Årsregnskap for regnskapsåret 2022

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

Brønnøysundregistrene
16.12.2023

2022 100...

Brønnøysundregistrene – Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP 2022

MITSUBISHI ELECTRIC EUROPE B.V. NORWEGIAN BRANCH Gneisveien 2D 1914 YTRE ENEBAKK	Organisasjonsnr. 915 946 062	NUF

Registrerte opplysninger per 14.12.2022		Eventuelle endringer dette regnskapsåret	
Startdato 01.04.2021	Avslutningsdato 31.03.2022	Startdato	Avslutningsdato
Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold ☐ Morselskap	☐ Ikke morselskap

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

Emot Utla

Bare til bruk for Regnskapsregisteret Acc

G ☒ NYVE ☐ Admr ☒ Kregn Ja ☐ Nei ☒ Aktiv. regn ☐

M ☐ Rets ☐ Ant.s 121

☐ ov.b ☐ årsb ☐ res ☐ bal ☐ e.bal ☐ gj.bal ☐ rev ☐ i-rev ☐ k-res ☐ k-bal ☐ k-n ☐ k-rev ☐ i-k-rev ☐ n

☐ k-regn ☐ kto ☐ d.k ☐ ik-fv ☐ konsf ☐ ifrs ☐ fr-rev ☐ ☐ ☐ ☐ ☐ funk ☐ u.off ☐ brev

BR-1001-11

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer:	2022 946756

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:	01.04.2021 - 31.03.2022

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:	30.09.2022

Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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, 14.12.2022

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

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

RESULTATREGNSKAP

Beløp i: EUR	Note	2022	2021
RESULTATREGNSKAP			
Driftsresultat			
Finansinntekter og finanskostnader			
Share of result of participating interests, after tax	45	8 220 000	7 796 000
Sum finansinntekter		**8 220 000**	**7 796 000**
Netto finans		**8 220 000**	**7 796 000**
Ordinært resultat før skattekostnad		**8 220 000**	**7 796 000**
Ordinært resultat etter skattekostnad		**8 220 000**	**7 796 000**
Other income and expenses, after tax		101 246 000	16 333 000
Årsresultat		**109 466 000**	**24 129 000**

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

BALANSE

Beløp i: EUR	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	25	14 556 000	16 423 000
Goodwill	34	7 029 000	7 029 000
Other intangible assets	34	11 294 000	8 069 000
Sum immaterielle eiendeler		**32 879 000**	**31 521 000**
Varige driftsmidler			
Land and buildings	35	60 312 000	62 238 000
Plant and equipment	35	19 677 000	17 173 000
Assets under construction	35	708 000	2 028 000
Right of use assets	47	66 176 000	42 372 000
Sum varige driftsmidler		**146 873 000**	**123 811 000**
Finansielle anleggsmidler			
Investering i datterselskap	36	34 941 000	38 701 000
Investeringer i tilknyttet selskap	37	10 061 000	9 999 000
Pension asset	14	29 502 000	13 347 000
Sum finansielle anleggsmidler		**74 504 000**	**62 047 000**
Sum anleggsmidler		**254 256 000**	**217 379 000**
Omløpsmidler			
Varer			
Varer	38	629 566 000	607 986 000
Sum varer		**629 566 000**	**607 986 000**
Fordringer			
Trade and other receivables	39	1 041 887 000	974 664 000
Sum fordringer		**1 041 887 000**	**974 664 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	40	60 514 000	54 055 000
Sum bankinnskudd, kontanter og lignende		**60 514 000**	**54 055 000**
Sum omløpsmidler		**1 731 967 000**	**1 636 705 000**
SUM EIENDELER		**1 986 223 000**	**1 854 084 000**

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	-49 457 000	-41 840 000
Retained earnings		269 001 000	240 838 000
Unappropriated result		109 466 000	24 129 000
Sum opptjent egenkapital		**329 010 000**	**223 127 000**
Sum egenkapital		**463 351 000**	**357 468 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	14	5 197 000	6 330 000
Utsatt skatt	25	8 784 000	6 097 000
Other provisions	43	46 354 000	37 245 000
Sum avsetninger for forpliktelser		**60 335 000**	**49 672 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	42	54 137 000	33 633 000
Langsiktig konserngjeld	42	30 000 000	28 900 000
Other non-current liabilities		291 000	321 000
Sum annen langsiktig gjeld		**84 428 000**	**62 854 000**
Sum langsiktig gjeld		**144 763 000**	**112 526 000**
Kortsiktig gjeld			
Current loans and borrowings from third parties	42	18 024 000	15 098 000
Leverandørgjeld	44	961 714 000	1 012 101 000
Betalbar skatt		34 002 000	24 513 000
Kortsiktig konserngjeld	42	26 704 000	32 477 000
Trade payables to third parties	44	70 761 000	50 602 000
Other current liabilities	44	266 904 000	249 299 000
Sum kortsiktig gjeld		**1 378 109 000**	**1 384 090 000**
Sum gjeld		**1 522 872 000**	**1 496 616 000**
SUM EGENKAPITAL OG GJELD		**1 986 223 000**	**1 854 084 000**

ANNUAL REPORT

MITSUBISHI ELECTRIC EUROPE B.V.
AMSTERDAM, THE NETHERLANDS

Year ended March 31, 2022

CONTENTS

Financial Report

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, 2022. 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 46, 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, Sweden and the Russian Federation.

We refer to page 110 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, 2022, the revenues amounted to EUR 3.587,0 million (previous business year: EUR 3.106,9 million). Higher net sales (EUR 480,1 million / 15,5 %) were recorded in almost all business areas compared to prior year, in which business volume had been impacted by the Covid-19 crisis.

Following the sales development, the cost of sales increased by EUR 337,2 million compared with the previous business year to EUR 2.870,5 million, representing 80,0% of net sales (previous business year: 81,5%).

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 556,0 million (15,5%) (previous business year: EUR 481,2 million (15,5%)).

Net finance expense amounted to EUR 2,1 million (previous business year: net finance expense of EUR 2,0 million).

Taking into account the aforementioned factors, a profit before tax of EUR 158,5 million was achieved in 2021/2022 (previous business year: EUR 90,4 million).

The profit from continuing operations amounted to EUR 110,0 million (previous business year: EUR 55,9 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, Mitsubishi Electric Corporation, 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 2,9 million (previous business year: loss of EUR 28,4 million).

Statement of financial position

Total assets amounted to EUR 2.047,1 million as at March 31, 2022, being EUR 125,9 million higher compared to March 31, 2021 (EUR 1.921,2 million). The increase mainly reflects the increased business volume.

Total equity increased by EUR 104,3 million compared to the previous business year to EUR 476,2 million, which includes the profit for the period of EUR 112,9 million, dividend payments of EUR 9,7 million, and other comprehensive income of EUR 1,1 million. In total, the full equity ratio (total equity divided by total equity and liabilities) was 23,3% (previous year: 19,4%).

Cash flow

The business year ended March 31, 2022, showed a positive net cash flow from operating activities of EUR 90,7 million. Net negative cash flow from investing activities was EUR 14,1 million and the net negative cash flow from financing activities was EUR 69,6 million. The effect of movement in exchange rates amounted to EUR 1,9 million decrease. Consequently, the end of financial year cash and cash equivalents balance amounted to EUR 88,4 million, an increase by EUR 5,1 million year on year.

The positive net cash flow from operating activities (EUR 90,7 million) has been EUR 76,4 million lower compared to previous financial year´s level. This decrease results from the increase of the net working capital, in particular the increase in trade and other receivables and the increase in inventories and in addition the decrease in trade and other liabilities. Net negative cash flow from investing activities (EUR 14,1 million) was EUR 0,5 million higher than last year mainly due to higher investments into tangible and intangible fixed assets.

Net negative cash flow from financing activities this year was EUR 69,6 million, compared to net negative cash from financing activities of EUR 154,4 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.

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, 2022 compared to the financial year ended March 31, 2021 other than relating to the impact of Covid-19 on the business volumes realised in prior year.

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).

Liquidity and need for external financing

The Group's liquidity position increased to a level of EUR 508,4 million as of March 31, 2022, compared to EUR 466,1 million last year. The liquidity position balance of EUR 508,3 million contains an amount of EUR 146,3 million relating to short-term deposits to Mitsubishi Electric Finance Europe PLC (March 31, 2021: EUR 161,4 million) and a receivable from cash-pooling in the amount of EUR 273,7 million (March 31, 2021: EUR 221,4 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 3.183 FTE (2020/2021: 3.175). At year end 3.250 FTE were employed (March 31, 2021: 3.188). In the purchasing, sales and marketing department 1.630 FTE and in the administrative department 1.620 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 sustainable development goals (SDGs) MELCO Group has set, details of which can be found on MELCO Group's website (www.mitsubishielectric.com/en/sustainability). We integrate MELCO Group's ESG policies and the 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.

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 share holders 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 0,7 million (previous business year: EUR 0,6 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. 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.

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 oversees the adequacy and functioning of the entire system of risk management and internal control, assisted by MELCO Group departments, in order to monitor and manage the Group's risk appetite, which is low.

No changes to the risk management procedures were adopted during the business year nor are expected to be undertaken in the foreseeable future.

The Management and the Managing Directors regularly assess material risks to which the Group is exposed to and take the necessary actions to manage and/or mitigate such risks satisfactorily. It is, and had been throughout the financial year, the Group's policy that no trading in financial instruments shall be undertaken.

The risks can be divided into the various categories below.

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 the above described risk profile. 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 cyclicality' between the activities and hence a somewhat more stable result development.

Operational risks

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 risk

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, SKR and GBP. We refer to note 6 of the financial statements for further details about financial instruments and related risk management.

Regulatory 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.

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 2021/2022, MER had approximately EUR 54 million in assets, mainly cash and cash equivalents and short-term bank deposits (EUR 21 million), inventories (EUR 15 million), trade receivables (EUR 6 million) and other current assets (EUR 9 million). As at March 31, 2022, MER had non-current assets in the amount of EUR 3 million, mainly property, plant and equipment (EUR 2 million). In FY 2021/2022 MER generated revenues in the amount of EUR 86 million and contributed an operating profit in the amount of EUR 7 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 2% 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.

To address the increased credit risk of MER's customer base (MER has its customers primarily in Russia, Ukraine and Belarus), resulting from the economic uncertainty and volatility, an additional provision for impairment of trade receivables was recognised in the amount of EUR 3 million. Management assessed that MER's other assets as at March 31, 2022 are not impaired. MER's inventories as at March 31, 2022 in the amount of EUR 15 million included goods in transit. MEU and MELCO have been successful in rerouting these goods in transit. These goods have either been shipped back to MELCO Group's manufacturing plants or shipped to other locations of the MEU Group.

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 likely to interact with and exacerbate the effects of current market conditions. At this stage it is very difficult to reliably evaluate the possible economic impact on the industries in which MEU operates and to which extend the Group's business will be impacted. Nevertheless it is already 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.

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 as well as the ongoing Covid-19 pandemic significantly impact the global economy and markets. During 2021/2022 we have not witnessed significant changes in operations (other than the suspended operations in Russia, Belarus and Ukraine) 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 2022/2023 on a level comparable to 2021/2022. 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 and profitability. However, if necessary the Group will react on business opportunities.

Subsequent events

Although the Group has relatively limited business activities in Russia, Belarus and Ukraine (FY 2021/2022 revenues generated from Russia, Belarus and Ukraine totaled 2% of MEU's consolidated revenues), the conflict in Ukraine and related events and continuous developments take place at a time of already significant global economic uncertainty and volatility (e.g. relating to the ongoing Covid-19 pandemic), and the effects are likely to interact with and exacerbate the effects of current market conditions.

At this stage it is very difficult to reliably evaluate the possible future economic impact on the industries in which MEU operates and to which extend the Group's business will be impacted. Based on our current knowledge and available information, we do not expect the possible future (marco)economic effects to have an impact on MEU's ability to continue as a going concern in the future.

There have been no events after reporting date which have a significant impact on, or should be disclosed in, the accompanying 2021/2022 financial statements.

Amsterdam, June 30, 2022

Board of Managing Directors

S. Kurita
A. Wagner
E. Pellerin
H. Puetz
M. Kusano
S. Miyoshi
Y. Kibushi

Consolidated statement of financial position as at March 31, 2022
(before profit appropriation)

Assets	Notes	March 31,2022 EUR'000	March 31,2021 EUR'000
Non-current assets			
Property, plant and equipment	7		
Land and buildings		60.312	62.238
Plant and equipment		20.255	17.883
Assets under construction		732	2.069
Total property, plant and equipment		81.299	82.190
Intangible assets and goodwill	8	25.310	24.503
Right-of-use assets	18	68.363	45.723
Investments in associates and other investments	9	10.061	9.999
Deferred tax assets	25	15.486	17.434
Pension asset	14	29.502	13.347
Total non-current assets		230.021	193.196
Current assets			
Inventories	10	658.253	639.341
Trade and other receivables	11	1.070.410	1.005.382
Cash and cash equivalents	12	88.375	83.275
Total current assets		1.817.038	1.727.998
Total assets		2.047.059	1.921.194

The notes on pages 20 to 86 are an integral part of these consolidated financial statements.

Equity and liabilities	Notes	March 31,2022 EUR'000	March 31,2021 EUR'000
Equity			
Share capital	13	83.982	83.982
Share premium	13	50.359	50.359
Foreign currency translation reserve	13	(49.457)	(41.840)
Retained earnings		269.001	240.838
Unappropriated result		109.466	24.129
Total equity attributable to owners of the Company		463.351	357.468
Non-controlling interest	13	12.842	14.442
Total equity		476.193	371.910
Non-current liabilities			
Pension liabilities	14	5.197	6.330
Provisions	16	11.687	8.437
Non-current loans and borrowings from third parties	15	54.982	35.395
Non-current loans and borrowings from affiliates	15	30.000	28.900
Other non-current liabilities		890	854
Deferred tax liabilities	25	8.872	6.231
Total non-current liabilities		111.628	86.147
Current liabilities			
Current loans and borrowings from third parties	15	19.507	16.851
Current loans and borrowings from affiliates	15	26.704	32.477
Trade and other payables to affiliates	6	986.771	1.042.634
Trade payables to third parties	6	72.171	52.504
Other current liabilities	6	284.606	264.138
Income tax payable	25	34.412	25.191
Provisions	16	35.067	29.342
Total current liabilities		1.459.238	1.463.137
Total equity and liabilities		2.047.059	1.921.194

The notes on pages 20 to 88 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss for the year ended March 31, 2022

	Notes	2021/2022 EUR'000	2020/2021 EUR'000
Revenue	19	3.586.995	3.106.902
Cost of sales		(2.870.457)	(2.533.262)
Gross profit		716.538	573.640
Other income	21	28.044	35.817
Selling, general and administrative expenses	20	(580.052)	(510.204)
Other expenses	22	(4.032)	(6.841)
		(556.040)	(481.228)
Operating profit		160.498	92.412
Finance income	23	719	458
Finance costs	23	(2.971)	(2.932)
Other net finance income	23	187	437
Net finance income (cost)		(2.065)	(2.037)
Share of result of associates	24	62	49
Profit (loss) before income tax		158.495	90.424
Income tax expenses	25	(48.498)	(34.543)
Profit (loss) from continuing operations		109.997	55.881
Profit (loss) from discontinued operation, net of tax	29	2.946	(28.432)
Profit for the year		112.943	27.449
Attributable to:			
Equity holders of the parent		109.466	24.129
Non-controlling interests		3.477	3.320
		112.943	27.449

The notes on pages 20 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income for the year ended March 31, 2022

	Notes	2021/2022 EUR'000	2020/2021 EUR'000
Profit (loss) for the year		112.943	27.449
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Net actuarial losses IAS 19	14	16.444	9.882
Deferred tax effect on IAS 19	25	(4.111)	(2.471)
		12.333	7.411
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences foreign operations		(11.277)	(5.746)
		(11.277)	(5.746)
Other comprehensive income, net of tax		1.056	1.665
Total comprehensive income		113.999	29.114
Attributable to:			
Owners of the Company		114.182	28.057
Non-controlling interests		(183)	1.057
		113.999	29.114

The notes on pages 20 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended March 31, 2022

In thousand of EUR	Share capital	Share premium	Foreign currency translation reserve	Retained Earnings	Unappro-priated results	Total	Non-controlling interest	Total equity
Balance at March 31, 2020	83.982	50.359	(38.357)	176.141	58.239	330.364	13.385	343.749
Appropriation of prior year result	-	-	-	58.239	(58.239)	-	-	-
Profit for the period	-	-	-	-	24.129	24.129	3.320	27.449
Other comprehensive income								
Foreign currency translation differences foreign operations	-	-	(3.483)	-	-	(3.483)	(2.263)	(5.746)
Net actuarial losses IAS 19 (revised 2011)	-	-	-	9.882	-	9.882	-	9.882
Deferred taxes on IAS 19 (revised 2011)	-	-	-	(2.471)	-	(2.471)	-	(2.471)
Total other comprehensive income	-		(3.483)	7.411	-	3.928	(2.263)	1.665
Total comprehensive income for the year	-	-	(3.483)	7.411	24.129	28.057	1.057	29.114
Transactions with owners of the Company, recognised directly in equity								
Dividends paid	-	-	-	(953)	-	(953)	-	(953)
Balance at March 31, 2021	83.982	50.359	(41.840)	240.838	24.129	357.468	14.442	371.910
Appropriation of prior year result	-	-	-	24.129	(24.129)	-	-	-
Profit for the period	-	-	-	-	109.466	109.466	3.477	112.943
Other comprehensive income								
Foreign currency translation differences foreign operations	-	-	(7.617)	-	-	(7.617)	(3.660)	(11.277)
Net actuarial losses IAS 19 (revised 2011)	-	-	-	16.444	-	16.444	-	16.444
Deferred taxes on IAS 19 (revised 2011)	-	-	-	(4.111)	-	(4.111)	-	(4.111)
Total other comprehensive income	-		(7.617)	12.333	-	4.716	(3.660)	1.056
Total comprehensive income for the year	-	-	(7.617)	12.333	109.466	114.182	(183)	113.999
Transactions with owners of the Company, recognised directly in equity								
Dividends paid	-	-	-	(8.299)	-	(8.299)	(1.417)	(9.716)
Balance at March 31, 2022	83.982	50.359	(49.457)	269.001	109.466	463.351	12.842	476.193

The notes on pages 20 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended March 31, 2022

	Notes	2021/2022 EUR'000	2020/2021 EUR'000
Cash flows from operating activities			
Profit (loss) before income tax from continuing operations		158.495	90.424
Profit (loss) from discontinued operation, net of tax		2.946	(28.432)
Adjustments for:			
• Loss/(gain) on disposal of non-current assets	7,8	931	2.843
• Depreciation, amortisation and reversal (impairment) loss on non current assets	7,8,18	31.937	32.810
• Foreign exchange differences		(9.119)	(4.103)
• Share of profit of equity-accounted investees, net of tax	24	(62)	(49)
		23.687	31.501
Changes in:			
• Decrease/(increase) in trade and other receivables	11	(28.845)	(5.137)
• Decrease/(increase) in inventories	10	(18.912)	15.442
• Increase/(decrease) in trade and other liabilities	6	(13.716)	95.106
• Increase/(decrease) in provisions and employee benefits	14,16	8.131	5.762
		(53.342)	111.173
Cash generated from operating activities:			
• Interest received	23	719	458
• Interest paid	23	(2.971)	(2.932)
• Income taxes paid		(38.800)	(35.093)
		(41.052)	(37.567)
Net cash (used in)/ provided by operating activities		90.734	167.099
Cash flows from investing activities			
Dividends received	23	187	437
Acquisition of property, plant and equipment	7	(8.032)	(5.524)
Acquisition of intangible assets	8	(6.213)	(4.678)
Acquisition of/additions to subsidiaries, associates and other investments	5,9	-	(3.864)
Net cash (used in)/ provided by investing activities		(14.058)	(13.629)

Cash flows from financing activities		
Change in cash-pooling / deposit balances with affiliated companies	(37.154)	(127.588)
Proceeds from loans and borrowings	1.247	5.401
Repayment of loans and borrowings	(5.182)	(4.998)
Payment of lease liabilities	(18.795)	(26.302)
Dividends paid	(9.716)	(953)
Net cash (used in)/ provided by financing activities	(69.600)	(154.440)
Net (decrease)/ increase in cash and cash equivalents	7.076	(970)
Cash and cash equivalents at beginning of period	83.275	85.037
Effect of movement in exchange rates	(1.976)	(792)
Cash and cash equivalents at end of period	88.375	83.275

The notes on pages 20 to 86 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2022

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 46, 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, 2022 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, Sweden 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, Athens/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
- 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 2021/2022, which ended at the balance sheet date of 31 March 2022.

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 87 to 109.

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorised for issue by the Board of Managing Directors on June 30, 2022.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material 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
- Note 7 - Property, plant and equipment
- Note 8 - Intangible assets and goodwill
- Note 14 - Employee benefits
- Note 16 - Provisions
- Note 17 - Commitments and contingencies

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 2021/2022, MER had approximately EUR 54 million in assets, mainly cash and cash equivalents and short-term bank deposits (EUR 21 million), inventories (EUR 15 million), trade receivables (EUR 6 million) and other current assets (EUR 9 million). As at March 31, 2022, MER had non-current assets in the amount of EUR 3 million, mainly property, plant and equipment (EUR 2 million). In FY 2021/2022 MER generated revenues in the amount of EUR 86 million and contributed an operating profit in the amount of EUR 7 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 2% 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.

To address the increased credit risk of MER's customer base (MER has its customers primarily in Russia, Ukraine and Belarus), resulting from the economic uncertainty and volatility, an additional provision for impairment of trade receivables was recognised in the amount of EUR 3 million. Management assessed that MER's other assets as at March 31, 2022 are not impaired. MER's inventories as at March 31, 2022 in the amount of EUR 15 million included goods in transit. MEU and MELCO have been successful in rerouting these goods in transit. These goods have either been shipped back to MELCO Group's manufacturing plants or shipped to other locations of the MEU Group.

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 likely to interact with and exacerbate the effects of current market conditions. At this stage it is very difficult to reliably evaluate the possible economic impact on the industries in which MEU operates and to which extend the Group's business will be impacted. Nevertheless it is already 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.

3 Significant 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.

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. 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. The exchange differences arising on the translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

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 co-ordinated 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. 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.

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.

New standards and interpretations not yet adopted

A number of new standards, amendments to existing standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

The following standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018 – 2020;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

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

In the business year ended March 31, 2022 no acquisitions took place.

In the business year ended March 31, 2021 the Company acquired from ConEmtor AB, Västra Frölunda/Sweden 100,0% shares of AQS Produkter AB, Västra Frölunda/Sweden, ("AQS"), a distributor specialised in air conditioning solutions at a final purchase price paid in cash for an amount of SEK 53.838 thousand (EUR 4.867 thousand). AQS has been selling commercial cooling and heat pump products for 35 years and has been the main distributor of commercial cooling and heat pump products manufactured by Mitsubishi Electric Hydronics & IT Cooling Systems (with brands CLIMAVENETA and RC), which was acquired in 2015. By acquiring AQS, the Group aims to strengthen its commercial business in Sweden and also to strengthen total solutions capabilities of MEU by taking advantage of its new partner's know-how.

For the last twelve months ended 31 March 2021 AQS contributed revenue of EUR 7,9 million and profit for the year of EUR 0,1 million to the Group´s result.

The Group incurred acquisition-related costs of EUR 0,5 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 (1 April 2020):

	EUR'000
Property, plant and equipment	18
Intangible assets	787
Right-of-use assets	159
Inventories	226
Accounts receivable	951
Cash	1.002
Other assets	43
Deferred tax liabilities	(222)
Trade payables	(799)
Other liabilities	(622)
Total identifiable net assets acquired	1.543

Goodwill arising from the acquisition has been recognised as follows:

	EUR'000
Consideration transferred	4.867
Fair value of identifiable net assets	(1.543)
Goodwill	3.324

The goodwill is attributable mainly to synergies expected to be achieved from integrating AQS into the Group´s existing Air Conditioners and Refrigerating Systems business unit and to the experience of AQS´ workforce.

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).

2021/2022	Variance +10% in EUR'000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	(1.388)	1.388
EUR/GBP	1.008	(1.008)
EUR/JPY	(95)	95
EUR/SKR	(23)	23
	(498)	498

2021/2022	Variance +1% in EUR'000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	228	(228)

2020/2021	Variance +10% in EUR'000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	(19)	19
EUR/GBP	634	(634)
EUR/JPY	(507)	507
EUR/SKR	(35)	35
	73	(73)

2020/2021	Variance +1% in EUR'000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	535	(535)

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 March 31, 2022 in EUR'000	Carrying amount March 31, 2022 in EUR'000	Fair Value March 31, 2021 in EUR'000	Carrying amount March 31, 2021 in EUR'000
Derivatives	106	106	89	89
Investments	10.061	10.061	9.999	9.999
Cash & cash equivalents	88.375	88.375	83.275	83.275
Trade receivables 3rd parties	568.391	568.391	542.902	542.902
Trade & other receivables affiliates	443.449	443.449	403.162	403.162
Other debtors	23.593	23.593	27.212	27.212
	1.133.974	1.133.974	1.066.639	1.066.639

Classes of Financial Liabilities	Fair Value March 31, 2022 in EUR'000	Carrying amount March 31, 2022 in EUR'000	Fair Value March 31, 2021 in EUR'000	Carrying amount March 31, 2021 in EUR'000
Non-current loans and borrowings from affiliates	30.000	30.000	28.900	28.900
Derivatives	750	750	875	875
Trade payables 3rd parties	72.171	72.171	52.504	52.504
Trade & other payables to affiliates	986.771	986.771	1.042.634	1.042.634
Current loans and borrowings from third parties	147	147	-	-
Current loans and borrowings from affiliates	26.704	26.704	32.477	32.477
Other creditors	199.250	199.250	190.224	190.224
	1.315.792	1.315.792	1.347.614	1.347.614

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 146.286 thousand at March 31, 2022 (March 31, 2021: EUR 161.430 thousand). The effective interest rates on these deposits range between 0,1% and 1,3% (March 31, 2021: 0,1% and 0,7%).

Loans and borrowings include short-term loans for an amount of EUR 26.704 thousand (March 31, 2021: EUR 32.477) and long-term loans for an amount of EUR 30.000 thousand (March 31, 2021: EUR 28.900) from Mitsubishi Electric Finance Europe PLC. The effective interest rates on these loans range between 0,3% and 1,0% (March 31, 2021: 0,3% and 1,0%).

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, 2022 and March 31, 2021.

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. 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, 2022 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1-5 years	>5 years	Total
March 31, 2022	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Non-current loans and borrowings from affiliates	-	-	-	30.000	-	30.000
Current loans and borrowings from affiliates	9.599	12.105	5.000	-	-	26.704
Current loans and borrowings from third parties	-	147	-	-	-	147
Trade and other payables 3rd parties	26.905	44.109	1.157	-	-	72.171
Trade and other payables affiliates	15.475	589.567	381.729	-	-	986.771
Other creditors	27.955	131.159	40.136	-	-	199.250
	79.933	777.088	428.022	30.000	-	1.315.043

The equivalent disclosure for the prior year is as follows:

March 31, 2021	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
Non-current loans and borrowings from affiliates	-	-	-	28.900	-	28.900
Current loans and borrowings from affiliates	9.599	-	22.878	-	-	32.477
Trade and other payables 3rd parties	19.199	31.928	1.377	-	-	52.504
Trade and other payables affiliates	114.168	543.559	384.907	-	-	1.042.634
Other creditors	34.823	112.182	43.219	-	-	190.224
	177.789	687.669	452.381	28.900	-	1.346.739

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 ongoing Covid-19 pandemic significantly impact the global economy and markets. During 2021/2022 we have not witnessed significant changes in operations (other than the suspended operations in Russia, Belarus and Ukraine) 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 Russia-Belarus-Ukraine conflict as well as Covid-19 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

March 31, 2022	Office buildings incl. land EUR'000	Other buildings incl. land EUR'000	Plant and equipment EUR'000	Assets under construction EUR'000	Total EUR'000
Cost					
Opening balance	74.196	4.969	69.574	2.069	150.808
Purchases	-	14	4.956	3.062	8.032
Acquired in business combination	-	-	-	-	-
Transfer of completed assets under construction	-	38	4.337	(4.375)	-
Disposals**	-	(14)	(11.946)	-	(11.960)
Effect of movements in exchange rates	533	(428)	(394)	(24)	(313)
Closing balance	74.729	4.579	66.527	732	146.567
Depreciation					
Opening balance	15.572	1.355	51.691	-	68.618
Depreciation charge for the year*	2.019	7	6.179	-	8.205
Acquired in business combination	-	-	-	-	-
Disposals**	-	(14)	(11.173)	-	(11.187)
Effect of movements in exchange rates	300	(243)	(425)	-	(368)
Closing balance	17.891	1.105	46.272	-	65.268
Net book value at March 31, 2022	56.838	3.474	20.255	732	81.299

March 31, 2021	Office buildings incl. land EUR'000	Other buildings incl. land EUR'000	Plant and equipment EUR'000	Assets under construction EUR'000	Total EUR'000
Cost					
Opening balance	73.835	5.253	68.216	826	148.130
Purchases	7	7	3.346	2.164	5.524
Acquired in business combination	-	-	204	-	204
Transfer of completed assets under construction	-	147	711	(858)	-
Disposals**	(179)	(466)	(3.092)	-	(3.737)
Effect of movements in exchange rates	533	28	189	(63)	687
Closing balance	74.196	4.969	69.574	2.069	150.808
Depreciation					
Opening balance	13.308	1.604	46.878	-	61.790
Depreciation charge for the year*	2.029	95	7.409	-	9.533
Acquired in business combination	-	-	186		186
Disposals**	(63)	(351)	(2.853)	-	(3.267)
Effect of movements in exchange rates	298	7	71	-	376
Closing balance	15.572	1.355	51.691	-	68.618
Net book value at March 31, 2021	58.624	3.614	17.883	2.069	82.190

*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

March 31, 2022	Goodwill EUR'000	Customer relationships EUR'000	Software EUR'000	Total EUR'000
Cost				
Opening balance	15.480	30.194	34.530	80.204
Purchase	-	-	6.213	6.213
Acquired in business combination	-	-	-	-
Disposals	-	-	(1.591)	(1.591)
Effect of movement in exchange rates	(2.066)	-	24	(2.043)
Closing balance	13.414	30.194	39.176	82.784
Amortisation and impairment losses				
Opening balance	-	28.955	26.746	55.701
Amortisation charge for the year*	-	218	2.817	3.035
Disposals	-	-	(1.431)	(1.431)
Effect of movement in exchange rates	-	128	41	169
Closing balance	-	29.301	28.173	57.474
Net book value at March 31, 2022	13.414	893	11.003	25.310

March 31, 2021	Goodwill EUR'000	Customer relationships EUR'000	Software EUR'000	Total EUR'000
Cost				
Opening balance	13.998	29.380	29.757	73.135
Purchase	-	-	4.679	4.679
Acquired in business combination	3.324	787	-	4.111
Disposals	-	-	(260)	(260)
Effect of movement in exchange rates	(1.842)	27	354	(1.461)
Closing balance	15.480	30.194	34.530	80.204
Amortisation and impairment losses				
Opening balance	-	28.226	23.634	51.860
Amortisation charge for the year*	-	588	3.013	3.601
Disposals	-	-	(255)	(255)
Effect of movement in exchange rates	-	141	354	495
Closing balance	-	28.955	26.746	55.701
Net book value at March 31, 2021	15.480	1.239	7.784	24.503

*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, 2022 in the total amount of EUR 13.414 thousand relates with EUR 5.738 thousand to Living Environment Systems division and with EUR 7.676 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% (2020/2021: 2,0%) for the LES division and between 1,0% and 2,0% (2020/2021: 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 24,2% (2020/2021: 24,2%) for the LES division and 14,1% (2020/2021: 14,6%) 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 13,3% (2020/2021 12,0 %) for the LES division and with a debt leveraging of 10,0% at a market interest rate of 1,9% (2020/2021: 1,9%) for the FA division.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately EUR 38.047 thousand (2020/2021: EUR 23.064 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	
	2021/2022	2020/2021
	%	%
Discount rate	6,0	3,0
Budgeted EBITDA growth rate	-8,2	-7,5

No impairment loss was recognised in 2021/2022 and 2020/2021 financial year.

9 Investments in associates and other investments

Company name	Acquisition date	% share	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Investments measured at equity method				
Mitsubishi Electric Automation Projects GmbH (Fuldabrück, Germany)	Apr 2013	30,0%	1.313	1.251
			1.313	1.251
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
			8.748	8.748
			10.061	9.999

*Trading as Adroit Technologies.

The above entities, besides 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.

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:

	EUR'000
Opening balance as of March 31, 2020	1.202
Group's ownership of net profit (loss) current year	49
Carrying amount of the investment as of March 31, 2021	1.251
Opening balance as of March 31, 2021	1.251
Group's ownership of net profit (loss) current year	62
Carrying amount of the investment as of March 31, 2022	1.313

10 Inventories

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Aircon & Refrigerating Systems	452.948	455.066
Automotive Equipment	85.607	66.773
Industrial Products	39.336	40.833
Industrial Automation Systems	38.003	33.893
Semiconductors	23.691	17.165
Home Appliances & Digital Media	7.818	10.376
Industrial Sewing Machines	1.698	1.897
Electronic Systems	1.933	1.860
Public Use System	5.369	7.744
Building Systems	1.816	3.678
Power Systems	34	56
	658.253	639.341

Inventories are stated net of a provision for obsolete stock of EUR 31.924 thousand (March 31, 2021: EUR 34.750 thousand). Provisions have been made for all segments. The expense in this respect amounted to EUR 4.628 thousand (March 31, 2021: EUR 8.309 thousand) and is included in Cost of Sales. 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, 2022 EUR '000	March 31, 2021 EUR '000
Trade receivables 3rd parties	568.391	542.902
Trade receivables affiliated companies	23.479	20.346
Trade receivables	591.870	563.248
Receivables from cash-pooling (CMS) with affiliated companies	273.684	221.386
Receivables from short-term deposits with affiliated companies	146.286	161.430
Prepaid expenses	9.581	5.155
Other current assets	48.989	54.163
	1.070.410	1.005.382

Trade receivables are non-interest bearing and are generally on 30 - 90 days' terms.

As at March 31, 2022, trade receivables and other receivables at carrying value of EUR 12.742 thousand (March 31, 2021: EUR 14.610 thousand) were impaired and provided for.

Trade receivables 3rd parties include contract assets in the amount of EUR 11.800 thousand (March 31, 2021: EUR 14.145 thousand) and are typically paid within the next 12 months.

Trade receivables affiliated companies include receivables against the shareholder in the amount of EUR 20.255 thousand (March 31, 2021: EUR 17.859 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, 2021	9.634	4.976	14.610
Charge for the year*	3.797	-	3.797
Utilised	(1.662)	-	(1.662)
Unused amounts reversed*	(3.759)	(126)	(3.885)
Translation adjustment	(107)	(11)	(118)
At March 31, 2022	7.903	4.839	12.742

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1, 2020	7.361	6.300	13.661
Charge for the year*	17.804	-	17.804
Utilised	(695)	-	(695)
Unused amounts reversed*	(14.702)	(1.388)	(16.090)
Translation adjustment	(134)	64	(70)
At March 31, 2021	9.634	4.976	14.610

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

As at March 31, 2022 and March 31, 2021, 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, 2022	545.449	44.241	2.180	-	-	-	46.421
March 31, 2021	526.308	26.310	8.246	2.381	3	-	36.940

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 2022 include bank balances held by MER totaling EUR 13.826 thousand at banks located in Russia. These bank balances are primarily with a Russian subsidiary of the Japanese MUFG Bank. 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, 2022
	EUR'000
On issue at April 1, 2021 – fully paid	83.982
Issued for cash	-
On issue at March 31, 2022 – 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, 2022, the issued share capital included 83.982 issued and fully paid ordinary shares (March 31, 2021: 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, 2022: EUR -49.457 thousand, March 31, 2021: -41.840 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, 2022 and March 31, 2021:

	March 31, 2022 EUR'000	March 31, 2021 EUR'000
Dividend to owners of the Company, paid to Melco, Tokyo, Japan.	9.716	953

In the financial year 2021/2022, the dividend paid out amounted to EUR 64,77 per authorised ordinary share (2020/2021: EUR 6,35 per authorised ordinary share).

Non-controlling interest

MEU holds 70,0% of the shares of Mitsubishi Electric Turkey Elektrik Ürünleri Anonim Sirketi ('METR'), a limited liability company seated 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 4.976 thousand at March 31, 2022 (EUR 6.082 thousand at March 31, 2021).

MEU holds 70,0% of the shares of Mitsubishi Electric (Russia) LLC ('MER'), founded on June 23, 2014 in Moscow/Russia. 30,0% of the shares in MER are held by MELCO. The 30,0% share of MELCO amounts to EUR 7.866 thousand at March 31, 2022 (EUR 8.360 thousand at March 31, 2021).

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 recognised in the statement of comprehensive income and the funded status and amounts recognised in the statement of financial position for the respective plans.

Net benefit expense	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Charged to Profit or Loss		
Current service cost	(599)	(793)
Interest cost on benefit obligation	(2.812)	(2.678)
Interest income on plan assets	3.027	2.786
Past service cost	863	1.165
Additional charges	(60)	(122)
	419	358
Charged to Other Comprehensive Income		
Net actuarial gain/(loss) recognised in the year	16.444	9.882
	16.444	9.882
Actual return on plan assets	(591)	1.282

Benefit asset/(liability)	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Present value of funded obligations	(141.031)	(148.801)
Present value of unfunded obligations	(5.197)	(5.503)
Fair value of plan assets	170.533	161.321
	24.305	7.017

Movements are as follows:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
At April 1	7.017	(3.156)
Benefit gains/(expenses)	16.863	10.239
Contributions	989	1.337
Others	-	85
Exchange adjustment	(882)	(1.700)
Utilisation	318	212
At March 31	24.305	7.017

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

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Pension Asset	29.502	13.347
Pension Liabilities	(5.197)	(6.330)
At March 31	24.305	7.017

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

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
UK Hatfield Branch	24.932	9.220
Ireland Branch	4.570	4.128
Italy Branch	(2.127)	(2.440)
France Branch	(3.070)	(3.063)
Netherlands Branches	-	(828)
	24.305	7.017

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

	March 31, 2022	March 31, 2021
Discount rate	2,4%	1,9%
Expected rate of return in assets	0,0%	0,0%
Future salary increase	0,1%	0,1%
Future pension increase	3,5%	3,0%
Future price inflation	3,0%	2,5%

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:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Charged to profit or loss account		
Pension income (cost) of benefit plans	419	358
Pension cost of contribution plans	(10.456)	(10.198)
	(10.037)	(9.840)
Charged to other comprehensive income		
Pension cost of benefit plans	16.444	9.882
	16.444	9.882

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

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, 2022 EUR '000	March 31, 2021 EUR '000
Non-current loans and borrowings:		
German Branch - building loan	30.000	28.900
	30.000	28.900
Current loans and borrowings:		
German Branch – building loan	5.000	11.100
Irish Branch	9.599	9.599
UK Branches	12.105	11.778
	26.704	32.477

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

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Non-current loans and borrowings:		
Lease obligation	54.982	35.395
	54.982	35.395
Current loans and borrowings:		
Lease obligation	19.361	16.851
Other	146	-
	19.507	16.851

The non-current loan (EUR 30.000 thousand) is due for repayment in four tranches from June 2023 to December 2025.

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

16 Provisions

	Warranties	Waste electrical and electronic equipment	Restruc-turing	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At April 1, 2021	25.438	81	2.983	9.277	37.779
Additions during the year	18.170	420	1.278	9.204	29.072
Utilised	(5.585)	(244)	(2.357)	(5.015)	(13.201)
Released	(6.289)	-	-	(272)	(6.561)
F/X rate adjustment	(60)	-	(8)	(267)	(335)
March 31, 2022	31.674	257	1.896	12.927	46.754
Current part	20.150	204	1.896	12.817	35.067
Non-current part	11.524	53	-	110	11.687
March 31, 2022	31.674	257	1.896	12.927	46.754

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, 2022.

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

March 31, 2022	Buildings EUR'000	Vehicles EUR'000	Other equipment EUR'000	Total EUR'000
Cost				
Opening balance	49.534	22.475	1.311	73.320
Purchase	43.202	6.304	763	50.269
Disposals	(15.976)	(4.603)	(441)	(21.020)
Effect of movement in exchange rates	(143)	(454)	0	(597)
Closing balance	76.617	23.722	1.633	101.972
Amortisation and impairment losses				
Opening balance	17.471	9.394	732	27.597
Amortisation charge for the year	13.387	6.846	464	20.697
Disposals	(9.639)	(4.348)	(449)	(14.436)
Effect of movement in exchange rates	(179)	(65)	(5)	(249)
Closing balance	21.040	11.827	742	33.609
Net book value at March 31, 2022	55.577	11.895	891	68.363

March 31, 2021	Buildings EUR'000	Vehicles EUR'000	Other equipment EUR'000	Total EUR'000
Cost				
Opening balance	46.908	17.954	1.227	66.089
Purchase	6.630	8.178	295	15.103
Disposals	(4.785)	(3.902)	(228)	(8.915)
Effect of movement in exchange rates	781	245	17	1.043
Closing balance	49.534	22.475	1.311	73.320
Amortisation and impairment losses				
Opening balance	9.209	5.677	458	15.344
Amortisation charge for the year	12.281	6.926	470	19.677
Disposals	(4.144)	(3.153)	(198)	(7.495)
Effect of movement in exchange rates	125	(56)	2	71
Closing balance	17.471	9.394	732	27.597
Net book value at March 31, 2021	32.063	13.081	579	45.723

Amounts recognised in profit or loss

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Interest on lease liabilities	1.475	1.097
Expenses related to short-term leases	2.206	3.117
Expenses relating to leases of low-value assets, excluding short term leases of low-value asset	671	545
	4.352	4.759
Interest income on sublease company cars	104	96

Amounts recognised in statement of cash flows

Total cash outflow for leases in the current business year was EUR 26.342 thousand (March 31, 2021: EUR 31.455 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 3.195 thousand (March 31, 2021: EUR 3.379 thousand) is accounted for as an operating expense on a straightline basis over the lease term of the company car lease as part of "other expenses".

19 Revenue

The Company'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 2021/2022

	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	598	4	2.151	4	64.801	67.558
Sales to third parties	2.143.693	749.615	333.672	180.905	111.552	3.519.437
	2.144.291	749.619	335.823	180.909	176.353	3.586.995

Business divisions 2020/2021

	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	324	245	1.017	36	58.695	60.317
Sales to third parties	1.727.387	813.957	256.284	153.999	94.958	3.046.585
	1.727.711	814.202	257.301	154.035	153.653	3.106.902

The Company recognised revenue in the amount of EUR 6.226 thousand that was included as contract liabilities at the beginning of the business years in other liabilities (2020/2021: EUR 3.454 thousand).

The Company'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 of the European Purchasing Center.

Geographical areas

	Europe		Others		Consolidated	
	March 31, 2022 EUR '000	March 31, 2021 EUR '000	March 31, 2022 EUR '000	March 31, 2021 EUR '000	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Sales to affiliated customers	1.341	437	66.217	59.880	67.558	60.317
Sales to third parties	3.367.979	2.795.098	151.458	251.487	3.519.437	3.046.585
Total revenue	3.369.320	2.795.535	217.675	311.367	3.586.995	3.106.902

Sales to third parties within Europe as of March 31, 2022 include sales in the Netherlands in the amount of EUR 88.566 thousand (as of March 31, 2021: EUR 73.742 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 2022 or at 31 March 2021 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 580.052 thousand (2020/2021: EUR 510.204 thousand) selling, general and administrative expenses are depreciation and amortisation of EUR 31.719 thousand (2020/2021: EUR 32.186 thousand), selling expenses of EUR 142.298 thousand (2020/2021: EUR 116.676 thousand), advertising expenses of EUR 37.307 thousand (2020/2021: EUR 23.201 thousand) and personnel expenses consisting of:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Wages and salaries	229.409	211.526
Social security costs	41.101	37.678
Pension costs of defined benefit and defined contribution plans	9.900	10.671
	280.410	259.875

Depreciation and amortisation of EUR 218 thousand (2020/2021: EUR 625 thousand) are included in the result of discontinued operations. Pension cost of EUR 137 thousand (2020/2021: pension income of EUR 831 thousand) is included in the result of discontinued operations.

21 Other income

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Marketing and advertising activities (agreements with MELCO Japan and other affiliated companies)	28.044	35.817
	28.044	35.817

22 Other expenses

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Other operating expenses to affiliated companies	5.312	10.102
Gain on foreign currency exchanges	(1.308)	(1.790)
Loss (gain) on disposal of long-term assets	28	(1.471)
	4.032	6.841

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

23 Net finance result

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Finance income	719	458
Finance costs	(2.971)	(2.932)
Other net finance income	187	437
	(2.065)	(2.037)

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, 2022 EUR '000	March 31, 2021 EUR '000
Mitsubishi Electric Air Conditioning Systems Europe Ltd	24	230
Mitsubishi Electric Automotive Czech s.r.o.	-	38
Mitsubishi Electric R&D Centre Europe B.V.	124	120
Mitsubishi Electric Automotive Europe B.V.	39	38
Ascenseurs Mitsubishi France	-	11
	187	437

24 Share of result of associates

Company name	% share of equity	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Mitsubishi Electric Automation Projects GmbH	30,0%	62	49
		62	49

25 Income taxes

Deferred tax balances as at March 31, 2022 relate to the following:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Deferred tax assets		
Inventory valuation	2.719	2.717
Provisions and accruals	8.743	8.244
Provision for doubtful debts	1.422	1.774
Tax loss carry forward	2.230	4.230
Property, plant and equipment and intangible assets	281	435
Other items	91	34
	15.486	17.434

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Deferred tax liabilities		
Tax losses of foreign branches used in the past	2.469	2.822
Provisions and accruals	5.886	2.819
Inventory valuation	213	344
Property, plant and equipment and intangible assets	194	183
Other items	110	63
Deferred tax liabilities	8.872	6.231

The movements in deferred tax balances during the year have been recognised in profit or loss (deferred tax expense EUR 478 thousand) and in other comprehensive income (deferred tax expense EUR 4.111 thousand).

Deferred tax assets in the amount of EUR 930 thousand and deferred tax liabilities in the amount of EUR 88 thousand are related to the consolidated companies METR, MER and AQS.

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, 2022 EUR '000	March 31, 2021 EUR '000
Current:		
Domestic	1.598	1.375
Foreign	46.422	34.130
	48.020	35.505
Deferred:		
Domestic	(406)	(163)
Foreign	884	(799)
	478	(962)
Income tax expense	48.498	34.543

Recognised in the statement of comprehensive income:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Current tax expenses		
Current year	48.732	36.715
Adjustments previous years	(712)	(1.210)
	48.020	35.505
Deferred tax (income)/expenses		
Origination and reversal of temporary differences	(1.522)	(1.577)
Effect of tax losses recognised	2.000	615
	478	(962)
Income tax expenses	48.498	34.543

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, 2022 and 2021 was as follows:

	March 31, 2022 %	March 31, 2021 %	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Domestic tax rate	25,00	25,00	39.624	22.606
Effect of tax rates in foreign jurisdictions	1,91	7,63	3.029	6.895
Adjustment in respect to current income tax of previous years	(0,45)	(1,34)	(712)	(1.210)
Recognition of previously unrecognised tax losses	(0,34)	(0,30)	(535)	(274)
Effect of non-deductible expenses	2,17	3,40	3.446	3.076
Others	2,31	3,82	3.646	3.450
Effective tax rate	30,60	38,21	48.498	34.543

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 395 thousand (25,0% for profit exceeding EUR 245 thousand until December 2021). The local statutory standard tax rate for profits up to EUR 395 thousand is 15,0% (16,5% for profits up to EUR 245 thousand until December 2021).

Income tax payable amounts to EUR 34.412 thousand (March 31, 2021: EUR 25.191 thousand).

26 Staffing levels

The number of employees (converted into full-time equivalents) during the 2021/2022 and 2020/2021 financial years was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Average number of employees	3.183	3.175	3.146	3.131
Total number of employees	3.250	3.188	3.220	3.144

The breakdown by department was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Purchasing, sales and marketing departments	1.630	1.638	1.615	1.615
Administrative departments	1.620	1.550	1.605	1.529
Total number of employees	3.250	3.188	3.220	3.144

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, 2022 and 2021 and for the years then ended, are presented in the following table:

	MELCO Japan		Other		Total	
	March 31, 2022 EUR'000	March 31, 2021 EUR'000	March 31, 2022 EUR'000	March 31, 2021 EUR'000	March 31, 2022 EUR'000	March 31, 2021 EUR'000
Sales of goods	65.126	59.014	2.432	1.303	67.558	60.317
Purchase of goods	1.562.429	1.419.837	1.131.545	979.692	2.693.974	2.399.529
Trade and other receivables / other debtors	20.767	18.147	423.243	385.015	444.010	403.162
Trade and other payables / other creditors	585.546	641.013	405.096	407.572	990.642	1.048.585
Other operating income (net) from Affiliated companies	14.278	18.261	8.454	7.453	22.732	25.715
Financial income (net)	-	-	105	231	105	231
Loans and borrowings	-	-	56.704	61.377	56.704	61.377

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.

28 Fees of the auditor

With reference to Section 2; 382a (1) and (2) of the Netherlands 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:

2021/2022	KPMG Accountants N.V. EUR'000	Other KPMG network EUR'000	Total EUR'000
Statutory audit of annual accounts	123	753	876
Other assurance services	-	136	136
Tax advisory services	-	76	76
Total	123	965	1.088

2020/2021	KPMG Accountants N.V. EUR'000	Other KPMG network EUR'000	Total EUR'000
Statutory audit of annual accounts	123	753	876
Other assurance services	-	166	166
Tax advisory services	-	200	200
Total	123	1.119	1.242

The fees mentioned in the table for the statutory audit of the annual accounts 2021/2022 (2020/2021) relate to the total fees for the statutory audit of the annual accounts 2021/2022 (2020/2021), irrespective of whether the activities have been performed during the financial year 2021/2022 (2020/2021).

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, 2022 EUR '000	March 31, 2021 EUR '000
Results of discontinued operations		
Revenue	31.434	27.402
Expenses	(28.370)	(58.196)
Profit (loss) before income tax	3.064	(30.794)
Income tax expenses	(119)	2.362
Profit (loss) from discontinued operations, net of tax	2.946	(28.432)

The profit from the discontinued operation of EUR 2.946 thousand (March 31, 2021: loss of EUR 28.432 thousand) is attributable entirely to the owners of the Company. Of the profit from continuing operations of EUR 109.997 thousand (March 31, 2021: EUR 55.881 thousand), an amount of EUR 106.520 thousand is attributable to the owners of the Company (March 31, 2021: EUR 52.561 thousand).

Cash flows from discontinued operations is as follows:

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Net cash (used in) / provided by operating activities	3.406	(4.832)
Net cash from investing activities	(218)	(624)
Net cash from financing activities	-	-
Net cash flows for the year	3.188	(5.456)

30 Subsequent events

Although the Group has relatively limited business activities in Russia, Belarus and Ukraine (FY 2021/2022 revenues generated from Russia, Belarus and Ukraine totaled 2% of MEU's consolidated revenues), the conflict in Ukraine and related events and continuous developments take place at a time of already significant global economic uncertainty and volatility (e.g. relating to the ongoing Covid-19 pandemic), and the effects are likely to interact with and exacerbate the effects of current market conditions. At this stage it is very difficult to reliably evaluate the possible future economic impact on the industries in which the Group operates and to which extend the Group's business will be impacted. Based on our current knowledge and available information, we do not expect the possible future (marco)economic effects to have an impact on MEU's ability to continue as a going concern in the future.

There have been no events after reporting date which have a significant impact on, or should be disclosed in, the 2021/2022 consolidated financial statements.

Company balance sheet
as at March 31, 2022 (before profit appropriation)

	Notes	March 31,2022 EUR'000	March 31,2021 EUR'000
Fixed assets			
Intangible fixed assets	34		
Goodwill		7.029	7.029
Other intangible assets		11.294	8.069
		18.323	15.098
Tangible fixed assets			
Land and buildings	35	60.312	62.238
Plant and equipment	35	19.677	17.173
Assets under construction	35	708	2.028
Right of use assets	47	66.176	42.372
		146.873	123.811
Financial fixed assets			
Participating interests in group companies	36	34.941	38.701
Other participating interests	37	10.061	9.999
Deferred tax assets	25	14.556	16.423
Pension asset	14	29.502	13.347
		89.060	78.470
Total fixed assets		254.256	217.379
Current assets			
Inventories	38	629.566	607.986
Trade and other receivables	39	1.041.887	974.664
Cash and cash equivalents	40	60.514	54.055
Total current assets		1.731.967	1.636.705
Total assets		1.986.223	1.854.084

	Notes	March 31,2022 EUR'000	March 31,2021 EUR'000
Shareholder's equity			
Share capital	41	83.982	83.982
Share premium	41	50.359	50.359
Foreign currency translation reserve	41	(49.457)	(41.840)
Retained earnings		269.001	240.838
Unappropriated result		109.466	24.129
Total equity		463.351	357.468
Provisions			
Pension provisions	14	5.197	6.330
Provision for deferred tax liabilities	25	8.784	6.097
Other provisions	43	46.354	37.245
Total provisions		60.335	49.672
Non-current liabilties			
Non-current loans and borrowings from affiliates	42	30.000	28.900
Non-current loans and borrowings from third parties	42	54.137	33.633
Other non-current liabilities		291	321
Total non-current liabilities		84.428	62.854
Current liabilities			
Current loans and borrowings from third parties	42	18.024	15.098
Current loans and borrowings from affiliates	42	26.704	32.477
Trade and other payables to affiliates	44	961.714	1.012.101
Trade payables to third parties	44	70.761	50.602
Other current liabilities	44	266.904	249.299
Income tax payable		34.002	24.513
Total current liabilities		1.378.109	1.384.090
Total equity and liabilities		1.986.223	1.854.084

Company income statement
for the year ended on March 31, 2022

	Notes	March 31,2022 EUR'000	March 31,2021 EUR'000
Share of result of participating interests, after tax	45	8.220	7.796
Other income and expenses, after tax		101.246	16.333
Net result		109.466	24.129

Notes to the company financial statements for the year ended March 31, 2022

31 General

The company financial statements are part of the 2021/2022 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 Netherlands 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 Netherlands 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

March 31, 2022	Goodwill EUR'000	Customer relationship EUR'000	Software EUR'000	Total EUR'000
Cost				
Opening balance	7.029	8.548	33.181	48.758
Purchase	-	-	6.093	6.093
Disposals	-	-	(1.591)	(1.591)
Effect of movement in exchange rates	-	-	66	66
Closing balance	7.029	8.548	37.749	53.326
Amortisation and impairment losses				
Opening balance	-	8.548	25.112	33.660
Amortisation charge for the year	-	-	2.712	2.712
Disposals	-	-	(1.431)	(1.431)
Effect of movement in exchange rates	-	-	62	62
Closing balance	-	8.548	26.455	35.003
Net book value at March 31, 2021	7.029	-	11.294	18.323

March 31, 2021	Goodwill EUR'000	Customer relationship EUR'000	Software EUR'000	Total EUR'000
Cost				
Opening balance	7.077	8.548	28.441	44.066
Purchase	-	-	4.606	4.606
Disposals	-	-	(260)	(260)
Effect of movement in exchange rates	(48)	-	394	346
Closing balance	7.029	8.548	33.181	48.758
Amortisation and impairment losses				
Opening balance	-	8.541	21.953	30.494
Amortisation charge for the year	-	7	3.064	3.071
Disposals	-	-	(255)	(255)
Effect of movement in exchange rates	-	-	350	350
Closing balance	-	8.548	25.112	33.660
Net book value at March 31, 2021	7.029	-	8.069	15.098

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 between 1,0% and 2,0% (2020/2021: 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 14,1% (2020/2021: 14,6%) 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 10% at a market interest rate of 1,9% (2020/2021: 1,9%) for the FA division.

No impairment loss was recognised in 2021/2022 and 2020/2021 financial years.

35 Tangible fixed assets

March 31, 2022	Office buildings incl. land EUR'000	Other buildings incl. land EUR'000	Plant and equipment EUR'000	Assets under construction EUR'000	Total EUR'000
Cost					
Opening balance	74.198	4.968	67.455	2.028	148.649
Purchases	-	14	4.657	3.061	7.732
Transfer of completed assets under construction	-	38	4.337	(4.375)	-
Disposals	-	(14)	(11.784)	-	(11.798)
Effect of movements in exchange rates	533	(428)	77	(6)	176
Closing balance	74.731	4.578	64.742	708	144.759
Depreciation					
Opening balance	15.574	1.354	50.282	-	67.210
Depreciation charge for the year	2.019	7	5.949	-	7.975
Disposals	-	(14)	(11.012)	-	(11.026)
Effect of movements in exchange rates	300	(243)	(154)	-	(97)
Closing balance	17.893	1.104	45.065	-	64.062
Net book value at March 31, 2022	56.838	3.474	19.677	708	80.697

March 31, 2021	Office buildings incl. land EUR'000	Other buildings incl. land EUR'000	Plant and equipment EUR'000	Assets under construction EUR'000	Total EUR'000
Cost					
Opening balance	73.835	5.252	66.076	775	145.938
Purchases	7	7	3.223	2.161	5.398
Transfer of completed assets under construction	-	147	711	(858)	-
Disposals	(179)	(466)	(3.086)	-	(3.731)
Effect of movements in exchange rates	535	28	531	(50)	1.044
Closing balance	74.198	4.968	67.455	2.028	148.649
Depreciation					
Opening balance	13.308	1.602	45.666	-	60.576
Depreciation charge for the year	2.029	95	7.106	-	9.230
Disposals	(63)	(351)	(2.844)	-	(3.258)
Effect of movements in exchange rates	300	8	354	-	662
Closing balance	15.574	1.354	50.282	-	67.210
Net book value at March 31, 2021	58.624	3.614	17.173	2.028	81.439

36 Participating interests in group companies

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Mitsubishi Electric Turkey Elektrik Ürünleri A.Ş.	11.550	14.193
Mitsubishi Electric (Russia) LLC	18.354	19.506
AQS Produkter AB, Västra Frölunda/Sweden	5.037	5.002
	34.941	38.701

Participating interests in group companies represent a 70,0% share in the share capital of Mitsubishi Electric Turkey (Istanbul/Turkey) (March 31, 2022: EUR 11.550 thousand, March 31, 2021: EUR 14.193 thousand), acquired in March 2013, a 70,0% share in the share capital of Mitsubishi Electric Russia (Moscow/Russian Federation) (March 31, 2022: EUR 18.354 thousand, March 31, 2021: EUR 19.506 thousand), acquired in September 2014 and a 100,0% share in share capital of AQS Produkter AB (Västra Frölunda/Sweden) (March 31, 2022: EUR 5.037 thousand, March 31, 2021: EUR 5.002 thousand), acquired in April 2020.

37 Other participating interests

Company name	Acquisition date	% share	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Investments measured at equity				
Mitsubishi Electric Automation Projects GmbH (Fuldabrück, Germany)	Apr 2013	30,0%	1.313	1.251
			1.313	1.251
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
			8.748	8.748
			10.061	9.999

*Trading as Adroit Technologies.

38 Inventories

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Aircon & Refrigerating Systems	429.675	428.169
Automotive Equipment	85.607	66.773
Industrial Products	34.724	37.224
Industrial Automation Systems	37.280	33.283
Home Appliances & Digital Media	7.812	10.370
Semiconductors	23.618	16.932
Industrial Sewing Machines	1.698	1.897
Power Systems	34	56
Electronic Systems	1.933	1.860
Public Use System	5.369	7.744
Building Systems	1.816	3.678
	629.566	607.986

Inventories are stated net of a provision for obsolete stock of EUR 31.714 thousand (March 31, 2021: EUR 34.385 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, 2022 EUR '000	March 31, 2021 EUR '000
Trade receivables 3rd parties	546.250	521.030
Trade receivables affiliated companies	27.541	21.965
Trade receivables	573.791	542.995
Receivables from cash-pooling (CMS) with affiliated companies	273.684	221.386
Receivables from short-term deposits with affiliated companies	146.286	161.430
Prepaid expenses	6.572	2.809
Other current assets	41.554	46.044
	1.041.887	974.664

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

As at March 31, 2022, trade receivables and other receivables at carrying value of EUR 12.458 thousand (March 31, 2021: EUR 14.222 thousand) were impaired and provided for.

Trade receivables affiliated companies include receivables against the shareholder in the amount of EUR 20.225 thousand (March 31, 2021: EUR 17.786 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, 2021	9.246	4.976	14.222
Charge for the year	3.797	-	3.797
Utilised	(1.662)	-	(1.662)
Unused amounts reversed	(3.759)	(126)	(3.885)
Translation adjustment	(3)	(11)	(14)
At March 31, 2022	7.619	4.839	12.458

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1, 2020	6.855	6.300	13.155
Charge for the year	17.798	-	17.798
Utilised	(695)	-	(695)
Unused amounts reversed	(14.703)	(1.388)	(16.091)
Translation adjustment	(9)	64	55
At March 31, 2021	9.246	4.976	14.222

As at March 31, 2022 and 2021, the aging 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, 2022	524.232	47.497	2.062	-	-	-	49.559
March 31, 2021	505.035	25.695	9.824	2.441	-	-	37.960

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, 2022
	EUR'000
On issue at April 1, 2021 – fully paid	83.982
Issued for cash	-
On issue at March 31, 2022 – 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, 2022, the issued share capital included 83.982 issued and fully paid ordinary shares (March 31, 2021: 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, 2022: EUR -49.457 thousand, March 31, 2021: -41.840 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.

Proposed appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2021/2022 profit after tax: an amount of EUR 79.135 thousand to be added to the retained earnings and the remaining amount of EUR 30.331 thousand to be paid out as a dividend. The result after tax for 2021/2022 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, 2022 EUR '000	March 31, 2021 EUR '000
Non-current loans and borrowings:		
German Branch - building loan	30.000	28.900
	30.000	28.900
Current loans and borrowings:		
German Branch – building loan	5.000	11.100
Irish Branch	9.599	9.599
UK Branches	12.105	11.778
	26.704	32.477

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

	March 31, 2022 EUR '000	March 31, 2021 EUR '000
Non-current loans and borrowings:		
Lease obligation	54.137	33.633
	54.137	33.633
Current loans and borrowings:		
Lease obligation	18.024	15.098
	18.024	15.098

The non-current loan (EUR 30.000 thousand) is due for repayment in four tranches from June 2023 to 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	Restruc-turing	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At April 1, 2021	25.135	81	2.754	9.275	37.245
Additions during the year	18.188	420	1.274	8.853	28.735
Utilised	(5.585)	(244)	(2.357)	(5.015)	(13.201)
Released	(6.289)	-	-	(272)	(6.561)
F/X rate adjustment	78	-	-	58	136
March 31, 2022	31.527	257	1.671	12.899	46.354
Current part	20.228	204	1.671	12.789	34.892
Non current part	11.299	53	-	110	11.462
March 31, 2022	31.527	257	1.671	12.899	46.354

44 Financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2022 based on contractual undiscounted payments.

March 31, 2022	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
Non-current loans and borrowings from affiliates	-	-	-	30.000	-	30.000
Current loans and borrowings from affiliates	9.599	12.105	5.000	-	-	26.704
Current loans and borrowings from third parties	-	147	-	-	-	147
Trade and other payables 3rd parties	26.466	43.280	1.015	-	-	70.761
Trade and other payables affiliates	15.826	578.546	367.342	-	-	961.714
Other creditors	27.955	129.577	39.741	-	-	197.272
	79.845	763.655	413.097	30.000	-	1.286.598

The equivalent disclosure for the prior year is as follows:

March 31, 2021	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
Non-current loans and borrowings from affiliates	-	-	-	28.900	-	28.900
Current loans and borrowings from affiliates	9.599	-	22.878	-	-	32.477
Trade and other payables 3rd parties	19.199	30.026	1.377	-	-	50.602
Trade and other payables affiliates	114.167	519.169	378.765	-	-	1.012.101
Other creditors	34.823	110.594	42.297	-	-	187.714
	177.788	659.789	445.317	28.900	-	1.311.794

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 8.220 thousand (2020/2021: EUR 7.796 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, 2022.

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

March 31, 2022	Buildings EUR'000	Vehicles EUR'000	Other equipment EUR'000	Total EUR'000
Cost				
Opening balance	45.828	20.857	1.311	67.996
Purchase	42.313	6.253	763	49.330
Disposals	(15.976)	(4.569)	(441)	(20.987)
Effect of movement in exchange rates	114	69	0	183
Closing balance	72.279	22.609	1.633	96.522
Amortization and impairment losses				
Opening balance	15.603	9.289	732	25.624
Amortization charge for the year*	12.154	6.402	464	19.019
Disposals	(9.639)	(4.311)	(449)	(14.399)
Effect of movement in exchange rates	72	43	(14)	101
Closing balance	18.189	11.423	732	30.345
Net book value at March 31, 2022	54.089	11.186	901	66.176

March 31, 2021	Buildings EUR'000	Vehicles EUR'000	Other equipment EUR'000	Total EUR'000
Cost				
Opening balance	43.275	16.777	1.227	61.279
Purchase	5.870	6.699	295	12.864
Disposals	(4.204)	(2.872)	(228)	(7.304)
Effect of movement in exchange rates	887	253	17	1.157
Closing balance	45.828	20.857	1.311	67.996
Amortization and impairment losses				
Opening balance	7.995	5.164	458	13.617
Amortization charge for the year*	11.042	6.392	470	17.904
Disposals	(3.713)	(2.387)	(198)	(6.298)
Effect of movement in exchange rates	279	120	2	401
Closing balance	15.603	9.289	732	25.624
Net book value at March 31, 2021	30.225	11.568	579	42.372

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48 Staffing levels

The number of employees (converted into full-time equivalents) during the 2021/2022 and 2020/2021 financial years was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Average number of employees	2.866	2.850	2.829	2.805
Total number of employees	2.930	2.864	2.901	2.820

The breakdown by department was as follows:

	Whole Company		Outside of Netherlands	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Purchasing, sales and marketing departments	1.459	1.457	1.444	1.434
Administrative departments	1.471	1.407	1.456	1.386
Total	2.930	2.864	2.901	2.820

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, 2022 and 2021 and for the years then ended, are presented in the following table:

	MELCO Japan		Other		Total	
	March 31, 2022 EUR'000	March 31, 2021 EUR'000	March 31, 2022 EUR'000	March 31, 2021 EUR'000	March 31, 2022 EUR'000	March 31, 2021 EUR'000
Purchase of goods	1.541.189	1.400.955	1.044.900	904.862	2.586.089	2.305.817
Trade and other receivables / other debtors	20.737	18.073	427.336	387.031	448.073	405.104
Trade and other payables / other creditors	577.116	632.651	388.470	385.401	965.586	1.018.053
Loans and borrowings	-	-	56.704	61.377	56.704	61.377

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.

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, 2022 EUR '000	March 31, 2021 EUR '000
Short-term employee benefits	2.124	1.782
Post-employment benefits	155	63
Total	2.279	1.845

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company and its subsidiaries amounted to EUR 2.279 thousand (2020/2021: EUR 1.845 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

Although MEU has relatively limited business activities in Russia, Belarus and Ukraine (FY 2021/2022 revenues generated from Russia, Belarus and Ukraine – including revenues from subsidiary MER – totaled 2% of MEU's consolidated revenues), the conflict in Ukraine and related events and continuous developments take place at a time of already significant global economic uncertainty and volatility (e.g. relating to the ongoing Covid-19 pandemic), and the effects are likely to interact with and exacerbate the effects of current market conditions. At this stage it is very difficult to reliably evaluate the possible future economic impact on the industries in which MEU operates and to which extend the MEU's business will be impacted. Based on our current knowledge and available information, we do not expect the possible future (marco)economic effects to have an impact on MEU's ability to continue as a going concern in the future.

There have been no events after reporting date which have a significant impact on, or should be disclosed in, the 2021/2022 company financial statements.

Amsterdam, June 30, 2022

Board of Managing Directors

S. Kurita
A. Wagner
E. Pellerin
H. Puetz
M. Kusano
S. Miyoshi
Y. Kibushi

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, Athens/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
- 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.

KPMG

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 2022 of Mitsubishi Electric Europe B.V., based in Amsterdam, the Netherlands. The financial statements include 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 2022 and of its result and its cash flows for the year ended on 31 March 2022 in accordance with International Financial Reporting Standards as adopted 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 2022 and of its result for the year ended on 31 March 2022 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 2022;

2 the following consolidated statements for the year ended 31 March 2022: the statements of profit or loss, other comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

1 the Company balance sheet as at 31 March 2022;

2 the Company income statement for the year ended on 31 March 2022; 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.

KPMG

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

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 the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the Board of Managing Directors' report and the other information.

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 pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for 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 errors or fraud.

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.

KPMG

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.

KPMG

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities or operations. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities or operations for which an audit or review had to be carried out on the complete set of financial information or specific items.

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, 30 June 2022

KPMG Accountants N.V.

J. Tunggalwidjaja RA