant currency exposures in respect of its monetary assets and liabilities during the year. To mitigate this risk, management agreed with their major customers to invoice them in the same transactional currency as the purchases. The Company also uses forward exchange contracts to manage foreign currency exchange exposures arising on known material receipts and payments in foreign currencies. The Company did not apply special hedge accounting in the years ended March 31, 2024 and March 31, 2023.

Price risk

The Group's exposure to price risk is low since most of the purchased goods are bought from affiliated factories with which longer-term price agreements have been negotiated.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers (EUR 692.163 thousand, approximately thereof EUR 383.325 thousand are credit insured). The Company sets individual customer credit limits and these are closely monitored. Credit control is taken seriously by the Company and policies are in place to limit any affect by a defaulting party.

Trade receivables are recognised net of a provision for doubtful debts. Periodically, the Company reviews the collectability of the trade receivables taking into account the history of the customer, recent financial performance and proposals to pay the amounts due. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. The majority of the trade receivables are related to customers located



in Europe.

The amounts receivable are due within normal trade terms, which generally range between 30 and 90 days. At the reporting date there were no significant concentrations of credit risk.

With respect to cash and cash equivalent balances at banks the credit risk is mitigated by the Company's policy to conclude financial instruments only with banks with high reputation and first class credit ratings. MEU considers the probability of bank default to be very low.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's aim is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and short-term loans. The Company's policy is to match the maturity of assets and liabilities as far as possible.



Contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2024 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1-5 years	>5 years	Total
March 31, 2024	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Non-current loans and borrowings from affiliates	-	-	-	6.103	-	6.103
Non-current loans and borrowings from third parties	-	-	-	56	-	56
Current loans and borrowings from affiliates	3.599	16.047	24.000	-	-	43.646
Current loans and borrowings from third parties	-	-	69	-	-	69
Lease obligation	-	4.862	14.586	46.572	11.888	77.908
Trade and other payables 3rd parties	24.290	38.448	2.041	-	-	64.779
Trade and other payables affiliates	22.071	667.356	420.699	-	-	1.110.126
Other creditors	46.124	158.684	55.773	-	-	260.580
	96.083	885.397	517.168	52.731	11.888	1.563.267

The equivalent disclosure for the prior year is as follows:

	On demand	Less than 3 months	3 to 12 months	1-5 years	>5 years	Total
March 31, 2023	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Non-current loans and borrowings from affiliates	-	-	-	21.103	-	21.103
Current loans and borrowings from affiliates	7.599	14.395	8.898	-	-	30.892
Lease obligation	-	4.651	13.953	37.073	15.954	71.631
Trade and other payables 3rd parties	26.921	37.352	3.475	-	-	67.748
Trade and other payables affiliates	11.786	785.276	509.763	-	-	1.306.825
Other creditors	31.799	165.836	45.772	-	-	243.407
	78.105	1.007.510	581.861	58.176	15.954	1.741.606



Current business environment is reflecting a situation of uncertainty in several relevant markets and a continuing risk of recessionary conditions. The currently ongoing political and military conflict regarding Ukraine as well as the after effects of the Covid-19 pandemic significantly impact the global economy and markets. During 2023/2024 we have not witnessed significant changes in operations and demand, whereas supply chains and distribution channels are intact and our liquidity remains healthy. However, going forward the above mentioned situation may negatively impact our business and at this stage determining the precise impact is challenging. In this respect, we developed and implemented contingency plans and are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and protect our employees, suppliers, customers and all other stakeholders. Based on our current knowledge and available information, we do not expect the uncertainty in several relevant markets and the continuing risk of recessionary conditions to have an impact on our ability to continue as a going concern in the future.

Capital management

There were no major changes in the Company's approach to capital management during the year. The Board of Managing Directors' policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business and acquisitions. Capital is herein defined as equity attributable to equity holders of the Company.

The Company is not subject to externally imposed capital requirements and does not purchase its own shares.



7 Property, plant and equipment

	Office buildings incl. land	Other buildings incl. land	Plant and equipment	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024					
Cost					
Opening balance	74.198	4.416	66.826	1.783	147.223
Purchases	-	852	7.501	2.243	10.596
Acquired in business combination	-	-	293	-	293
Transfer of completed assets under construction	-	343	679	(1.021)	-
Disposals**	-	(2)	(4.013)	-	(4.015)
Effect of movements in exchange rates (incl. hyperinflation impact after April 1, 2022)	385	17	(636)	(768)	(1.002)
Closing balance	<u>74.583</u>	<u>5.625</u>	<u>70.650</u>	<u>2.237</u>	<u>153.095</u>
Depreciation					
Opening balance	19.529	977	43.707	-	64.213
Depreciation charge for the year*	1.998	185	6.809	-	8.992
Acquired in business combination	-	-	171	-	171
Disposals**	-	(2)	(3.856)	-	(3.858)
Effect of movements in exchange rates (incl. hyperinflation impact after April 1, 2022)	224	14	(459)	-	(221)
Closing balance	<u>21.751</u>	<u>1.174</u>	<u>46.372</u>	<u>-</u>	<u>69.297</u>
Net book value at March 31, 2024	<u>52.832</u>	<u>4.451</u>	<u>24.278</u>	<u>2.237</u>	<u>83.798</u>
	Office buildings incl. land	Other buildings incl. land	Plant and equipment	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023					
Cost					
Opening balance	74.729	4.579	66.527	732	146.567
Hyperinflation restatement to April 1, 2022	-	-	750	19	769
Purchases	-	18	10.314	2.323	12.655
Transfer of completed assets under construction	-	174	947	(1.121)	-
Disposals**	-	(347)	(10.187)	-	(10.534)
Effect of movements in exchange rates (incl. hyperinflation impact after April 1, 2022)	(531)	(8)	(1.525)	(170)	(2.234)
Closing balance	<u>74.198</u>	<u>4.416</u>	<u>66.826</u>	<u>1.783</u>	<u>147.223</u>
Depreciation					
Opening balance	17.891	1.105	46.272	-	65.268
Hyperinflation restatement to April 1, 2022	-	-	608	-	608
Depreciation charge for the year*	1.945	68	6.322	-	8.335
Disposals**	-	(184)	(8.384)	-	(8.568)
Effect of movements in exchange rates (incl. hyperinflation impact after April 1, 2022)	(307)	(12)	(1.111)	-	(1.430)
Closing balance	<u>19.529</u>	<u>977</u>	<u>43.707</u>	<u>-</u>	<u>64.213</u>
Net book value at March 31, 2023	<u>54.669</u>	<u>3.439</u>	<u>23.119</u>	<u>1.783</u>	<u>83.010</u>

*The charge for the year is included in Selling, General and Administrative expenses.

**The book loss of the year is included in other operating expenses.



8 Intangible assets and goodwill

	Goodwill	Customer relationships	Software	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024				
Cost				
Opening balance	22.966	30.216	43.270	96.452
Purchase	1.323	-	13.920	15.243
Acquired in business combination	-	-	54	54
Disposals	-	-	(778)	(778)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	268	(29)	234	473
Closing balance	24.557	30.187	56.700	111.444
Amortisation and impairment losses				
Opening balance	-	29.387	30.413	59.800
Amortisation charge for the year*	-	405	4.860	5.265
Acquired in business combination	-	-	51	51
Disposals	-	-	(766)	(766)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	-	(76)	120	44
Closing balance	-	29.716	34.678	64.394
Net book value at March 31, 2024	24.557	471	22.022	47.050
	Goodwill	Customer relationships	Software	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023				
Cost				
Opening balance	13.414	30.194	39.176	82.784
Hyperinflation restatement to April 1, 2022	7.688	-	439	8.127
Purchase	-	-	5.589	5.589
Disposals	-	-	(1.161)	(1.161)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	1.864	22	(773)	1.113
Closing balance	22.966	30.216	43.270	96.452
Amortisation and impairment losses				
Opening balance	-	29.301	28.173	57.474
Hyperinflation restatement to April 1, 2022	-	-	192	192
Amortisation charge for the year*	-	52	4.039	4.091
Disposals	-	-	(1.117)	(1.117)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	-	34	(874)	(840)
Closing balance	-	29.387	30.413	59.800
Net book value at March 31, 2023	22.966	829	12.857	36.652

*The charge for the year is included in Selling, General and Administrative expenses.



For the purpose of impairment testing, goodwill was allocated to the Company's relevant operating division, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The goodwill recorded as of March 31, 2024 in the total amount of EUR 24.557 thousand relates with EUR 14.550 thousand to Living Environment Systems division and with EUR 10.007 thousand to Factory Automation division.

The recoverable amount of these cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the respective unit. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The calculation was based on the following key assumptions:

Cash flows were projected based on past experiences, actual operating results and the 5-year business plan. The terminal growth rate was estimated at 2,0% (2022/2023: 2,0%) for the LES division and between 1,0% and 2,0% (2022/2023: between 1,0% and 2,0%) for the FA division, dependent on the country / region. This terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

A pre-tax discount rate of 25,8% (2022/2023: 24,8%) for the LES division and 22,5% (2022/2023: 21,8%) for the FA division was applied in determining the recoverable amount of the cash-generating unit. The pre-tax discount rate is in line with the Company's estimated pre-tax weighted average cost of capital as at the date of impairment testing, with a debt leveraging of 15,0% at a market interest rate of 24,8% (2022/2023 23,9 %) for the LES division and with a debt leveraging of 10,0% at a market interest rate of 4,4% (2022/2023: 3,9%) for the FA division.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately EUR 41.518 thousand (2022/2023: EUR 45.473 thousand).

The following table shows the percentage by which the two key assumptions used in the impairment test would need to change individually for the estimated recoverable amount to be equal to the carrying amount. Management assessed that such changes to the key assumptions are not likely to occur.



	Change required for carrying amount to equal the recoverable amount	
	2023/2024	2022/2023
	%	%
Discount rate	8,0	11,0
Budgeted EBITDA growth rate	-5,4	-6,2

No impairment loss was recognised in 2023/2024 and 2022/2023 financial year.



9 Investments in associates and other investments

Company name	Acquisition date	% share	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Investments measured at equity method				
Zioli S.r.L. (Lonato del Garda, Italy)	Jan 2024	100,0%	4.650	-
Mitsubishi Electric Automation Projects GmbH (Fuldabrück, Germany)	Apr 2013	30,0%	<u>1.535</u>	<u>1.334</u>
			<u>6.185</u>	<u>1.334</u>
Investments measured at fair value through OCI				
Mitsubishi Electric Automotive Czech s.r.o. (Slany, Czech Republic)	Feb 2015	10,0%	3.399	3.399
Mitsubishi Electric Air Conditioning Systems Europe Ltd (Livingstone, UK)	Feb 2015	10,0%	2.684	2.684
Advanced Worx 112 (Proprietary) Limited (Johannesburg, Republic of South Africa)*	Mar 2011	14,9%	1.168	1.168
Mitsubishi Electric Klimat Transportation Systems S.p.A. (Padua, Italy)	Feb 2015	10,0%	1.021	1.021
Mitsubishi Electric Automotive Europe B.V. (Amsterdam, Netherlands)	Feb 2015	10,0%	295	295
Ascenseurs Mitsubishi France (Nanterre, France)	Feb 2015	10,0%	107	107
Mitsubishi Electric R&D Centre Europe B.V. (Amsterdam, Netherlands)	Feb 2015	10,0%	<u>74</u>	<u>74</u>
			<u>8.748</u>	<u>8.748</u>
			<u>14.933</u>	<u>10.082</u>

*Trading as Adroit Technologies.



The above entities, besides non-consolidated subsidiary Zilioli S.r.L. and associate Mitsubishi Electric Automation Projects GmbH, are investments, which are basically measured at fair value through other comprehensive income. However, original acquisition costs for EUR 8.748 thousand is regarded as an appropriate estimate of fair value as there are no quoted market price available and there are specific conditions and restrictions on the sale of the investments and pass-through arrangements for dividends received in place. Consequently, original acquisition costs represent the best estimate of fair value. There was no effect from the transition from IAS 39 to IFRS 9 back in the financial year 2018/2019.

On January 23rd, 2024, the Group acquired 100% of the shares in Zilioli S.r.L. ('Zilioli'), a company specialised in air conditioning and refrigerating repairs and replacements, for a consideration in the amount of EUR 4.650 thousand.

Zilioli's business activities further complement the Group's existing LES business unit. The Group plans to integrate Zilioli within the Group's LES business unit during business year 2024/2025. Synergies are expected to be achieved from integrating Zilioli.

Zilioli has not been consolidated in business year 2023/2024 due to materiality considerations. Management assessed that Zilioli is of negligible significance to the consolidated financial statements as a whole. As a result, Zilioli has been presented under the investments in associates and other investments caption within these consolidated financial statements.

As at March 31, 2024, the acquisition accounting (e.g. purchase price allocation) in relation to Zilioli has not yet been completed, but will be finalised during business year 2024/2025.



Equity-accounted investees

The Group has a 30,0% share in Mitsubishi Electric Automation Projects GmbH (hereinafter ME-Automation Projects GmbH), which is involved in turnkey I&C systems, consisting of the entire field instrumentation, the switchgear, the remote control and control technology with the process management system PMSX@pro and the relevant services such as project management, engineering, installation, commissioning, service and maintenance. ME-Automation Projects GmbH is a private entity that is not listed on any public exchange. The Group's interest in ME-Automation Projects GmbH is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investments in ME-Automation Projects GmbH:

	<u>EUR'000</u>
Opening balance as of March 31, 2022	1.313
Group's ownership of net profit (loss) current year	<u>21</u>
Carrying amount of the investment as of March 31, 2023	<u>1.334</u>
Opening balance as of March 31, 2023	1.334
Group's ownership of net profit (loss) current year	<u>201</u>
Carrying amount of the investment as of March 31, 2024	<u>1.535</u>

The Group has a 100,0% share in Zilioli, which is involved in air conditioning and refrigerating repairs and replacements. Zilioli is a private entity that is not listed on any public exchange. In accordance with the Group's accounting policies Zilioli should be accounted for using the equity method (as Zilioli is a controlled entity currently not consolidated by the Group). The equity method is a method of accounting whereby Zilioli should initially be recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of Zilioli. At this stage, management assessed the agreed consideration for Zilioli as the amount best approaching the carrying amount under the equity method as at March 31, 2024. Any post-acquisition change in the Group's share of net assets of Zilioli is estimated to be insignificant.



10 Inventories

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Aircon & Refrigerating Systems	743.528	739.265
Automotive Equipment	110.891	98.341
Industrial Products	79.919	71.935
Industrial Automation Systems	44.299	51.729
Semiconductors	38.813	35.414
Home Appliances & Digital Media	5.656	7.468
Electronic Systems	2.449	1.505
Public Use System	7.554	6.437
Building Systems	1.632	790
Power Systems	809	56
	<u>1.035.550</u>	<u>1.012.940</u>

Inventories are stated net of a provision for obsolete stock of EUR 44.073 thousand (March 31, 2023: EUR 37.194 thousand). Provisions have been made for all segments. The expense in this respect amounted to EUR 12.856 thousand (March 31, 2023: EUR 13.221 thousand) and is included in Cost of Sales. Cost of Sales in total amounted to EUR 3.361.229 thousand (March 31, 2023: EUR 3.116.659 thousand). The provision for obsolete stock is set up based on the lower of cost and net realizable value method.

11 Trade and other receivables

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Trade receivables 3 rd parties	692.163	676.861
Trade receivables affiliated companies	21.732	20.905
Trade receivables	<u>713.895</u>	<u>697.766</u>
Receivables from cash-pooling (CMS*) with affiliated companies	110.872	198.103
Receivables from short-term deposits with affiliated companies	93.596	209.825
Prepaid expenses	6.981	8.927
Other current assets	<u>68.115</u>	<u>65.765</u>
	<u>993.459</u>	<u>1.180.386</u>

* CMS stands for Cash Management System. The Group has a cash-pooling arrangement in place with MELCO Group's finance company Mitsubishi Electric Finance Europe PLC.



Trade receivables are non-interest bearing and are generally on 30 - 90 days' terms. All trade receivables are due within twelve months after the reporting date.

As at March 31, 2024, trade receivables and other receivables at carrying value of EUR 8.405 thousand (March 31, 2023: EUR 10.052 thousand) were impaired and provided for.

Trade receivables 3rd parties include contract assets in the amount of EUR 5.707 thousand (March 31, 2023: EUR 5.608 thousand) and are typically paid within the next 12 months.

Trade receivables affiliated companies include receivables against the shareholder in the amount of EUR 17.659 thousand (March 31, 2023: EUR 17.821 thousand).

Movements in the provision for impairment of trade receivables were as follows:

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1, 2023	4.076	5.976	10.052
Charge for the year*	1.107	-	1.107
Utilised	(536)	-	(536)
Unused amounts reversed*	(1.281)	(901)	(2.181)
Translation adjustment	(53)	17	(37)
At March 31, 2024	3.313	5.092	8.405

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1, 2022	7.903	4.839	12.742
Charge for the year*	1.005	1.193	2.198
Utilised	(605)	-	(605)
Unused amounts reversed*	(4.152)	-	(4.152)
Translation adjustment	(75)	(56)	(131)
At March 31, 2023	4.076	5.976	10.052

*The charge of the year and unused amounts reversed are included in Selling, General and Administrative expenses.



As at March 31, 2024 and March 31, 2023, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired					Total
		< 30 days	30-60 days	60-90 days	90-120 days	>120 days	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024	690.290	15.183	4.505	1.276	546	2.095	23.605
March 31, 2023	650.490	38.923	4.727	1.878	956	792	47.276

The Group's exposure to credit risk and foreign currency risk is disclosed in note 6.

12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and call deposits with original maturities of three months or less. All bank balances are available upon immediate demand.

We note that the cash and cash equivalents as at 31 March 2024 include bank balances held by MER totaling EUR 20.788 thousand (March 31, 2023: EUR 20.942 thousand) at banks located in Russia. Management assessed that this cash is not restricted, however, as restrictive measures (sanctions) are progressively imposed against Russia this results in an inherent uncertainty whether or not these Russian bank balances will be subject to restrictions in future.

The Group's exposure to interest rate risk and foreign currency risk is disclosed in note 6.

13 Capital and reserves

Share capital

	Ordinary shares March 31, 2024
	EUR'000
On issue at April 1, 2023 – fully paid	83.982
Issued for cash	-
On issue at March 31, 2024 – fully paid	83.982

The recognized share capital amounts to EUR 150 million, consisting of 150.000 ordinary shares of EUR 1.000 each. The holders of ordinary shares are entitled to



receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

At March 31, 2024, the issued share capital included 83.982 issued and fully paid ordinary shares (March 31, 2022: 83.982).

Share premium

The share premium relates to surplus from the issuance of shares as far nominal value of the shares is exceeded and capital contributions from the shareholder.

Foreign currency translation reserve

The translation reserve (March 31, 2024: EUR -49.503 thousand, March 31, 2023: -48.250 thousand) is a legal reserve and comprises all foreign exchange differences arising from the translation of the financial statements of the branches, representation offices and subsidiaries from their functional currency into the presentation currency (EUR).

The foreign currency translation reserve is a non-distributable reserve.

Dividends

The following dividends were declared and paid by the Company for the years ended March 31, 2024 and March 31, 2023:

	March 31, 2024 EUR'000	March 31, 2023 EUR'000
Dividend to owners of the Company, paid to Melco, Tokyo, Japan.	44.892	30.667

In the financial year 2023/2024, the dividend paid out amounted to EUR 299,28 per recognized ordinary share (2022/2023: EUR 204,45 per recognized ordinary share).

Non-controlling interest

MEU holds 70,0% of the shares of Mitsubishi Electric Turkey Elektrik Ürünleri Anonim Şirketi ('METR'), a limited liability company seated in Istanbul/Turkey with principal place of business in Istanbul/Turkey, which was founded in the structure of MEU and consolidated for the first time at March 31, 2013. 30,0% of the shares in METR are held by MELCO. The 30,0% share of MELCO amounts to EUR 9.585 thousand at March 31, 2024 (EUR 9.260 thousand at March 31, 2023). In the business year a profit of EUR 272



thousand was allocated to the non-controlling interest.

MEU holds 70,0% of the shares of Mitsubishi Electric (Russia) LLC ('MER'), founded on June 23, 2014 in Moscow/Russia with principal place of business in Moscow/Russia. 30,0% of the shares in MER are held by MELCO. The 30,0% share of MELCO amounts to EUR 5.523 thousand at March 31, 2024 (EUR 7.511 thousand at March 31, 2023). In the business year a loss of EUR 731 thousand was allocated to the non-controlling interest.

14 Employee benefits

Pension benefit plans

The Group has defined benefit pension plans and defined contribution pension plans, covering a number of its employees, both of which require contributions to be made to separate administration funds.

The following tables summarise the components of net benefit expense recognized in the statement of comprehensive income and the funded status and amounts recognized in the statement of financial position for the respective plans.

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Net benefit expense		
Charged to Profit or Loss		
Current service cost	(261)	(328)
Interest cost on benefit obligation	(4.547)	(3.281)
Interest income on plan assets	5.630	3.934
Additional charges	90	-
	<u>912</u>	<u>325</u>
Charged to Other Comprehensive Income		
Net actuarial gain/(loss) recognized in the year	<u>(6.025)</u>	<u>(3.173)</u>
	(6.025)	(3.173)
Actual return on plan assets	<u>686</u>	<u>(4.702)</u>



Benefit asset/(liability)	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Present value of funded obligations	(97.562)	(95.634)
Present value of unfunded obligations	(4.938)	(4.334)
Fair value of plan assets	119.270	120.823
	<u>16.770</u>	<u>20.855</u>

Movements are as follows:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
At April 1	20.855	24.305
Benefit gains/(expenses)	(5.113)	(2.848)
Contributions	42	580
Others	(122)	-
Exchange adjustment	925	(1.477)
Utilisation	183	295
At March 31	<u>16.770</u>	<u>20.855</u>

The presentation in the statement of financial position is as follows:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Pension Asset	21.708	25.189
Pension Liabilities	(4.938)	(4.334)
At March 31	<u>16.770</u>	<u>20.855</u>

The pension asset/(liability) is related to the pension plans operated for the following branches:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
UK Hatfield Branch	17.173	20.542
Ireland Branch	4.535	4.647
Italy Branch	(1.880)	(1.818)
France Branch	(3.058)	(2.516)
	<u>16.770</u>	<u>20.855</u>



The principal assumption used in determining the main pension benefit obligations for the Group's plans are shown below (expressed as weighted averages):

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Discount rate	4,6%	4,6%
Expected rate of return in assets	0,0%	0,0%
Future salary increase	0,2%	0,2%
Future pension increase	2,9%	3,0%
Future price inflation	2,6%	2,6%

Assumptions regarding future mortality are based on published statistics and mortality tables.

Total pension expenses recognised in the statement of comprehensive income can be summarised as follows:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
	<u>EUR '000</u>	<u>EUR '000</u>
Charged to profit or loss account		
Pension income (cost) of benefit plans	912	325
Pension cost of contribution plans	<u>(10.916)</u>	<u>(10.079)</u>
	<u>(10.004)</u>	<u>(9.754)</u>
Charged to other comprehensive income		
Pension cost of benefit plans	<u>(6.025)</u>	<u>(3.173)</u>
	<u>(6.025)</u>	<u>(3.173)</u>

Pension expenses charged to profit or loss are included in the statement of comprehensive income in Selling, General and Administrative expenses.

The fair value of the plan asset can be divided into the following categories:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
	<u>EUR '000</u>	<u>EUR '000</u>
Equities	12.466	35.816
Bonds	87.763	115.413
Life Insurance	4.418	4.418
Alternative Investment	-	13.062
Bank Deposit	18.258	27.724
Others	<u>(3.635)</u>	<u>(75.610)</u>
	<u>119.270</u>	<u>120.823</u>



A 1% increase in discount rate would lead to a decrease of the obligation in the amount of approximately EUR 12 million (as of March 31, 2023: EUR 11 million). A 1% decrease in discount rate would lead to an increase of the obligation in the amount of approximately EUR 14 million (as of March 31, 2023: EUR 13 million).

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings from third parties and affiliates, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 6.

The loans from affiliates represent interest bearing loans from Mitsubishi Electric Finance Europe PLC and can be summarised in the following way:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Non-current loans and borrowings:		
German Branch – building loan	6.103	21.103
	<u>6.103</u>	<u>21.103</u>
Current loans and borrowings:		
German Branch – building loan	15.000	8.897
German Branch	10.000	-
Polish Branch	9.000	-
Irish Branch	3.599	7.599
UK Branches	5.847	14.396
Italian Branch	200	-
	<u>43.646</u>	<u>30.892</u>



The table below provides an overview of the interest bearing loans and borrowings from third parties:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Non-current loans and borrowings:		
Lease obligation	58.460	53.027
Italian Branch	56	-
	<u>58.516</u>	<u>53.027</u>
Current loans and borrowings:		
Lease obligation	19.448	18.604
Italian Branch	69	-
	<u>19.517</u>	<u>18.604</u>

The non-current loan (EUR 6.103 thousand) is due for repayment in December 2025.

For details on the range of interest rates on the interest bearing loans and the maturity analysis of lease liabilities we refer to note 6.



16 Provisions

	Warranties	Waste electrical and electronic equipment	Restructuring	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At April 1, 2023	34.385	290	1.996	8.450	45.121
Additions during the year	17.444	552	1.269	5.087	24.352
Utilised	(8.216)	(420)	(808)	(4.417)	(13.861)
Released	(7.391)	-	(72)	(325)	(7.788)
F/X rate adjustment	456	-	(255)	(442)	(241)
March 31, 2024	36.678	422	2.130	8.353	47.583
Current part	21.109	348	2.130	8.143	31.730
Non-current part	15.569	74	0	210	15.853
March 31, 2024	36.678	422	2.130	8.353	47.583

The movements of provisions are included in other operating expenses.

Warranties

A provision for warranty is recognised for all products under warranty at the reporting date based on past experience of the level of repairs and returns. It is expected that these costs will be incurred partly in the next financial year. This portion is shown as current part.

Waste electrical and electronic equipment

A provision for liabilities associated with participation in the market for Waste Electrical and Electronic Equipment ('WEEE') is recognised based on assumptions in relation to historical waste, regarding the level of market participation, the quantity of products disposed of and the expected cost of disposal. In relation to future waste, assumptions about the age profile of products in the market and the cost of disposal were made. It is expected that the majority of these cost will be incurred during the next financial year; therefore they are shown as current part.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A restructuring provision is recorded mainly for various severance payments. It is expected that these costs will be incurred in the next financial year; therefore they are



shown as current part.

17 Commitments and contingencies

Contingencies

Regular tax audits are ongoing. There are no significant impacts on future statements of profit or loss expected.

Commitments

There were no significant outstanding commitments as of March 31, 2024.

18 Leases

The Group leases offices, warehouses, company cars and other equipment. Offices and warehouses are often leased for more than five years. Typical lease terms for company cars and other equipment are three to five years.

Depending on the labour contract with some employees, some company cars have been sub-let by the Group to its employees. The lease and sub-lease agreements have a duration of three to four years.

The Group leases some equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.



Right-of-use assets

	Buildings	Vehicles	Other equipment	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024				
Cost				
Opening balance	82.284	24.735	1.951	108.970
Purchase	6.610	17.923	839	25.372
Disposals	(14.465)	(10.197)	(609)	(25.271)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	(640)	(218)	12	(846)
Closing balance	<u>73.789</u>	<u>32.243</u>	<u>2.193</u>	<u>108.225</u>
Amortisation and impairment losses				
Opening balance	29.238	13.622	964	43.824
Amortisation charge for the year	12.384	7.667	723	20.774
Disposals	(14.271)	(8.959)	(462)	(23.692)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	(639)	(116)	(4)	(759)
Closing balance	<u>26.712</u>	<u>12.214</u>	<u>1.221</u>	<u>40.147</u>
Net book value at March 31, 2024	<u>47.077</u>	<u>20.029</u>	<u>972</u>	<u>68.078</u>
	Buildings	Vehicles	Other equipment	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023				
Cost				
Opening balance	76.617	23.722	1.633	101.972
Hyperinflation restatement to April 1, 2022	156	444	-	600
Purchase	14.206	6.893	701	21.800
Disposals	(8.053)	(5.280)	(359)	(13.692)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	(642)	(1.044)	(24)	(1.710)
Closing balance	<u>82.284</u>	<u>24.735</u>	<u>1.951</u>	<u>108.970</u>
Amortisation and impairment losses				
Opening balance	21.040	11.827	742	33.609
Hyperinflation restatement to April 1, 2022	73	145	-	218
Amortisation charge for the year	13.267	6.871	551	20.689
Disposals	(4.859)	(4.899)	(314)	(10.072)
Effect of movement in exchange rates (incl. hyperinflation impact after April 1, 2022)	(283)	(322)	(15)	(620)
Closing balance	<u>29.238</u>	<u>13.622</u>	<u>964</u>	<u>43.824</u>
Net book value at March 31, 2023	<u>53.046</u>	<u>11.113</u>	<u>987</u>	<u>65.146</u>



Amounts recognised in profit or loss

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Interest on lease liabilities	2.183	1.727
Expenses related to short-term leases	4.152	3.950
Expenses relating to leases of low-value assets, excluding short term leases of low-value asset	587	542
	<u>6.922</u>	<u>6.219</u>
Interest income on sublease company cars	<u>207</u>	<u>88</u>

Amounts recognised in statement of cash flows

Total cash outflow for leases in the current business year was EUR 28.117 thousand (March 31, 2023: EUR 28.944 thousand).

Leases as lessor

The Group subleases company cars to some employees due to their labour contracts. Such sublease is considered as a finance lease and recognised as a receivable. Interest income on this receivable is deducted from the interest expense for the lease liability. The reduction of the receivable in the amount of EUR 3.524 thousand (March 31, 2023: EUR 3.135 thousand) is accounted for as an operating expense on a straight-line basis over the lease term of the company car lease as part of "other expenses".

19 Revenue

The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, representing a strategic business unit that offers different products and serves different markets.

The Air-Conditioner and Refrigerating Systems division is a supplier of Room Air Conditioners, Package Air Conditioners, Heat Pumps, Compressors and Air Ventilation Systems, dehumidifiers as well as controls and regulation systems for commercial and domestic air conditioning and heating solutions. The Automotive Equipment division is a supplier of electronic car audio and navigation systems and electrical automotive equipment. The Factory Automation division is a supplier of Controllers, Inverters, Servomotors, Electrical-Discharge Machines and Industrial Robots. The Semi-Conductor division is a supplier of Power Devices, High Frequency and Opto Devices and Liquid Crystal Displays.



Business divisions 2023/2024

	Air Conditioners and Refrigerating Systems	Automotive Equipment	Factory Automation	Semi- conductors	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales to affiliated customers	1.302	45	2.923	-	50.100	54.370
Sales to third parties	2.622.923	912.995	322.369	243.211	78.507	4.180.005
	<u>2.624.225</u>	<u>913.040</u>	<u>325.292</u>	<u>243.211</u>	<u>128.607</u>	<u>4.234.375</u>

Business divisions 2022/2023

	Air Conditioners and Refrigerating Systems	Automotive Equipment	Factory Automation	Semi- conductors	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales to affiliated customers	208	4	2.597	3	47.103	49.915
Sales to third parties	2.521.296	738.104	361.757	221.535	71.883	3.914.575
	<u>2.521.504</u>	<u>738.108</u>	<u>364.354</u>	<u>221.538</u>	<u>118.986</u>	<u>3.964.490</u>

The Group recognised revenue in the amount of EUR 3.800 thousand that was included as contract liabilities at the beginning of the business years in other liabilities (2022/2023: EUR 4.601 thousand). The contract liability as of March 31, 2024 amounts to EUR 6.405 thousand.

The Group's operating businesses are organised to geographic areas. Revenues are attributed to geographic areas based on where the Company's customers are located. The position 'Others' mainly represents sales by the European Purchasing Center. The Group's European Purchasing Center serves as MELCO Group's purchasing function in Europe with subsequent sales to MELCO and its affiliated companies and their third party customers.



Geographical areas

	Europe		Others		Consolidated	
	March 31, 2024 EUR '000	March 31, 2023 EUR '000	March 31, 2024 EUR '000	March 31, 2023 EUR '000	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Sales to affiliated customers	1.663	1.665	52.707	48.249	54.370	49.914
Sales to third parties	4.013.555	3.754.970	166.450	159.606	4.180.005	3.914.576
Total revenue	4.015.218	3.756.635	219.157	207.855	4.234.375	3.964.490

Sales to third parties within Europe as of March 31, 2024 include sales in the Netherlands in the amount of EUR 109.594 thousand (as of March 31, 2023: EUR 95.675 thousand).

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The transfer of control is in the majority of the cases based on the incoterms contractually agreed or in other cases based on the performance milestone (such as factory acceptance test / site acceptance test) agreed in a project.

No information is provided about remaining performance obligations at 31 March 2024 or at 31 March 2023 that have an original expected duration of one year or less, as allowed by IFRS 15.

20 Selling, general and administrative expenses

Included in the amount of EUR 742.888 thousand (2022/2023: EUR 679.904 thousand) selling, general and administrative expenses are depreciation and amortisation of EUR 34.975 thousand (2022/2023: EUR 33.060 thousand), selling expenses of EUR 181.563 thousand (2022/2023: EUR 166.390 thousand), advertising expenses of EUR 52.776 thousand (2022/2023: EUR 47.231 thousand) and personnel expenses consisting of:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Wages and salaries	281.006	259.978
Social security costs	51.908	46.783
Pension costs of defined benefit and defined contribution plans	9.967	9.700
	<u>342.881</u>	<u>316.461</u>



Depreciation and amortisation of EUR 56 thousand (2022/2023: EUR 55 thousand) are included in the result of discontinued operations. Pension cost of EUR 37 thousand (2022/2023: pension cost of EUR 54 thousand) is included in the result of discontinued operations.

21 Other income

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Marketing and advertising activities (agreements with MELCO Japan and other affiliated companies)	33.754	30.220
	<u>33.754</u>	<u>30.220</u>

22 Other expenses

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Other operating expenses to affiliated companies	9.559	3.110
Gain on foreign currency exchanges	(2.687)	701
Net monetary loss arising from hyperinflationary economies	5.758	6.112
Loss (gain) on disposal of long-term assets	(12)	280
	<u>12.618</u>	<u>10.203</u>

Other operating expenses mostly consist of software license and advertising fees to MELCO and other affiliated companies.



23 Net finance result

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Finance income	13.189	4.686
Finance costs	(8.890)	(5.482)
Other net finance income	141	336
	<u>4.440</u>	<u>(460)</u>

Finance income mostly consists of interest income on short term deposits. Finance costs primarily consist of interest costs on short and long term loans and overdrafts.

Other net finance income refers to dividends received from the following companies:

Company name	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Mitsubishi Electric Automotive Czech s.r.o.	-	127
Mitsubishi Electric R&D Centre Europe B.V.	90	126
Mitsubishi Electric Automotive Europe B.V.	51	83
	<u>141</u>	<u>336</u>

24 Share of result of associates

Company name	% share of equity	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Mitsubishi Electric Automation Projects GmbH	30,0%	201	21
		<u>201</u>	<u>21</u>



25 Income taxes

Deferred tax balances as at March 31, 2024 relate to the following:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Deferred tax assets		
Inventory valuation	4.813	3.441
Provisions and accruals	12.509	11.691
Lease liabilities	13.830	-
Provision for doubtful debts	1.361	1.487
Tax loss carry forward	1.629	1.794
Property, plant and equipment and intangible assets	220	191
Other items	351	321
	<u>34.713</u>	<u>18.925</u>
	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Deferred tax liabilities		
Tax losses of foreign branches used in the past	1.661	1.878
Provisions and accruals	7.614	7.187
Right-of-use assets	13.682	-
Inventory valuation	223	462
Property, plant and equipment and intangible assets	201	264
Other items	615	580
Deferred tax liabilities	<u>23.996</u>	<u>10.371</u>

The movements in deferred tax balances during the year have been recognised in profit or loss (deferred tax income EUR 657 thousand) and in other comprehensive income (deferred tax income EUR 1.506 thousand).

Deferred tax assets in the amount of EUR 2.810 thousand and deferred tax liabilities in the amount of EUR 15 thousand are related to the consolidated companies METR and MER.

The tax loss carry forwards for which a deferred tax asset has been capitalised are related to the jurisdictions in Ireland and United Kingdom.



Major components of tax expense recognised in income for the year ended were:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Current:		
Domestic	1.450	(1.801)
Foreign	42.602	49.194
	<u>44.052</u>	<u>47.393</u>
Deferred:		
Domestic	324	212
Foreign	(981)	(1.360)
	<u>(657)</u>	<u>(1.148)</u>
Income tax expense	<u>43.395</u>	<u>46.245</u>

Recognised in the statement of comprehensive income:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Current tax expenses		
Current year	46.485	51.079
Adjustments previous years	(2.433)	(3.686)
	<u>44.052</u>	<u>47.393</u>
Deferred tax (income)/expenses		
Origination and reversal of temporary differences	(822)	(1.584)
Effect of tax losses recognised	165	436
	<u>(657)</u>	<u>(1.148)</u>
Income tax expenses	<u>43.395</u>	<u>46.245</u>



A reconciliation of the domestic tax rate to the Company's effective tax rate applicable to income from ordinary activities for the years ended March 31, 2024 and 2023 was as follows:

	March 31, 2024 %	March 31, 2023 %	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Domestic tax rate	25,8	25,8	40.257	48.376
Effect of tax rates in foreign jurisdictions	(1,43)	(1,01)	(2.236)	(1.890)
Adjustment in respect to current income tax of previous years	(1,56)	(1,97)	(2.433)	(3.686)
Recognition of previously unrecognised tax losses	0,23	(0,22)	360	(405)
Effect of non-deductible expenses	1,25	(0,49)	1.953	(921)
Others	3,52	2,55	5.494	4.771
Effective tax rate	<u>27,81</u>	<u>24,66</u>	<u>43.395</u>	<u>46.245</u>

The charge for income taxes includes Dutch and foreign income taxes. The local statutory standard tax rate for the Netherlands is 25,8% for profit exceeding EUR 200 thousand. The local statutory standard tax rate for profits up to EUR 200 thousand is 19,0%.

Income tax payable amounts to EUR 30.673 thousand (March 31, 2023: EUR 38.030 thousand).

OECD Pillar Two model rules

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group has calculated an expected exposure to the Pillar Two income taxes based on information that is known or can be reasonably estimated to understand the Group's exposure. Based on the financial data, adjusted for the impact of one-off events, the Group does not expect a material exposure to Pillar Two income taxes.



26 Staffing levels

The number of employees (converted into full-time equivalents) during the 2023/2024 and 2022/2023 financial years was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Average number of employees	3.662	3.391	3.635	3.366
Total number of employees	3.813	3.495	3.785	3.470

The breakdown by department was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Purchasing, sales and marketing departments	1.851	1.704	1.833	1.690
Administrative departments	1.962	1.791	1.952	1.780
Total number of employees	3.813	3.495	3.785	3.470

27 Related-party disclosures

Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholder, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

Control of the Company

The Company is a wholly owned subsidiary of Mitsubishi Electric Corporation ('MELCO'), the Company's ultimate parent.



Related party transactions

During the financial year, the Company entered into transactions with related parties. Those transactions, along with related balances at March 31, 2024 and 2023 and for the years then ended, are presented in the following table:

	MELCO Japan		Other		Total	
	March 31, 2024 EUR'000	March 31, 2023 EUR'000	March 31, 2024 EUR'000	March 31, 2023 EUR'000	March 31, 2024 EUR'000	March 31, 2023 EUR'000
Sales of goods	50.425	47.016	3.945	2.897	54.370	49.913
Purchase of goods	1.824.742	1.743.580	1.264.947	1.429.743	3.089.689	3.173.323
Trade and other receivables / other debtors	21.766	17.946	208.964	411.590	230.730	429.536
Trade and other payables / other creditors	653.089	770.517	485.655	549.586	1.138.744	1.320.103
Other operating income (net) from Affiliated companies	18.822	21.590	5.373	5.519	24.195	27.109
Financial income (net)	-	-	5.373	2.782	5.373	2.782
Loans and borrowings	-	-	49.749	51.995	49.749	51.995

Transactions with other entities are relating to transactions with MELCO affiliates. The main part of related party transactions is related to purchase of goods from the manufacturing companies. Trade and other receivables mainly relates to sourcing activities for MELCO and the manufacturing companies.

Other operating income (net) from affiliated companies is mainly related to reimbursements of expenses.

For key management personnel compensation reference is made to note 50.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.



28 Fees of the auditor

With reference to Section 2; 382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. and other KPMG member firms to the Company and its subsidiaries:

	KPMG Accountants N.V. EUR'000	Other KPMG network EUR'000	Total EUR'000
2023/2024			
Statutory audit of annual accounts	215	960	1.175
Other assurance services	-	102	102
Tax advisory services	-	238	238
Total	<u>215</u>	<u>1.300</u>	<u>1.515</u>
	KPMG Accountants N.V. EUR'000	Other KPMG network EUR'000	Total EUR'000
2022/2023			
Statutory audit of annual accounts	178	897	1.075
Other assurance services	-	146	146
Tax advisory services	-	288	288
Total	<u>178</u>	<u>1.331</u>	<u>1.509</u>

The fees mentioned in the table for the statutory audit of the annual accounts 2023/2024 (2022/2023) relate to the total fees for the statutory audit of the annual accounts 2023/2024 (2022/2023), irrespective of whether the activities have been performed during the financial year 2023/2024 (2022/2023).



29 Discontinued operation

On 7 December 2020 the Group decided the phased closure of its Home Appliances and Digital Media division following a decision from our supplier and parent, Mitsubishi Electric Corporation, to stop the production of display wall and printer products. Last shipments of Display Monitors, Display Walls and Cubes are on 30 September 2021 whereas last shipments of printers for photo and medical applications are on 31 March 2022. Media supply as well as service and technical support ends at 31 March 2030.

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Results of discontinued operations		
Revenue	24.384	29.164
Expenses	(23.318)	(24.572)
Profit (loss) before income tax	1.066	4.592
Income tax expenses	(12)	(42)
Profit (loss) from discontinued operations, net of tax	1.054	4.550

The profit from the discontinued operation of EUR 1.054 thousand (March 31, 2023: EUR 4.550 thousand) is attributable entirely to the owners of the Company. Of the profit from continuing operations of EUR 113.493 thousand (March 31, 2023: EUR 141.260 thousand), an amount of EUR 113.953 thousand is attributable to the owners of the Company (March 31, 2023: EUR 142.427 thousand).

Cash flows from discontinued operations is as follows:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Net cash (used in) / provided by operating activities	1.826	(231)
Net cash from investing activities	(56)	(55)
Net cash from financing activities	-	-
Net cash flows for the year	1.770	(286)



30 Subsequent events

In April 2024 MEU acquired a 10% share in the company AIRCALO, an air-conditioning company in France. The remaining 90% were acquired by Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., Italy, a wholly owned subsidiary of MELCO. Going forward, Mitsubishi Electric Group expects to leverage AIRCALO's broad product line and strong customization capabilities to expand and upgrade its hydronic HVAC systems business in the diversifying European market, including by meeting strong demand for made-to-order products and environmental awareness.

There have been no further events after reporting date which have a significant impact on, or should be disclosed in, these 2023/2024 consolidated financial statements.



Company balance sheet as at March 31, 2024 (before profit appropriation)

		March 31, 2024 EUR'000	March 31, 2023 EUR'000
	Notes		
Fixed assets			
<i>Intangible fixed assets</i>	34		
Goodwill		10.531	10.338
Other intangible assets		22.189	13.249
		<u>32.720</u>	<u>23.587</u>
<i>Tangible fixed assets</i>			
Land and buildings	35	57.283	58.108
Plant and equipment	35	23.533	22.455
Assets under construction	35	2.236	1.674
Right of use assets	47	67.327	63.608
		<u>150.379</u>	<u>145.845</u>
<i>Financial fixed assets</i>			
Participating interests in group companies	36	41.418	39.132
Other participating interests	37	10.283	10.082
Deferred tax assets	25	31.903	16.989
Pension asset	14	21.708	25.189
		<u>105.312</u>	<u>91.392</u>
Total fixed assets		<u>288.411</u>	<u>260.824</u>
Current assets			
Inventories	38	1.006.339	987.074
Trade and other receivables	39	971.854	1.154.718
Cash and cash equivalents	40	92.874	76.781
		<u>2.071.067</u>	<u>2.218.573</u>
Total current assets		<u>2.071.067</u>	<u>2.218.573</u>
Total assets		<u>2.359.478</u>	<u>2.479.397</u>

The notes on pages 98 to 117 are an integral part of these company financial statements.



		March 31,2024 EUR'000	March 31,2023 EUR'000
	Notes		
Shareholder's equity			
Share capital	41	83.982	83.982
Share premium	41	50.359	50.359
Foreign currency translation reserve	41	(49.503)	(48.250)
Retained earnings		449.358	351.792
Unappropriated result		114.154	146.977
Total equity		648.350	584.860
Provisions			
Pension provisions	14	4.816	4.334
Provision for deferred tax liabilities	25	23.981	10.354
Other provisions	43	46.675	44.206
Total provisions		75.472	58.894
Non-current liabilities			
Non-current loans and borrowings from affiliates	42	6.103	21.103
Non-current loans and borrowings from third parties	42	58.443	52.681
Other non-current liabilities		962	456
Total non-current liabilities		65.508	74.240
Current liabilities			
Current loans and borrowings from third parties	42	18.843	17.625
Current loans and borrowings from affiliates	42	43.446	30.892
Trade and other payables to affiliates	44	1.092.351	1.289.095
Trade payables to third parties	44	63.528	66.945
Other current liabilities	44	321.421	318.039
Income tax payable		30.559	38.807
Total current liabilities		1.570.148	1.761.403
Total equity and liabilities		2.359.478	2.479.397

The notes on pages 98 to 117 are an integral part of these company financial statements.



**Company income statement
for the year ended on March 31, 2024**

	March 31,2024 EUR'000	March 31,2023 EUR'000
	<u> </u>	<u> </u>
Notes		
Share of result of participating interests, after tax	45 (959)	(2.722)
Other income and expenses, after tax	<u> 115.113</u>	<u> 149.699</u>
Net result	<u> 114.154</u>	<u> 146.977</u>

The notes on pages 98 to 117 are an integral part of these company financial statements.



Notes to the company financial statements for the year ended March 31, 2024

31 General

The company financial statements and the consolidated financial statements together constitute the statutory financial statements of Mitsubishi Electric Europe B.V., Schiphol-Rijk, the Netherlands (Hereinafter 'the Company' or 'MEU').

32 Principles for the measurement of assets and liabilities and the determination of the result

These company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the company financial statements should be read in conjunction with the consolidated financial statements.

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.



Participating interests in group companies

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the company financial statements according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value / net asset value of the participating interests.

33 Financial risk management and financial instruments

For the description of MEU's financial risk management and financial instruments, we refer to note 6 to the consolidated financial statements. There are no significant differences between the Company's and the Group's financial risk management and financial instruments.



34 Intangible fixed assets

	Goodwill	Customer relationship	Software	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024				
Cost				
Opening balance	10.338	9.335	41.702	61.375
Purchase	-	-	13.811	13.811
Acquired in business combination	-	-	-	-
Disposals	-	-	(778)	(778)
Effect of movement in exchange rates	193	-	311	504
Closing balance	10.531	9.335	55.046	74.912
Amortisation and impairment losses				
Opening balance	-	9.003	28.785	37.788
Amortisation charge for the year	-	221	4.767	4.989
Acquired in business combination	-	-	-	-
Disposals	-	-	(766)	(766)
Effect of movement in exchange rates	-	-	182	182
Closing balance	-	9.224	32.968	42.192
Net book value at March 31, 2024	10.531	111	22.078	32.720
	Goodwill	Customer relationship	Software	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023				
Cost				
Opening balance	7.029	8.548	37.749	53.326
Purchase	-	-	5.499	5.499
Acquired in business combination	3.322	787	-	4.109
Disposals	-	-	(1.161)	(1.161)
Effect of movement in exchange rates	(13)	-	(385)	(398)
Closing balance	10.338	9.335	41.702	61.375
Amortisation and impairment losses				
Opening balance	-	8.548	26.455	35.003
Amortisation charge for the year	-	-	3.773	3.773
Acquired in business combination	-	455	-	455
Disposals	-	-	(1.117)	(1.117)
Effect of movement in exchange rates	-	-	(326)	(326)
Closing balance	-	9.003	28.785	37.788
Net book value at March 31, 2023	10.338	332	12.917	23.587



For the purpose of impairment testing, goodwill was allocated to the Company's relevant operating division, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The recoverable amount of these cash-generating units was based on its value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the respective unit. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The calculation was based on the following key assumptions:

Cash flows were projected based on past experiences, actual operating results and the 5-year business plan. The terminal growth rate was estimated at 2,0% (2022/2023: 2,0%) for the LES division and between 1,0% and 2,0% (2022/2023: between 1,0% and 2,0%) for the FA division, dependent on the country / region. This terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

A pre-tax discount rate of 25,8% (2022/2023: 24,8%) for the LES division and 22,5% (2022/2023: 21,8%) for the FA division was applied in determining the recoverable amount of the cash-generating unit. The pre-tax discount rate is in line with the Company's estimated pre-tax weighted average cost of capital as at the date of impairment testing, with a debt leveraging of 15,0% at a market interest rate of 24,8% (2022/2023 23,9 %) for the LES division and with a debt leveraging of 10,0% at a market interest rate of 4,4% (2022/2023: 3,9%) for the FA division.

No impairment loss was recognised in 2023/2024 and 2022/2023 financial years.



35 Tangible fixed assets

	Office buildings incl. land	Other buildings incl. land	Plant and equipment	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024					
Cost					
Opening balance	74.200	4.415	63.348	1.674	143.637
Purchases	-	852	7.238	2.096	10.186
Acquired in business combination	-	-	-	-	-
Transfer of completed assets under construction	-	343	679	(1.022)	-
Disposals	-	(2)	(3.677)	-	(3.679)
Effect of movements in exchange rates	385	16	(608)	(512)	(720)
Closing balance	74.585	5.624	66.980	2.236	149.425
Depreciation					
Opening balance	19.531	976	40.893	-	61.400
Depreciation charge for the year	1.998	185	6.377	-	8.560
Acquired in business combination	-	-	-	-	-
Disposals	-	(2)	(3.475)	-	(3.477)
Effect of movements in exchange rates	224	14	(348)	-	(110)
Closing balance	21.753	1.173	43.447	-	66.373
Net book value at March 31, 2024	52.832	4.451	23.533	2.236	83.052

	Office buildings incl. land	Other buildings incl. land	Plant and equipment	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023					
Cost					
Opening balance	74.731	4.578	64.742	708	144.759
Purchases	-	18	10.136	2.273	12.427
Acquired in business combination	-	-	60	-	60
Transfer of completed assets under construction	-	174	947	(1.121)	-
Disposals	-	(347)	(10.103)	-	(10.449)
Effect of movements in exchange rates	(531)	(8)	(2.434)	(186)	(3.160)
Closing balance	74.200	4.415	63.348	1.674	143.637
Depreciation					
Opening balance	17.893	1.104	45.065	-	64.062
Depreciation charge for the year	1.945	68	5.883	-	7.897
Acquired in business combination	-	-	55	-	55
Disposals	-	(184)	(8.271)	-	(8.455)
Effect of movements in exchange rates	(307)	(12)	(1.839)	-	(2.158)
Closing balance	19.531	976	40.893	-	61.400
Net book value at March 31, 2023	54.669	3.439	22.455	1.674	82.237



36 Participating interests in group companies

Legal name	Abbrev.	March 31, 2024	March 31, 2023
		EUR '000	EUR '000
Mitsubishi Electric Turkey Elektrik Ürünleri A.Ş.	METR	22.369	21.607
Mitsubishi Electric (Russia) LLC	MER	12.886	17.525
Zilioli S.r.L.	Zilioli	4.650	-
Leonardi S.r.L.	Leonardi	1.513	-
		<u>41.418</u>	<u>39.132</u>

Participating interests in group companies represent a 70,0% share in the share capital of Mitsubishi Electric Turkey Elektrik Ürünleri A.Ş. (Istanbul/Turkey) (March 31, 2024: EUR 22.369 thousand, March 31, 2023: EUR 21.607 thousand), acquired in March 2013, a 70,0% share in the share capital of Mitsubishi Electric (Russia) LLC (Moscow/Russian Federation) (March 31, 2024: EUR 12.886 thousand, March 31, 2023: EUR 17.525 thousand), acquired in September 2014, a 100% share in the share capital of Zilioli S.r.L. (Lonato del Garda/Italy) (March 31, 2024: EUR 4,650 thousand, acquired in January 2024) and a 100% share in the share capital of Leonardi S.r.L. (Casalecchio di Reno /Italy) (March 31, 2024: EUR 1.513 thousand, acquired in April 2023).

The movements in participating interests in group companies were as follows:

	METR	MER	Zilioli	Leonardi	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 April 2023	21.607	17.525	-	-	39.132
• Acquisitions of participating interests	-	-	4.650	1.400	6.050
• Share in result of participating interests	634	(1.706)	-	113	(959)
• Effect of movements in exchange rates	128	(2.933)	-	-	(2.805)
Balance at 31 March 2024	<u>22.369</u>	<u>12.886</u>	<u>4.650</u>	<u>1.513</u>	<u>41.418</u>

On January 23rd, 2024, the Company acquired 100% of the shares in Zilioli S.r.L. ('Zilioli'), a company specialised in air conditioning and refrigerating repairs and replacements, for a consideration in the amount of EUR 4.650 thousand.

Zilioli's business activities further complement the Company's existing LES business unit. The Company plans to integrate Zilioli within the Company's LES business unit during business year 2024/2025. Synergies are expected to be achieved from integrating Zilioli.

As at March 31, 2024, the acquisition accounting (e.g. purchase price allocation) in relation to Zilioli has not yet been completed, but will be finalised during business year



2024/2025.

In accordance with the Company's accounting policies Zilioli should be accounted for using the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements. The equity method is a method of accounting whereby Zilioli should initially be recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of Zilioli. At this stage, management assessed the agreed consideration for Zilioli as the amount best approaching the carrying amount under the equity method as at March 31, 2024. Any post-acquisition change in the Company's share of net assets of Zilioli is estimated to be insignificant.

For further information on the acquisition of Leonardi S.r.L. in April 2023 reference is made to note 5.



37 Other participating interests

Company name	Acquisition date	% share	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Investments measured at equity				
Mitsubishi Electric Automation Projects GmbH (Fuldabrück, Germany)	Apr 2013	30,0%	1.535	1.334
			<u>1.535</u>	<u>1.334</u>
Investments measured at fair value through OCI				
Mitsubishi Electric Air Conditioning Systems Europe Ltd (Livingstone, UK)	Feb 2015	10,0%	2.684	2.684
Mitsubishi Electric Automotive Czech s.r.o. (Slany, Czech Republic)	Feb 2015	10,0%	3.399	3.399
Advanced Worx 112 (Proprietary) Limited (Johannesburg, Republic of South Africa)*	Mar 2011	14,9%	1.168	1.168
Mitsubishi Electric Klimat Transportation Systems S.p.A. (Padua, Italy)	Feb 2015	10,0%	1.021	1.021
Mitsubishi Electric Automotive Europe B.V. (Amsterdam, Netherlands)	Feb 2015	10,0%	295	295
Ascenseurs Mitsubishi France (Nanterre, France)	Feb 2015	10,0%	107	107
Mitsubishi Electric R&D Centre Europe B.V. (Amsterdam, Netherlands)	Feb 2015	10,0%	74	74
			<u>8.748</u>	<u>8.748</u>
			<u>10.283</u>	<u>10.082</u>

*Trading as Adroit Technologies.

The movement schedule for the investments measured at equity is set out in note 9.



38 Inventories

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Aircon & Refrigerating Systems	721.085	720.228
Automotive Equipment	110.891	98.341
Industrial Products	74.276	66.356
Industrial Automation Systems	43.272	50.760
Home Appliances & Digital Media	5.557	7.185
Semiconductors	38.814	35.416
Power Systems	809	56
Electronic Systems	2.449	1.505
Public Use System	7.554	6.437
Building Systems	1.632	790
	<u>1.006.339</u>	<u>987.074</u>

Inventories are stated net of a provision for obsolete stock of EUR 41.754 thousand (March 31, 2023: EUR 34.795 thousand). Provisions have been made for all segments. The provision for obsolete stock is set up based on the lower of cost and net realizable value method.

39 Trade and other receivables

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Trade receivables 3 rd parties	668.982	653.616
Trade receivables affiliated companies	26.409	26.062
Trade receivables	<u>695.391</u>	<u>679.678</u>
Receivables from cash-pooling (CMS) with affiliated companies	110.872	198.103
Receivables from short-term deposits with affiliated companies	93.596	209.825
Prepaid expenses	5.113	6.659
Other current assets	66.882	60.452
	<u>971.854</u>	<u>1.154.718</u>

Trade receivables are non-interest bearing and are generally on 30 – 90 days' terms. All trade receivables are due within twelve months after the reporting date.

As at March 31, 2024, trade receivables and other receivables at carrying value of EUR



8.259 thousand (March 31, 2023: EUR 9.851 thousand) were impaired and provided for.

Trade receivables affiliated companies include receivables against the shareholder in the amount of EUR 17.611 thousand (March 31, 2023: EUR 17.796 thousand).

Movements in the provision for impairment of trade receivables were as follows:

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR ,000
At April 1, 2023	3.868	5.983	9.851
Charge for the year	1.107	-	1.107
Utilised	(536)	-	(536)
Unused amounts reversed	(1.281)	(901)	(2.182)
Translation adjustment	9	10	19
At March 31, 2024	3.167	5.092	8.259

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR ,000
At April 1, 2022	7.619	4.839	12.458
Charge for the year	1.005	1.193	2.198
Acquired in business combination	-	7	7
Utilised	(605)	-	(605)
Unused amounts reversed	(4.151)	-	(4.151)
Translation adjustment	-	(56)	(56)
At March 31, 2023	3.868	5.983	9.851

As at March 31, 2024 and 2023, the aging analysis of trade receivables is as follows:

	Neither past due nor impaired EUR'000	Past due but not impaired					Total EUR'000
		< 30 days EUR'000	30-60 days EUR'000	60-90 days EUR'000	90-120 days EUR'000	>120 days EUR'000	
March 31, 2024	672.068	14.839	4.490	1.271	515	2.208	23.323
March 31, 2023	632.733	38.641	4.717	1.863	953	771	46.945

The Company's exposure to credit risk and foreign currency risk is disclosed in note 6.



40 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and call deposits with original maturities of three months or less. All bank balances are available upon immediate demand.

The Company's exposure to interest rate risk and foreign currency risk is disclosed in note 6.

41 Capital and reserves

Share capital

	Ordinary shares March 31, 2024
	<u>EUR'000</u>
On issue at April 1, 2023 – fully paid	83.982
Issued for cash	-
On issue at March 31, 2024 – fully paid	83.982

The authorised share capital amounts to EUR 150 million, consisting of 150.000 ordinary shares of EUR 1.000 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

At March 31, 2024, the issued share capital included 83.982 issued and fully paid ordinary shares (March 31, 2023: 83.982).

Share premium

The share premium relates to surplus from the issuance of shares as far nominal value of the shares is exceeded and capital contributions from the shareholder.

Foreign currency translation reserve

The translation reserve (March 31, 2024: EUR -49.503 thousand, March 31, 2023: -48.250 thousand) is a legal reserve comprises all foreign exchange differences arising from the translation of the financial statements of the branches and representation offices from their functional currency into the presentation currency (EUR).

The foreign currency translation reserve is a non-distributable reserve.



Appropriation of profit of 2022/2023

The financial statements for the reporting year 2022/2023 have been adopted by the General Meeting of Shareholders on 31 July 2023. The General Meeting of Shareholders has adopted the appropriation of profit after tax for the reporting year 2022/2023 as proposed by the Board of Managing Directors.

Proposed appropriation 2023/2024

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2023/2024 profit after tax: an amount of EUR 79.689 thousand to be added to the retained earnings and the remaining amount of EUR 34.465 thousand to be paid out as a dividend. The result after tax for 2023/2024 is included under unappropriated result in equity.

The Company can only make payments to the shareholder and other parties entitled to the distributable profit insofar as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholder's equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve the distribution. Tests carried out by management revealed no indications that the proposed distribution of dividend will not be possible.



42 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings from third parties and affiliates, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 6.

The loans from affiliates represent interest bearing loans from Mitsubishi Electric Finance Europe PLC and can be summarised in the following way:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Non-current loans and borrowings:		
German Branch – building loan	6.103	21.103
	<u>6.103</u>	<u>21.103</u>
Current loans and borrowings:		
German Branch – building loan	15.000	8.897
German Branch	10.000	-
Polish Branch	9.000	-
Irish Branch	3.599	7.599
UK Branches	5.847	14.396
	<u>43.446</u>	<u>30.892</u>

The table below provides an overview of the short-term interest bearing loans and borrowings from third parties:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Non-current loans and borrowings:		
Lease obligation	58.443	52.681
	<u>58.443</u>	<u>52.681</u>
Current loans and borrowings:		
Lease obligation	18.843	17.625
	<u>18.843</u>	<u>17.625</u>

The non-current loan (EUR 6.103 thousand) is due for repayment in December 2025.

For details on the range of interest rates on the interest bearing loans we refer to note 6.



43 Other provisions

	Warranties	Waste electrical and electronic equipment	Restructuring	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At April 1, 2023	33.470	289	1.310	9.137	44.206
Additions during the year	17.429	552	1.269	4.601	23.851
Utilised	(8.216)	(420)	(808)	(4.417)	(13.861)
Released	(7.391)	-	-	(325)	(7.716)
F/X rate adjustment	242	1	-	(48)	195
March 31, 2024	35.534	422	1.771	8.948	46.675
Current part	20.323	348	1.771	8.739	31.181
Non current part	15.211	74	-	209	15.494
March 31, 2024	35.534	422	1.771	8.948	46.675

44 Financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2024 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1-5 years	>5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024						
Non-current loans and borrowings from affiliates	-	-	-	6.103	-	6.103
Current loans and borrowings from affiliates	3.399	16.047	24.000	-	-	43.446
Lease obligation	-	4.711	14.132	46.555	11.888	77.286
Trade and other payables 3 rd parties	23.717	37.770	2.041	-	-	63.528
Trade and other payables affiliates	23.073	654.147	415.131	-	-	1.092.351
Other creditors	46.124	154.067	55.773	-	-	255.963
	96.312	866.742	511.077	52.658	11.888	1.538.676



The equivalent disclosure for the prior year is as follows:

	On demand EUR'000	Less than 3 months EUR'000	3 to 12 months EUR'000	1-5 years EUR'000	>5 years EUR'000	Total EUR'000
March 31, 2023						
Non-current loans and borrowings from affiliates	-	-	-	21.103	-	21.103
Current loans and borrowings from affiliates	7.599	14.395	8.898	-	-	30.892
Lease obligation	-	4.406	13.219	36.726	15.954	70.305
Trade and other payables 3 rd parties	26.921	36.549	3.475	-	-	66.945
Trade and other payables affiliates	12.351	772.624	504.120	-	-	1.289.095
Other creditors	31.799	162.589	45.110	-	-	239.498
	<u>78.670</u>	<u>990.563</u>	<u>574.822</u>	<u>57.829</u>	<u>15.954</u>	<u>1.717.838</u>

The financial liabilities presented in above tables do not include the non-financial liabilities. The non-financial liabilities are however included in the liability related financial statement items presented in the balance sheet.

45 Share of result of participating interests

This concerns the share of the Company in the results of its participating interests, of which an amount of EUR -959 thousand (2022/2023: EUR -2.722 thousand) concerns group companies.

46 Commitments and contingencies

Contingencies

Regular tax audits are ongoing. There are no significant adjustments expected.

Commitments

There were no significant outstanding commitments as of March 31, 2024.



47 Lease

The Group leases offices, warehouses, company cars and other equipment. Offices and warehouses are often leased for more than five years. Typical lease terms for company cars and other equipment are three to five years.

Depending on the labour contract with some employees, some company cars have been sub-let by the Group to its employees. The lease and sub-lease agreements have a duration of three to four years.

The Group leases some equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Right-of-use assets

	Buildings	Vehicles	Other equipment	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2024				
Cost				
Opening balance	77.154	23.062	1.951	102.168
Purchase	6.181	17.334	839	24.354
Disposals	(10.563)	(9.214)	(609)	(20.385)
Effect of movement in exchange rates	453	403	12	867
Closing balance	<u>73.226</u>	<u>31.586</u>	<u>2.192</u>	<u>107.003</u>
Amortization and impairment losses				
Opening balance	24.997	12.619	944	38.560
Amortization charge for the year*	11.653	7.413	723	19.788
Disposals	(10.482)	(8.227)	(462)	(19.171)
Effect of movement in exchange rates	225	280	(6)	498
Closing balance	<u>26.392</u>	<u>12.085</u>	<u>1.198</u>	<u>39.675</u>
Net book value at March 31, 2024	<u>46.834</u>	<u>19.501</u>	<u>994</u>	<u>67.328</u>



	Buildings	Vehicles	Other equipment	Total
	EUR'000	EUR'000	EUR'000	EUR'000
March 31, 2023				
Cost				
Opening balance	72.279	22.609	1.633	96.522
Purchase	13.894	6.846	701	21.442
Disposals	(8.036)	(5.905)	(359)	(14.300)
Effect of movement in exchange rates	(983)	(487)	(25)	(1.495)
Closing balance	<u>77.154</u>	<u>23.063</u>	<u>1.951</u>	<u>102.168</u>
Amortization and impairment losses				
Opening balance	18.189	11.423	732	30.345
Amortization charge for the year*	11.692	6.247	551	18.491
Disposals	(4.607)	(4.925)	(314)	(9.847)
Effect of movement in exchange rates	(277)	(126)	(25)	(428)
Closing balance	<u>24.997</u>	<u>12.619</u>	<u>944</u>	<u>38.560</u>
Net book value at March 31, 2023	<u>52.157</u>	<u>10.443</u>	<u>1.007</u>	<u>63.608</u>

48 Staffing levels

The number of employees (converted into full-time equivalents) during the 2023/2024 and 2022/2023 financial years was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Average number of employees	3.395	3.082	3.368	3.056
Total number of employees	3.543	3.242	3.516	3.217

The breakdown by department was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Purchasing, sales and marketing departments	1.755	1.577	1.737	1.563
Administrative departments	1.788	1.665	1.779	1.654
Total	<u>3.543</u>	<u>3.242</u>	<u>3.516</u>	<u>3.217</u>

49 Related-party disclosures

Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries,



shareholder, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

Control of the Company

The Company is a wholly owned subsidiary of Mitsubishi Electric Corporation ('MELCO'), the Company's ultimate parent.

Related party transactions

During the financial year, the Company entered into transactions with related parties. Those transactions, along with related balances at March 31, 2024 and 2023 and for the years then ended, are presented in the following table:

	MELCO Japan		Other		Total	
	March 31, 2024 EUR'000	March 31, 2023 EUR'000	March 31, 2024 EUR'000	March 31, 2023 EUR'000	March 31, 2024 EUR'000	March 31, 2023 EUR'000
Purchase of goods	1.813.826	1.736.171	1.195.079	1.377.567	3.008.905	3.113.738
Trade and other receivables / other debtors	21.718	17.921	213.690	416.772	235.408	434.693
Trade and other payables / other creditors	646.483	762.925	474.486	539.447	1.120.969	1.302.372
Loans and borrowings	-	-	49.749	51.995	49.749	51.995

Transactions with other entities are relating to transactions with several MELCO affiliates. The main part of related party transactions is related to purchase of goods from the manufacturing companies. Trade and other receivables mainly relates to sourcing activities for MELCO and the manufacturing companies.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

For key management personnel compensation reference is made to note 50.

Regarding the impact of related party transactions on the income statement we refer to note 27.



50 Remuneration of managing directors

Partly the managing directors are executives from the parent company. The non-cash benefits and post-employment benefits for these managing directors are born by the parent company.

The key management personnel (managing directors) compensations are as follows:

	March 31, 2024 EUR '000	March 31, 2023 EUR '000
Short-term employee benefits	1.950	1.902
Post-employment benefits	101	95
Total	2.051	1.997

The emoluments, including pension costs as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the Company and its subsidiaries amounted to EUR 2.051 thousand (2022/2023: EUR 1.997 thousand) for managing directors and former managing directors.

No loans, advances and guarantees were granted by MEU to managing directors or former managing directors.

Total remuneration is included in selling, general and administration expenses

51 Subsequent events

In April 2024 MEU acquired a 10% share in the company AIRCALO, an air-conditioning company in France. The remaining 90% were acquired by Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., Italy, a wholly owned subsidiary of MELCO. Going forward, Mitsubishi Electric Group expects to leverage AIRCALO's broad product line and strong customization capabilities to expand and upgrade its hydronic HVAC systems business in the diversifying European market, including by meeting strong demand for made-to-order products and environmental awareness.

There have been no further events after reporting date which have a significant impact on, or should be disclosed in, these 2023/2024 company financial statements.



Amsterdam, June 28, 2024

Board of Managing Directors

S. Kurita
A. Wagner
E. Pellerin
H. Puetz
M. Kusano
T. Kondo
T. Ito



Other Information

Provisions in the articles of association governing the appropriation of profit

Under article 33 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders which can allocate said profit either wholly or partly to the formation of -or addition to - one or more general or special reserve funds.

Branch offices

Mitsubishi Electric Europe B.V. has the following branch offices and representation offices:

- Automotive Equipment Business Unit, Amsterdam/The Netherlands
- Dutch branch, Amsterdam/The Netherlands
- Scandinavian branch, Sollentuna/Sweden
- UK branch, Hatfield/Great Britain
- Corporate office, London/Great Britain
- European Purchase Center, London/Great Britain
- French branch, Nanterre/France
- Spanish branch, Madrid/Spain
- Italian branch, Milano/Italy
- Irish branch, Dublin/Republic of Ireland
- German branch, Ratingen/Germany
- Portuguese branch, Lisbon/Portugal
- Polish branch, Krakow/Poland
- Norwegian branch, Ytre Enebakk/Norway
- Greek branch, Attica/Greece
- Representative office in Prague/Czech Republic
- Representative office in Bruges/Belgium
- Representative office in Dubai/UAE
- Representative office in Johannesburg/ Republic of South Africa (office closed as of May 15, 2023)
- Representative office in Nitra/ Slovakia
- Representative office in Budapest/ Hungary
- Representative office in Bucharest/ Romania

Independent auditor's report

The independent auditor's report is included on the next pages.



Independent auditor's report

To: the General Meeting of Shareholders of Mitsubishi Electric Europe B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements for the year ended as at 31 March 2024 of Mitsubishi Electric Europe B.V., based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Mitsubishi Electric Europe B.V. as at 31 March 2024 and of its result and its cash flows for the year ended on 31 March 2024 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Mitsubishi Electric Europe B.V. as at 31 March 2024 and of its result for the year ended on 31 March 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 March 2024;
- 2 the following statements for the year ended 31 March 2024: the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as at 31 March 2024;
- 2 the company income statement for the year ended on 31 March 2024; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.



We are independent of Mitsubishi Electric Europe B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters "Risk management and risk profile" and "Information concerning application of code of conduct" of the Board of Managing Directors' report, the Board of Managing Directors describes its policies and procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct and related handbook (e.g. policies on anti-bribery and corruption, anti-money laundering, conflicts of interest, data protection, import and export controls, integrity of reporting), its anti-corruption guideline, its whistleblowing policies and procedures, its incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the day-to-day management, the Board of Managing Directors and other relevant functions, such as internal audit and legal counsel. We have also incorporated elements of unpredictability in our audit, including but not limited to the screening of general ledger accounts used for recording service fees from advisors for any unidentified claims and litigation and requesting balance confirmations for a selection of third-party suppliers.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-bribery and corruption laws and regulations (reflecting the business transactions of the Company, and of its group entities, with parties from around the world, including in high/higher risk jurisdictions).
- Anti-money laundering and terrorist financing laws and regulations (reflecting the business transactions of the Company, and of its group entities, with parties from around the world, including in high/higher risk jurisdictions).



- Trade sanctions and export controls laws and regulations (reflecting the trading activities of the Company, and of its group entities, with customers and suppliers from around the world, including in high/higher risk jurisdictions).
- Data privacy laws and regulations (reflecting the nature and extend of data being processed by the Company and its group entities, including personal data).

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

— **Management override of controls (a presumed risk)**

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries, estimates and revenue recognition.
- We performed a data analysis of high-risk journal entries (including but not limited to high-risk journal entries related to unusual account combinations involving revenue accounts, seldom used accounts and journal entries posted by persons with a responsibility to review and authorise journal entries), and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

— **Revenue recognition (a presumed risk)**

Risk:

- We identified a fraud risk in relation to the recognition of revenue from the sale of goods. This risk inherently includes the fraud risk that management deliberately overstates revenue, in the cut off, as management may feel pressure to achieve planned results for the current year.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls related to the revenue process. We performed substantive audit procedures in the cut off of revenues by determining the fulfillment of performance obligations (revenue recognition) by assessing the terms and conditions and vouching revenues recorded to the underlying sales transactions, agreements and supporting documentation such as delivery documents.
- We performed testing over credit notes issued after period end.



- We performed journal entry testing, specifically taking into account high risk criteria in relation to revenues and top side journal entries posted to revenue.
- We assessed the adequacy of the Company's disclosure.

We communicated our risk assessment, audit responses and results to the day-to-day management and the Board of Managing Directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Managing Directors has performed its going concern assessment and has not identified events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. To assess the Board of Managing Directors' assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board of Managing Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we questioned the Board of Managing Directors on the key assumptions and principles underlying the Board of Managing Directors' assessment of the going concern risks;
- we considered whether the cash pool facility, short-term deposits and other financing arrangements with Mitsubishi Electric Finance Europe PLC contain such limitations that indicate a going concern risk;
- we analysed the Company's consolidated and separate financial position as at year-end, and subsequent to year-end, and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Managing Directors' going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the Board of Managing Directors' report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.



By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Managing Directors is responsible for the preparation of the other information, including the Board of Managing Directors' report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Managing Directors for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as the Board of Managing Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Managing Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Managing Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 28 June 2024

KPMG Accountants N.V.

R.C. Preitschopf RA