

MSSL Estonia WH OÜ

Consolidated Annual Report

2022-2023

Beginning:	1 April 2022
End:	31 March 2023
Registry Code	14194456
Address	Harju maakond, Tallinn, Lasnamäe linnaosa, Löötsa tn 8, 11415, Estonia

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MANAGEMENT REPORT

The directors present their financial statements of the company for the financial year 1.4.2022 – 31.3.2023.

Group information

MSSL Estonia WH OÜ is a private limited company, domiciled in Estonia. The registered office is located at Harju maakond, Tallinn, Lasnamäe linnaosa, Löötsa tn 8, 11415, Estonia. The consolidated financial statements comprise financial statements of MSSL Estonia WH OÜ and its subsidiaries (hereinafter collectively referred to as 'Group').

The consolidated financial statements include the parent company and all of its subsidiaries. At the closing date 31 March 2023 Group comprise of 41 companies including the parent company. In the reporting period the Group had holdings in one associate company but none in joint ventures.

Principal activity

Group is a global partner engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related architecture components for the commercial vehicle industry, rolling stock manufacturers and other selected segments.

Statement of directors' responsibilities

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the regulatory requirements. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Review of business and future developments

Performance

The directors were satisfied with the results for the year and anticipate that the current level of activity will be maintained, therefore allowing the Group to continue to trade successfully for the foreseeable future.

Risks

Performance in the vehicle components sector is affected by general economic conditions. The board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behaviour. Product availability and price fluctuation are other sectoral risks faced. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed. The Group's active review of market prices both provides protection and maximises opportunities from anticipated price rises.

Key performance indicators

The company's key performance indicators are as follows:

EUR million	1.4.2022 to 31.3.2023	1.4.2021 to 31.3.2022
Revenue	1,495.1	1,190.0
EBITDA	98.2	45.1
Profit before taxes	6.0	(30.8)

Environment

The Group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The Group is committed to achieving the highest practicable standards in health and safety management and strives to make its premises a safe environment for employees and customers alike.

Human resources

The Group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the Group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Principal risks and uncertainties

The Group's key operational and financial risks are set out below along with the risk management policies put in place to mitigate these risks.

Financial risk management

Group is exposed in its operations to different financial risks. Financial risks are managed according to the Group Treasury Policy as approved by the Parent Company's Board of Directors. The Treasury Policy defines the main activities, common management principles, division of responsibilities as well as required control environment for Treasury and related risk management processes to be applied throughout the Group.

The Treasury of Group, organisationally located within Group Finance, provides treasury services and transactions centrally to the companies of Group. The purpose of centralising these functions is effective risk management, cost savings and optimisation of cash flows.

Currency risk

Currency risk is monitored from the perspectives of transaction, translation and economic risk. Transaction risk is related to foreign currency denominated sales and purchases, translation risk to statement of financial position's items, including investments and loans to foreign subsidiaries, and economic risk to the currency distribution of the Group's cost structure in comparison to competitors.

The objective of foreign exchange risk management is to reduce the uncertainty in the Group's profit and loss, cash flows and statement of financial position caused by fluctuations in foreign exchange rates to an acceptable level. Foreign exchange risk management shall not aim to improve profits by actively taking views on the future changes of foreign exchange rates. The main principle is to mitigate the risk first by operative means in the businesses, e.g. through commercial terms in supplier and sales contracts.

Commodity risk

Group's most significant commodity risk relates to copper, which is one of the key components of material costs. Also changes in the prices of oil and other commodities may affect the material costs of Group. Changes in energy prices have no material effect on profit or loss.

The objective of Group is to manage commodity risk primarily by operative means, e.g. through commercial terms with customer and supplier contracts. The group has arrangements with its major customers for passing on the price impact. Also, the group hedges the net copper position as per its requirement. Changes in copper prices are transferred to customer prices based on the sales agreements with an average lag of 3-5 months.

Interest rate risk

Changes in interest rate levels affect mainly the fair values of interest-bearing liabilities in the consolidated statement of financial position and related interest payments. The objective of interest rate risk management in Group is to optimise interest expenses and at the same time ensure that changes in interest rates do not cause unpredictable effects on the profit or loss, cash flows or statement of financial position of Group. Interest rate risk is managed by maintaining an optimal balance between the above mentioned objectives.

Credit risk

Group's most significant credit risks are related to trade receivables. The age distribution of trade receivables is regularly monitored on the Group level, and in addition the Group companies monitor receivables per customer. The Group's primary customers are major global automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are very limited and subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default. The credit quality of new customers is checked and customers are granted standard payment terms only. As a part of cash management Group has some outstanding factoring arrangements in selected countries or with selected customers.

Liquidity risk

The objective of cash and liquidity management is to centralise the management of the cash and other liquid assets of Group and thereby ensure the efficient use of the Group's liquidity while avoiding liquidity risk. The Treasury of Group shall optimise the Group's cash balances to cover the short term outgoing payments plus the liquidity reserve. Liquidity is maintained by internally generated funds, borrowing from parent company, bank credit facilities and by funding the short term requirements using the Group cash pool facility. To manage the liquidity risk, cash flow forecasting is performed by the subsidiaries and submitted to the Group Treasury for review and planning. To manage liquidity risk, the objective is to maintain a sufficient liquidity reserve in all situations.

Capital structure management

Capital structure management covers equity and net debt in the consolidated statement of financial position. The objective of managing the capital structure is to support the Group's business by ensuring normal operating conditions for the businesses and to increase the shareholder's value with a target of gaining maximum return on capital. An optimal capital structure also ensures the optimal capital costs. The capital structure can be affected by dividend distributions, share issues and loan restructurings. The capital structure is continuously monitored by using the gearing ratio.

Uncertainties arising out of Geo-Political situation in Ukraine

The ongoing geopolitical tensions in Europe leading to economic sanctions imposed by various countries have restricted economic transactions with Russia. Our presence in Russia is very limited, hence impact to the group, is not material. Indirect impacts due to supply chain restrictions and impact on energy and commodity prices are short term in nature and Group's long-term earnings are expected to generally remain unchanged. The situation however is dynamic, and the management will keep on monitoring its impact on the Group and will take necessary measures in the best interests of its stakeholders.

Group Structure

Group companies as at March 31, 2023

Company	Principal Activity	Domicile	Holding		Votes %
			%		
MSSL Estonia WH OÜ	Administration	Estonia	100		100
PKC Group Plc	Administration	Finland	100		100
PKC Wiring Systems Oy	Administration	Finland	100		100
PK Cables do Brasil Industria e Comercio Ltda	Manufacturing	Brazil	100		100
PKC Group Canada Inc.	Service	Canada	100		100
PKC Group APAC Limited	Holding	Hong Kong	100		100
PKC Vehicle Technology (Suzhou) Co. Ltd	Manufacturing	China	100		100
PKC Vehicle Technology (Hefei) Co., Ltd.	Manufacturing	China	50		50
PKC Vehicle Technology (Fuyang) Co., Ltd.^)	Manufacturing	China	100		100
Hubei Zhengao PKC Automotive Wiring Company Ltd	Manufacturing	China	40		40
Jiangsu Huakai-PKC Wire Harness Co., Ltd.	Manufacturing	China	50		50
Shandong Huakai-PKC Wire Harness co., Ltd *)	Manufacturing	China	100		100
Jilin Huakai - PKC Wire Harness Co. Ltd.**)	Manufacturing	China	50		50
Project Del Holding S.à.r.l.	Holding	Luxembourg	100		100
AEES Manufacturera, S. De R.L. de C.V	Administration	Mexico	100		100
Arneses y Accesorios de México, S. de R.L. de C.V.	Manufacturing	Mexico	100		100
Arneses de Ciudad Juarez, S. de R.L. de C.V.	Manufacturing	Mexico	100		100
Asesoría Mexicana Empresarial, S. de R.L. de C.V.	Administration	Mexico	100		100
Cableados del Norte II, S. de R.L. de C.V.	Manufacturing	Mexico	100		100
PKC Group de Piedras Negras, S. de R.L. de C.V.	Manufacturing	Mexico	100		100
PKC Group AEES Commercial, S. de R.L. de C.V.	Manufacturing	Mexico	100		100
Manufacturas de Componentes Eléctricos de México S. de	Manufacturing	Mexico	100		100
PKC Group Mexico S.A. de C.V.	Manufacturing	Mexico	100		100
PKC SEGU Systemelektrik GmbH	Manufacturing	Germany	100		100
PKC Wiring Systems Llc	Manufacturing	Serbia	100		100
TKV-sarjat Oy	Holding	Finland	100		100
Motherson Rolling Stocks S. de R.L. de C.V.	Manufacturing	Mexico	100		100
PKC Eesti AS	Administration	Estonia	100		100
PKC Group Lithuania UAB	Manufacturing	Lithuania	100		100
PKC Group Poland Sp. z o.o.	Manufacturing	Poland	100		100
OOO AEK	Manufacturing	Russia	100		100
Motherson PKC Harness Systems FZ-LLC	Manufacturing	UAE	100		100
PKC Group USA Inc.	Administration & Holding	USA	100		100
AEES Inc.	Administration	USA	100		100
AEES Power Systems Limited Partnership	Manufacturing	USA	100		100
Fortitude Industries Inc.	Manufacturing	USA	100		100
T.I.C.S. Corporation	Holding	USA	100		100
PKC Group Poland Holding Sp. z o.o.	Holding	Poland	100		100
Groclin Luxembourg S.à.r.l.	Holding	Luxembourg	100		100
Kabel Technik Polska Sp. z o.o.	Manufacturing	Poland	100		100
Wisetime Oy	Information Technology	Finland	100		100

^) Owned by PKC Vehicle Technology (Hefei) Co., Ltd. 100%

*) Owned by Jiangsu Huakai-PKC Wire Harness Co., Ltd. 100%

**) Owned by Jiangsu Huakai-PKC Wire Harness Co., Ltd. 50% and PKC Wiring Systems Oy 25%

Note: Subsidiary company Motherson Rolling Stock Systems GB Limited was liquidated w.e.f. January 26, 2023

Consolidated Statement of Comprehensive Income for the year ended March 31, 2023

EUR 1,000	Notes	For the year ended	
		31.3.2023	31.3.2022
Revenue	1.1	1,495,066	1,190,006
Cost of Sales	1.3	-860,194	-723,029
Gross Profit		634,872	466,977
Other operating income	1.2	21,114	26,245
Employee benefit expenses	1.4	-430,436	-337,624
Depreciation, amortisation and impairment	2.1, 2.3, 2.4	-71,805	-68,862
Other operating expenses	1.5	-136,345	-113,139
Operating profit		17,400	-26,403
Finance costs	3.3	-19,890	-11,608
Finance income	3.3	479	4,063
Other income	1.2	8,993	2,593
Share of net profit of associate accounted under equity method	2.6	-944	573
Profit before taxes		6,038	-30,782
Income tax expense	1.6	-9,806	-7,863
Profit for the financial year		-3,768	-38,645
Other comprehensive income			
Items, that may be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign operations	3.5	985	5,847
Net gain/ (loss) on Cash flow hedges		955	1,199
Items that will not be reclassified to the profit or loss			
Actuarial gains and losses on defined benefit plans		506	-1,107
Deferred tax on actuarial (gain) / loss		-272	266
Other comprehensive income for the financial year, net of taxes		2,174	6,205
Total comprehensive income for the financial year, net of taxes		-1,594	-32,440
Profit attributable to			
Shareholder of the parent company		-2,203	-38,390
Non-controlling interest		-1,565	-255
Other comprehensive income attributable to			
Shareholder of the parent company		4,667	2,360
Non-controlling interest		-2,493	3,845
Total comprehensive income attributable to			
Shareholder of the parent company		2,464	-36,030
Non-controlling interest		-4,058	3,590

Consolidated Statement of Financial Position as at March 31, 2023

EUR 1,000	Notes	As at 31.03.2023	As at 31.03.2022
Assets			
Non-current assets			
Goodwill	2.1, 2.2	247,903	248,293
Property, plant and equipment	2.3	134,987	139,254
Right-of-use assets	2.4	26,518	33,127
Intangible assets	2.1	102,508	128,649
Available-for-sale financial assets	2.5	48	48
Investment in associate company	2.6	9,392	11,300
Other receivables	2.7	3,253	2,864
Deferred tax assets	1.6	27,135	23,929
Total non-current assets		551,744	587,464
Current assets			
Inventories	2.8	264,828	218,971
Trade receivables and other receivables	2.9	239,391	215,992
Cash and cash equivalents		56,003	68,507
Total current assets		560,222	503,470
Total assets		1,111,966	1,090,934
Equity and liabilities			
Equity			
Issued capital	3.4	3	3
Voluntary reserve		330,501	330,501
Cash flow hedge reserve		1,503	548
Foreign currency translation difference		-31,431	-34,909
Retained earnings		3,613	5,581
Shareholder's equity		304,189	301,724
Non-controlling interests		35,261	40,073
Total equity		339,450	341,797
Non-current liabilities			
Interest-bearing financial liabilities	3.2	352,004	130,500
Lease liabilities		19,665	24,952
Provisions	2.11	213	8,614
Other liabilities	2.7	18,300	17,859
Deferred tax liabilities	1.6	32,936	36,840
Total non-current liabilities		423,118	218,765
Current liabilities			
Interest-bearing financial liabilities	3.2	23,845	243,467
Lease liabilities		9,597	10,668
Provisions	2.11	2,685	2,571
Trade payables and other non-interest bearing liabilities	2.10	313,271	273,666
Total current liabilities		349,398	530,372
Total liabilities		772,516	749,137
Total equity and liabilities		1,111,966	1,090,934

Consolidated Statement of Cash Flows for the year ended March 31, 2023

EUR 1,000	Notes	For the year ended	
		31.3.2023	31.3.2022
Cash flows from operating activities			
Profit before taxation		6,038	-30,782
Adjustments for:			
Depreciation, amortisation	2.1, 2.3, 2.4	71,805	68,862
Finance income	3.3	-479	-4,063
Interest expense		18,649	10,177
Profit on sale of property, plant and equipments		-29	0
Liability no longer required written back	1.2	-7,430	0
Unrealised foreign exchange loss/ (gain)		-1,388	16,052
Share of net profit of associate accounted under equity method	2.6	944	-573
Cash flow before changes in working capital		88,110	59,673
(Increase)/ Decrease in trade & other receivables		-29,113	-29,397
(Increase)/ Decrease in inventories		-45,858	-52,368
(Decrease)/Increase in trade and other payables		40,474	28,726
(Decrease)/Increase in provisions		-857	1,035
(Decrease)/Increase in other liabilities		948	3,504
Income tax paid		-11,853	-9,605
Net cash from operating activities (A)		41,851	1,568
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		-30,274	-44,310
Proceeds from sale of property, plant and equipment and intangible assets		1,179	956
Acquisition of subsidiary shares, net of cash acquired		-	-6,489
Interest received	3.3	479	4,063
Dividend paid by Associates		972	2,670
Net cash used in investing activities (B)		-27,644	-43,110
Cash flows from financial activities			
Proceeds from minority shareholders		672	-
Dividend paid to minority shareholders		-1,426	-498
Proceeds from borrowings		265,991	89,931
Repayment of borrowings		-262,985	-29,247
Payment towards lease liabilities		-14,541	-12,334
Interest paid		-14,456	-5,892
Net cash used in financial activities (C)		-26,745	41,960
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)		-12,538	418
Cash and cash equivalents at the beginning of the financial year		68,507	68,016
Effect of exchange rate changes		34	73
Cash and cash equivalents at the end of the financial year		56,003	68,507

Consolidated Statements of Changes in Equity for the year ended March 31, 2023

Particulars									
	Note	Issued capital	Voluntary reserve	Cash flow hedge reserve	Foreign currency translation difference	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
EUR 1,000									
Equity as at 1.4.2022		3	330,501	548	-34,909	5,581	301,724	40,073	341,797
Net profit for the period		0	0	0	0	-2,203	-2,203	-1,565	-3,768
Other comprehensive income									
Cash flow hedges		0	0	955	0	0	955	0	955
Foreign currency translation differences of foreign operations		0	0	0	3,478	0	3,478	-2,493	985
Actuarial gains and losses on defined benefit plans		0	0	0	0	235	235	0	235
Total other comprehensive income		0	0	955	3,478	235	4,668	-2,493	2,175
Total comprehensive income for the financial year		0	0	955	3,478	-1,968	2,465	-4,058	-1,593
Contribution by shareholders		0	0	0	0	0	0	672	672
Other Changes		0	0	0	0	0	0	0	0
Transactions with shareholders									
Dividends	3.5	0		0	0	0	0	-1,426	-1,426
Total transactions with shareholders		0		0	0	0	0	-1,426	-1,426
Total equity as at 31.3.2023		3	330,501	1,503	-31,431	3,613	304,189	35,261	339,450

Consolidated Statements of Changes in Equity for the year ended March 31, 2022

Particulars									
	Note	Issued capital	Voluntary reserve	Cash flow hedge reserve	Foreign currency translation difference	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
EUR 1,000									
Equity as at 1.4.2021		3	330,501	-651	-36,912	44,812	337,752	36,981	374,733
Net profit for the period		0	0	0	0	-38,390	-38,390	-255	-38,645
Other comprehensive income									
Cash flow hedges		0	0	1,199	0	0	1,199	0	1,199
Foreign currency translation differences of foreign operations		0	0	0	2,003	0	2,003	3,845	5,847
Actuarial gains and losses on defined benefit plans		0	0	0	0	-841	-841	0	-841
Total other comprehensive income		0	0	1,199	2,003	-841	2,361	3,845	6,206
Total comprehensive income for the financial year		0	0	1,199	2,003	-39,231	-36,029	3,590	-32,439
Contribution by shareholders		0	0	0	0	0	0	0	0
Other Changes		0	0	0	0	0	0	-498	-498
Total equity as at 31.3.2022		3	330,501	548	-34,909	5,581	301,724	40,073	341,797

Notes to the Consolidated financial statements

Basis of Preparation and Accounting Policies

Group information

MSSL Estonia WH OÜ is a private limited company, domiciled in Estonia. The registered office is located at Harju maakond, Tallinn, Lasnamäe linnaosa, Lõõtsa tn 8, 11415, Estonia. MSSL Estonia WH OÜ is the parent company of PKC Group Plc.

Group is a global partner engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related architecture components for the commercial vehicle industry, rolling stock manufacturers and other selected segments. The revenue from operations of the financial year 1.4.2022 – 31.3.2023 totalled EUR 1,495 million and the average number of personnel was 28,859. The Group operates in four different continents.

Basis of preparation

The consolidated financial statements of MSSL Estonia WH OÜ are prepared in accordance with the International Financial Reporting Standards (IFRS) in force at March 31, 2023 as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis unless otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Accounting policies

The general accounting policies of the consolidated financial statements are described in this section. Detailed accounting policies and descriptions of decisions based on management's judgement and management's use of estimates are presented later at each item of the financial statements.

At the table below Group's accounting policies for the consolidated financial statements are presented by section. In addition, the related notes and references to the most significant IFRS standards that regulate particular financial statement items are presented in the table below.

Accounting policy	Note	IFRS standard
Operating segments	1.1	IFRS 8, IFRS 15
Other operating income	1.2	IFRS 15
Employee benefit expenses	1.4	IAS 19, IFRS 2
Income taxes, including deferred tax assets and liabilities	1.6	IAS 12
Intangible assets	2.1	IAS 38, IFRS 3
Impairment testing	2.2	IAS 36
Property, plant and equipment	2.3	IAS 16, IAS 23
Right-of-use assets	2.4	IFRS 16
Associated company	2.5	IAS 28
Inventories	2.8	IAS 2, IFRS 15
Provisions	2.11	IAS 37
Financial assets and liabilities	3.1	IAS 32, IFRS 9, IFRS 7, IFRS 13
Financial income and expenses	3.3	IAS 32, IFRS 9, IFRS 7
Business combinations	4.3	IFRS 3

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in profit or loss. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

The most important items, which require management estimates and assumptions and which may include uncertainty, are impairment testing of goodwill, deferred tax assets on unused tax losses and net realisable value of inventories. Detailed descriptions of decisions based on management's judgement and management's use of estimates are presented later at each item of the financial statements.

The Group's management makes judgements concerning the adoption and application of the accounting policies for the financial statements. The management has used its judgement in selecting and applying the accounting policies, for example, to the measurement of receivables.

Basis of consolidation

The consolidated financial statements include the parent company and all of its subsidiaries. At the closing date 31 March 2023 Group comprise of 41 companies including the parent company. In the reporting period the Group had holdings in one associate company but none in joint ventures.

All intra-group transactions (income and expenses), assets and liabilities, intra-group margins and equity are eliminated in full in the consolidated financial statements.

Subsidiaries

The consolidated financial statements include the parent company and subsidiaries in which the parent company directly or indirectly have control. Group is considered to have control, when the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The profit for the financial year and items recognised in other comprehensive income are allocated to the owners of the parent company and non-controlling interests and presented in the statement of income and other comprehensive income. Non-controlling interests are presented separately from the equity allocated to the owners of the parent. Comprehensive income is allocated to the owners of the parent company and to non-controlling interests even in situations where the allocation would result in the non-controlling interests' share being negative, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment in the company.

Subsidiaries acquired or established during the period are included in the consolidated financial statements since the Group has obtained the control or until control ceases. Acquisitions of subsidiaries have been accounted for in the consolidated financial statements by using the acquisition method. Accordingly, the identifiable assets and liabilities of the company acquired are measured at fair value at the date of acquisition.

Translation differences of non-euro subsidiaries arising from acquisition cost eliminations and post-acquisition accumulated equity items are recognised in other comprehensive income and presented in equity (item Translation difference). In disposal of a foreign entity, the accumulated translation differences are disclosed in profit or loss as part of the gain or loss on disposal.

The list of Group's subsidiaries at 31.3.2023 is presented in note 4.2 Group Structure.

The consideration transferred includes the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer, measured at their fair values. All acquisition-related costs, with the exception of costs to issue debt or equity securities, are expensed in the periods in which the costs are incurred and the services rendered.

Any contingent consideration is classified as either liability or equity. A contingent consideration classified as liability is remeasured at fair value at the end of each reporting period and the subsequent changes to fair value are recognised in profit or loss. A contingent consideration classified as equity is not remeasured subsequently. The consideration transferred does not include any transactions accounted for separately from the acquisition, which are accounted for in profit or loss in conjunction with the acquisition.

Associate companies

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence but does not exercise control.

Associate companies are consolidated in accordance with the equity method. Associated companies are consolidated from the date the company becomes an associate company and divested companies are consolidated until the date of disposal.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Foreign currency transactions

Subsidiaries included in the Group report in their transactions using the currency of the economic operating environment in which the entity primarily operates (functional currency).

The Group companies translate in their accounting foreign currency transactions into their functional currency using the exchange rate of the transaction date. Foreign currency receivables and liabilities are translated into functional currency using the exchange rate of the closing date.

Foreign exchange gains and losses arising from foreign currency transactions and translation of monetary items are reported in profit or loss. Foreign exchange gains and losses on foreign currency loans are included in financial income and expenses, except for exchange differences arising from foreign currency denominated loans which are classified as net investments in foreign subsidiaries. Exchange rate differences of these loans are recognised in items of other comprehensive income and cumulative exchange rate differences are presented as a separate item in the equity until the disposal of the foreign operation, in whole or in part.

Non Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Translation of financial statements of foreign subsidiaries

In the consolidated financial statements, the income and expenses of the statements of comprehensive income of foreign subsidiaries are translated into euros at the average exchange rates of the reporting period. Items of the statement of the financial position, excluding the profit of the financial year, are translated to euros at the closing rate of the reporting period. Translation of the profit for the financial year and other comprehensive income using average exchange rates of the reporting period and translation of the items of the statement of the financial position using the closing rate of the reporting period causes translation differences, which are recognised in other comprehensive income and cumulative translation differences are presented as a separate item in equity.

In the consolidated financial statements following exchange rates have been applied:

Country	Currency	Average Rates		Closing Rates	
		31.3.2023	31.3.2022	31.03.2023	31.03.2022
Brazil	BRL	5.3633	6.1851	5.4879	5.2437
Canada	CAD	1.3772	1.4563	1.4649	1.3830
China	CNY	7.1326	7.4545	7.4438	7.0144
China, Hong Kong	HKD	8.1611	9.0446	8.5081	8.6662
Mexico	MXN	20.4076	23.5938	19.5209	21.9585
Poland	PLN	4.6992	4.5763	4.6730	4.6399
Serbia	RSD	117.2349	117.4330	117.1371	117.6431
Russia	RUR	66.5508	88.0364	84.5393	87.6901
USA	USD	1.0412	1.1619	1.0839	1.1065

Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

Operating Profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. According to the definition used by Group, operating profit is the net amount formed when other operating income is added to the net sales, and the following items are then subtracted from the total: materials and services adjusted for the change in inventories of finished goods and work in progress; the employee benefit expenses; depreciation, amortisation and impairment losses, if any; and other operating expenses. Any other items in profit or loss are shown under operating profit.

New and amended standards applied in the financial year ended

The new and amended standards and interpretations that are issued and endorsed by EU, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 8 : The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2 : The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Amendments to IAS 12 : The amendment narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group does not expect any material impact from the adoption of these amendments.

1. Items Related to the Profit for the Period

1.1 Operating Segments

MSSL Estonia WH OÜ has only one primary business segment, Wiring Systems, which also includes Group functions and other items.

The Wiring Systems business designs, manufactures and integrates tailored electrical distribution systems and related architecture components, vehicle electronics, wires and cables especially for trucks and buses, light and recreational products, construction equipment and agricultural and forestry equipment. In addition, segment designs and manufactures electrical cabinets, power packs and electrical distribution systems for rolling stock manufacturers. Segment's strengths, mass customisation and the excellent skill to integrate into the customer's operating environment, provide a unique competitive advantage in the market. Product design and effective supply chain management are carried out in close cooperation with customers and in accordance with their requirements. The units of Wiring Systems business are located in Brazil, China, Estonia, Finland, Germany, Lithuania, Mexico, Poland, Russia, Serbia, UAE and USA.

Accounting policy of segment information

MSSL Estonia WH OÜ's segment information is consistent with Group's internal reporting and IFRS standards. The Group's reportable segment are consistent with the operating segments. The business of the Group consists of one business area (reporting operating segment), Wiring Systems. The Wiring Systems business is operated in geographical areas where customers are offered the same product concept applied to different local conditions and requirements. The main products of all geographical areas are the wiring systems modules and related architecture components. The customers of the Wiring Systems business are predominantly globally operating companies that make long-term sourcing decisions on the basis of global purchasing volumes.

Internal management reporting is used to monitor the performance of the Wiring Systems business as a whole and on basis of geographical business area. Reporting supports the internal overall target setting and strategic monitoring.

Group's evaluates the financial position and its development as a whole, not based on the results of the geographical business areas. Because the Group's customers predominantly operate globally the reported indicators in a single geographical area do not give a correct picture of the financial situation and the development of the Group's Wiring Systems business.

Due to business model and operative structure, Group's business cannot be divided into separately reported operating segments.

Information about geographical areas:

Revenue by market areas is based on customers' geographical locations. Group is active in the following geographical areas: Europe, North America, South America and APAC (Asia and Pacific).

The assets and capital expenditure of geographical areas are based on the locations of the assets, i.e., Europe, North America, South America and APAC (Asia and Pacific).

Revenue recognition policies

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenues from the sale of services are recorded with respect to the stage of completion as of the reporting date in relation to the total service to be provided in the course of the transaction. The share of Group's revenue from services is not significant.

Timing of revenue recognition

	31.3.2023	31.3.2022
As a point in time	1,473,045	1,179,550
Over a period of time	22,021	10,456
Total	1,495,066	1,190,006

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are, as follows:

	31.3.2023	31.3.2022
Within one year	-3,489	5,298
More than one year	-104	72
Total	-3,593	5,370

Table below provides information on revenue recognised from :

	31.3.2023	31.3.2022
Amounts included in contract liabilities at the beginning of the year	3,666	1,331
Performance obligations partly satisfied in previous years	899	917

The table below represents summary of contract assets and liabilities relating to contracts with customers :

	31.3.2023	31.3.2022
Receivables	187,552	169,569
Contract assets (refer note 2.7 & 2.9)	2,803	2,512
Contract liabilities	8,996	4,582

Contract assets are initially recognised for revenue earned from development of tools and secondary equipment as receipt of consideration is conditional on successful completion and acceptance by the customer. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The expected credit loss on contract assets is considered very low and hence no provision for credit loss is recorded in respect of contract assets.

Revenue includes the income of the actual operations measured at fair value and adjusted for discounts given.

	Revenue by geographical location of customer		Non-current assets by location of assets		Capital expenditure	
EUR 1,000	31.3.2023	31.3.2022	31.03.2023	31.03.2022	31.3.2023	31.3.2022
Europe	508,588	394,702	84,334	88,088	10,699	16,392
South America	141,871	103,306	9,245	7,230	4,291	2,919
North America	667,591	477,986	77,073	80,669	11,860	11,838
APAC	177,016	214,012	46,241	53,230	3,425	13,157
Total	1,495,066	1,190,006	216,893	229,216	30,275	44,306

Non-current assets consist of goodwill, intangible assets, property, plant and equipment, right-of-use assets, investment in associate company and available-for-sale financial assets.

Major Customers

EUR 1,000	31.3.2023	% of revenue	31.3.2022	% of revenue
Customer 1	239,207	16.0	160,635	13.5
Customer 2	226,691	15.2	157,704	13.3
Customer 3	172,540	11.5	139,816	11.7
Customer 4	105,367	7.0	77,355	6.5
Total	743,805	49.7	535,510	45.0
Group Revenue	1,495,066		1,190,006	

1.2 Other operating income and other income

Accounting policy

Income related to other than normal business is recognised as other operating income. Such items are, for example, scrap sales and claims received from Insurance companies.

Other income includes items such as profit on sale of items of property, plant and equipment and intangible assets, foreign currency exchange differences and government grants.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants, which have been received to compensate realised costs, are recognised as other income through profit or loss over the period to match them with the costs that they are compensating. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Other operating income

EUR 1,000	31.3.2023	31.3.2022
Scrap Sales	12,871	11,540
Miscellaneous Income	8,243	14,705
Total	21,114	26,245

Other income

EUR 1,000	31.3.2023	31.3.2022
Government grants	1,534	1,882
Foreign currency exchange differences	-	711
Income on reversal of provisions	7,430	-
Profit on sale of property, plant and equipment	29	-
Group Revenue	8,993	2,593

1.3 Cost of Sales

EUR 1,000	31.3.2023	31.3.2022
Purchases during the financial period	914,379	766,282
Change in inventories, increase (+) or decrease (-)	-50,599	-41,236
Raw materials and consumables	863,780	725,046
Increase/decrease in inventories of finished goods and work in progress	-3,586	-2,017
Total	860,194	723,029

1.4 Employee Benefit Expenses

Accounting policy

Employee benefits include short-term employee benefits, termination benefits, post-employment benefits and other long-term employee benefits.

Short-term employee benefits

Short-term employee benefits are wages and salaries, fringe benefits, annual leaves and bonuses.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Termination benefits

Termination benefits are based on the termination of employment rather than employee service. These comprise severances.

Post-employment benefits

Post-employment benefits will be payable after the completion of employment. They comprise pensions or other post-employment benefits, for example, life insurance or health care benefits.

Post-employment benefit arrangements are classified either as defined benefit arrangements or defined contribution arrangements. For defined contribution arrangements, the Group pays fixed contributions to a separate external unit and the Group has no obligation to pay supplementary contributions if the recipient of the contributions is unable to meet the payment of the benefits. Payments to defined contribution arrangements are recognised through profit or loss as incurred.

Defined benefit arrangement

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in income statement of profit and loss.

Companies within the group operate various pension schemes. The schemes are generally fully or partly funded through payments to insurance companies or trustee-administered funds. The group has both defined benefit and defined contribution plans.

Changes in the present value of the defined benefit pension obligations are analysed as follows:

Employee benefit obligations 2022-23

EUR 1,000	Present value of obligations	Net value of plan assets	Net defined benefit liability / assets
Carrying value of 1 April 2022	14,538	1,313	13,225
Current service cost	1,120	0	1,120
Interest expense (+) / income (-)	1,004	52	952
Total included employee costs	2,124	52	2,072
Actuarial gains and losses arising from changes in demographic assumptions	371	0	371
Actuarial gains and losses arising from changes in financial assumptions	-1,058	0	-1,058
Actuarial gains and losses arising from experience adjustments	181	0	181
	-506	0	-506
Total remeasurement gains and losses (+) included in other comprehensive income			
Benefit paid	-1,097	-86	-1,011
Translation difference	1,226	0	1,226
Carrying value of 31 March 2023	16,285	1,279	15,005

Employee benefit obligations 2021-22

EUR 1,000	Present value of obligations	Net value of plan assets	Net defined benefit liability / assets
Carrying value of 1 April 2021	12,892	1,345	11,547
Current service cost	1,114	0	1,114
Interest expense (+) / income (-)	635	56	579
Total included employee costs	1,749	56	1,693
Actuarial gains and losses arising from changes in demographic assumptions	275	0	275
Actuarial gains and losses arising from changes in financial assumptions	-387	0	-387
Actuarial gains and losses arising from experience adjustments	1,220	0	1,220
	1107	0	1107
Total remeasurement gains and losses (+) included in other comprehensive income			
Benefit paid	-677	-88	-589
Translation difference	-533	0	-533
Carrying value of 31 March 2022	14,538	1,313	13,225
Actuarial assumptions		31.3.2023	31.3.2022
Discount rate %		3.8% and 9.4%	7.0% and 8.3%
Rate of salary increase %		up to 5.5%	5.5% and 7.0%
Expected average remaining working years of participant		8.10 to 10.86	8.10 to 10.86

Sensitivity Analysis

EUR 1,000	31.3.2023	31.3.2022
Increase in discount rate by 0.5%	-529	-607
decrease in discount rate by 0.5%	566	1,026

Other long-term employee benefits

Group's other long-term employee benefits include, among other things, service year awards and leave benefits based on long-term employment.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss in the period in which they arise. Past-service costs are recognised immediately in income statement of profit and loss.

Other personnel expenses

Other personnel expenses include e.g. expenses related to occupational safety, expenses of occupational health care services and workplace dining and transportation arranged by the employer.

Employee Benefit Expenses

EUR 1,000	31.3.2023	31.3.2022
Wages and salaries	359,158	297,399
Defined contribution pension plans	2,072	1,693
Other personnel expenses	69,206	38,532
Total	430,436	337,624

Governments in various parts of the world have instituted employment protection schemes during the shut down period due to COVID-19 and bear part of the employee costs. Employee benefit expenses are net of amount received under such government protection schemes.

Number of personnel

	At the end of the period		Average	
	31.03.2023	31.03.2022	31.3.2023	31.3.2022
Europe	10,174	10,223	10,481	10,177
South America	3,012	2,597	2,778	2,554
North America	12,854	12,357	12,588	10,876
APAC	3,323	3,575	3,012	3,774
Total	29,363	28,752	28,859	27,381

1.5 Other Operating Expenses

Accounting policy

Indirect expenses of operations excluding employee benefit expenses are recognised as other operating expenses.

EUR 1,000	31.3.2023	31.3.2022
Electricity, water and fuel	11,940	8,901
Repairs and Maintenance	24,104	20,527
Consumption of stores and spare parts	4,658	4,550
Conversion charges	7,625	5,560
Lease rent	2,450	2,184
Rates & taxes	1,215	1,158
Insurance	2,702	3,036
Travelling	7,667	5,742
Freight & forwarding	27,169	23,397
Bad debts/advances written off	0	131
Legal & professional expenses	21,002	16,540
Loss on disposal of foreign operation	0	0
Exchange fluctuation (net)	1,649	-
Miscellaneous expenses	24,164	21,413
Total	136,345	113,139

1.6 Income Taxes, including Deferred Tax Assets and Liabilities

Accounting policy

Group's income taxes include taxes of Group companies calculated based on the taxable profit for the period, and adjustments for previous periods as well as the change in deferred income taxes. The income taxes are recognised in profit or loss except for the items recognised directly in equity or other comprehensive income.

Taxable profit differs from profit as reported in profit or loss due to the accrual differences and items that are never taxable or tax-deductible. The current tax is measured using the tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred taxes are provided using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred tax is determined to reflect the expected manner of recovery or settlement and using the tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

Use of estimates

Management judgment is required in determining the provision for income taxes and the deferred tax assets. Deferred tax assets are provided on tax losses as well as on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is probable based on the management judgment that future taxable profit will be available against which the deferred tax asset can be utilised and is reviewed at each reporting period. Amendments in the regulations and practice related to taxation may also have an effect on the management judgment.

Income taxes

EUR 1,000	31.3.2023	31.3.2022
Income taxes for the financial year	16,347	13,879
Adjustments for prior years	-401	-1,185
Changes in deferred taxes	-6,140	-4,831
Total	9,806	7,863

Deferred tax assets 2022-2023

EUR 1,000	31.03.2022	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences, reclassifications and other changes	31.03.2023
Property, plant and equipment and intangible assets	6,867	375	0	248	7,490
Inventories	2,593	45	0	30	2,668
Employee benefits	5,559	1,417	-272	756	7,460
Provisions and other accruals	4,068	733	0	484	5,285
Unabsorbed depreciation and Tax losses	8,738	-1,580	0	-1,043	6,115
Other temporary differences	-3,896	1,339	-263	937	-1,883
Total deferred tax assets	23,929	2,329	-535	1,412	27,135

Deferred tax liabilities 2022-2023

EUR 1,000	31.03.2022	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences, reclassifications and other changes	31.03.2023
Property, plant and equipment and intangible assets	18,940	-3590	-	42	15,392
Inventories	-41	11	-	18	-12
Employee benefits	-230	-18	0	-30	-278
Provisions and other accruals	-101	98	-	162	159
Other temporary differences	18,272	-312	-	-285	17,675
Total deferred tax liabilities	36,840	-3810	-	-94	32,936

Deferred tax assets 2021-2022

EUR 1,000	31.03.2021	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences, reclassifications and other changes	31.03.2022
Property, plant and equipment and intangible assets	5,064	786	-	1,017	6,867
Inventories	2,031	245	-	317	2,593
Employee benefits	4,146	350	266	797	5,559
Provisions and other accruals	2,981	474	-	613	4,068
Unabsorbed depreciation and Tax losses	7,359	601	-	778	8,738
Other temporary differences	-4,755	713	-339	485	-3,896
Total deferred tax assets	16,826	3,169	-73	4,007	23,929

Deferred tax liabilities 2021-2022

EUR 1,000	31.03.2021	Recognised through profit or loss	Recognised through other comprehensive income	Exchange rate differences, reclassifications and other changes	31.03.2022
Property, plant and equipment	2,405	4,505	-	12,030	18,940
Inventories	-98	-137	-	194	-41
Employee benefits	-239	-22	-	31	-230
Provisions and other accruals	-98	9	-	-12	-101
Other temporary differences	15,728	-6,017	-	8,561	18,272
Total deferred tax liabilities	17,698	-1,662	-	20,804	36,840

*Refer note 4.3 for addition due to business combination

Tax losses at the end of the financial year

EUR million	Tax losses		Deferred tax asset recognised on the statement of financial position		Deferred tax asset not recognised on the statement of financial position**	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Losses without expiration date	120.8	115.8	5.1	7.6	105.9	90.8
Losses with expiration date	34.3	35.4	0.0	0.2	34.2	34.8
Total	155.2	151.2	5.2	7.8	140.2	125.6

**The deferred tax asset not recognised on the statement of financial position relates to tax loss carry-forwards whose future utilisation is uncertain.

2. Operating Assets and Liabilities

2.1 Intangible Assets

Accounting policy

Goodwill

Goodwill arising from a business combination is recognised as the excess of the aggregate of the consideration transferred, the amount of any non controlling interests in the acquiree and any previously held equity interests in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired. Goodwill is not amortised but is tested annually for the impairment. Possible impairment losses are recognised in profit or loss immediately as incurred.

Customer relationships

Existing customer relationships are recognised at fair value at the date of acquisition.

Other intangible assets

Intangible assets are initially recognised in the statement of financial position at acquisition cost if their cost can be determined reliably and it is probable that they will bring economic benefits for the Group. The cost of an intangible asset comprises the purchase price and all costs that can be directly attributed to preparing an asset for its intended use. Other intangible assets in the Group include patents and software licenses among others.

Intangible assets that have limited useful lives are amortised on a straight-line basis in the statement of comprehensive income during their known or estimated useful lives. Amortisation is commenced when asset is available for use. An asset which is not yet available for use is tested annually for impairment.

Intangible assets' acquisitions in progress

Software projects under preparation and implementation are presented under acquisitions in progress.

Amortisation periods for intangible assets

Other intangible assets	3-5 years
Customer relationships	5-10 years

Amortisation ceases when an intangible asset is classified as held for sale.

Research and development costs

Research costs are recognised in profit or loss.

If development costs meet certain capitalisation criteria, they are presented in the statement of financial position under Other intangible assets and are amortised over their useful lives. All the Group's development costs are expensed as there is insufficient indication of future economic benefits in the development phase of projects.

Intangible assets as at March 31, 2023

EUR 1,000	Goodwill	Customer relationships & contracts	Software	Other intangible assets	Intangible assets acquisition in progress	Total
Acquisition cost 1.4.2022	248,293	257,880	12,069	8,336	269	526,847
+/- Currency translation differences	-390	744	30	-76	0	308
+ Additions	0	0	51	0	1,146	1,197
+ Business combinations	0	0	0	0	0	0
- Disposals	0	0	-6,155	0	0	-6,155
+/- Reclassifications	0	0	1,124	0	-1,003	121
Acquisition cost 31.3.2023	247,903	258,624	7,119	8,260	412	522,318
Accumulated amortisation and impairments 1.4.2022	0	134,577	9,956	5,372	0	149,905
+/- Currency translation differences	0	183	26	-49	0	160
- Disposals	0	0	-6,153	-	0	-6,153
+ Amortisation	0	25,911	1,106	978	0	27,995
Accumulated amortisation and impairments 31.3.2023	0	160,671	4,935	6,301	0	171,907
Carrying amount 31.3.2023	247,903	97,953	2,184	1,959	412	350,411

Intangible assets as at March 31, 2022

EUR 1,000	Goodwill	Customer relationships	Software	Other intangible assets	Intangible assets acquisition in progress	Total
Acquisition cost 1.4.2021	239,237	264,693	10,552	8,362	80	522,924
+/- Currency translation differences	8,521	-6,813	515	-26	1	2,198
+ Additions	0	0	262	0	1,087	1,349
+ Business combinations	535	0	0	0	0	535
- Disposals	0	0	-159	0	0	-159
+/- Reclassifications	0	0	899	0	-899	0
Acquisition cost 31.3.2022	248,293	257,880	12,069	8,336	269	526,847
Accumulated amortisation and impairments 1.4.2021	0	107,882	8,256	4,391	0	120,529
+/- Currency translation differences	0	-2,271	493	-28	0	-1,806
- Disposals	0	0	-159	0	0	-159
+ Amortisation	0	28,966	1,366	1,009	0	31,341
Accumulated amortisation and impairments 31.3.2022	0	134,577	9,956	5,372	0	149,905
Net carrying amount 31.3.2022	248,293	123,303	2,113	2,964	269	376,942

2.2 Impairment Testing

Accounting policy

The principles of impairments of intangible assets

The Group assesses at least annually whether there is any indication that an asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated. In addition, goodwill and unfinished intangible assets are tested for impairment annually regardless of any indication of impairment. An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount.

An impairment loss is immediately recognised in profit or loss. The impairment loss of a cash-generating unit is recognised first as a reduction of the carrying amount of any goodwill allocated to the unit and then proportionally as a reduction of unit's other assets. The useful life of the asset to be amortised is reassessed at the recognition of the impairment loss. Recognition of an impairment loss reduces Group's profit and thus equity, but it has no effect on the consolidated statement of cash flows.

A previously recognised impairment loss for assets other than goodwill is reversed in a subsequent period if there has been a significant positive change in the estimates used to determine an asset's recoverable amount. An impairment loss can be reversed to the amount that would have been the carrying value of the asset, had no impairment loss been recognised. An impairment loss for goodwill is not reversed under any circumstances.

Use of estimates

The execution of the annual impairment test has required management to make assumptions and estimates to measure the recoverable amounts of the cash-generating units.

Allocation of goodwill

For impairment testing purposes the Group has allocated goodwill of EUR 248.3 million to the cash-generating units. The Group consists of one business area (reporting operating segment), Wiring Systems.

Determination of cash flows

The Group performs the annual impairment testing of goodwill at each financial reporting date. An impairment test of a cash-generating unit is performed by comparing its recoverable amount to its carrying amount. The recoverable amount is the cash generating unit's fair value less costs of disposal or its value in use, whichever is higher. For goodwill testing purposes the recoverable amount is based on value in use which is determined by discounted future net cash flows.

The expected future net cash flows consist of two components: 5-year financial forecasts made by the business management and extrapolated cash flows after the forecast period (so called terminal value). The net sales and profitability estimates used in the forecasts are based on customer-specific estimates, future outlooks and previous experience. Estimates related to long-term profitability aim to take into account a normalised, sustainable level of profitability. The estimated value in use of cash generating units (CGU) is based on the future cash flows using annual growth rate of up to 15% for periods subsequent to the forecast period of 5 years, used in the calculations reflects both expected growth and inflation of each cash-generating unit's area in the long term, and is not expected to exceed the forecasted long-term growth of the industry.

The discount rate used to determine the recoverable amount is the weighted average cost of capital (WACC). Discount rates are determined separately for each cash-generating unit, reflecting the impact of different businesses and different countries on the expected return of equity. In the determination of the weighted average cost of capital (WACC), the target debt to equity ratio and the effect of indebtedness to the cost of equity have been taken into account. WACC used are in range 8% to 15%.

An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount for any segment. The discount rate was estimated based on past experience and company's average weighted average cost of capital. The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external factors.

The impairment test performed indicates that the recoverable amounts of Group's cash-generating units exceed the respective carrying amounts including goodwill and there is no need for goodwill impairment.

2.3 Property, Plant and Equipment

Accounting policy

Property, plant and equipment are measured at original acquisition cost less accumulated depreciation and impairment losses. The original purchase price of the acquisition is composed of direct expenditure incurred.

Borrowing costs are activated into acquisition cost of asset, if the asset meets the conditions set under IAS 23 standard. During the reporting and comparison period the Group did not have such assets.

Subsequent costs are added to the carrying amount of the asset only if there is sufficient evidence that they bring future economic benefits for the Group and if their cost can be determined reliably.

Assets are depreciated on a straight-line basis during their estimated useful lives. Land areas are not depreciated.

Depreciation periods for items of property, plant and equipment

Buildings and constructions	5–20 years
Machinery and equipment	3–10 years
Other tangible assets	5 years

The estimated useful lives and residual values of assets are reviewed at the end of each financial year, and if they differ significantly from previous estimates, depreciation periods are adjusted accordingly.

Depreciation of property, plant and equipment ceases when an asset is classified as held for sale.

Gains from sales of items of property, plant and equipment are included in other income and losses from sales in other operating expenses.

Impairments of property, plant and equipment

The Group assesses at least annually whether there is any indication that an item of property, plant and equipment may be impaired. The review is in practise carried out based on pool of assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the asset's fair value less costs of disposal or its value in use, whichever is higher. The recoverable amount is based on the discounted estimated future net cash flows at the time of review. An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognised immediately in profit or loss and it is included in Depreciation, amortisation and impairment in comprehensive income. The useful life of the asset to be depreciated is reassessed at the recognition of the impairment loss.

An impairment loss is reversed in a subsequent period if there has been a significant positive change in the estimates used to determine an asset's recoverable amount. An impairment loss can be reversed to the amount that would have been the carrying value of the asset, had no impairment loss been recognised.

Property, plant and equipment as at March 31, 2023

EUR 1,000	Land areas	Buildings and Constructions	Machinery and equipment	Other tangible assets	Advance payments and constructions in progress	Total
Acquisition cost 1.4.2022	6,570	44,471	170,538	12,772	17,489	251,840
+/- Currency translation differences	-246	312	1,842	-390	-530	988
+ Additions	0	1,034	2,905	1,038	24,100	29,077
- Disposals	-	-728	-3,729	-1,141	-	-5,598
+ /- Reclassifications	-6	1,042	24,688	1,496	-27,220	0
Acquisition cost 31.3.2023	6,318	46,131	196,244	13,775	13,839	276,307
Accumulated amortisation and impairments 1.4.2022	-	7,634	97,112	7,840	-	112,586
+/- Currency translation differences	-	347	1,602	-354	-	1,595
+ Accumulated amortisation on disposals and reclassifications	-	-136	-3,274	-1,039	-	-4,449
+ Depreciation / impairments	-	3,147	26,404	2,037	-	31,588
Accumulated amortisation and impairments 31.3.2023	-	10,992	121,844	8,484	-	141,320
Carrying amount 31.3.2023	6,318	35,139	74,400	5,291	13,839	134,987

Property, plant and equipment as at March 31, 2022

EUR 1,000	Land areas	Buildings and Constructions	Machinery and equipment	Other tangible assets	Advance payments and constructions in progress	Total
Acquisition cost 1.4.2021	4,181	38,454	138,108	9,730	7,917	198,390
+/- Currency translation differences	182	1,267	9,793	1,039	474	12,755
+ Additions	547	2,748	4,645	1,032	33,989	42,961
+ Business combinations	-	-	1,854	-	-	1,854
- Disposals	-	-14	-3,930	-176	-	-4,120
+/- Reclassifications	1,660	2,016	20,068	1,147	-24,891	0
Acquisition cost 31.3.2022	6,570	44,471	170,538	12,772	17,489	251,840
Accumulated amortisation and impairments 1.4.2021	-	4,046	68,798	5,349	-	78,193
+/- Currency translation differences	-	762	8,585	844	-	10,191
+ Accumulated amortisation on disposals and reclassifications	-	-13	-2,986	-166	-	-3,165
+ Depreciation	-	2,839	22,715	1,813	-	27,367
Accumulated amortisation and impairments 31.3.2022	-	7,634	97,112	7,840	-	112,586
Net carrying amount 31.3.2022	6,570	36,837	73,426	4,932	17,489	139,254

2.4 Right-of-use assets
Accounting policy

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and if necessary any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, if the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Impairments of right-of-use assets

The group assesses the recoverability of the carrying value of right-of-use assets at each reporting date. If events or changes in circumstances indicate that the carrying value may be impaired, an impairment loss is recognised in profit or loss and it is included in Depreciation, amortisation and impairment.

An impairment loss is reversed in a subsequent period if there has been a significant positive change in the estimates used to determine an asset's recoverable amount. An impairment loss can be reversed to the amount that would have been the carrying value of the asset, had no impairment loss been recognised.

Use of estimates

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Right-of-use assets as at March 31, 2023

EUR 1,000	Land areas	Buildings and Constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost on April 01, 2022	269	56,072	1,348	1,480	59,169
+/- Currency translation differences	6	88	-19	0	75
+ Additions	49	4,585	190	328	5,152
- Disposals, reclassifications and change in value due to change in agreements	-	-585	-58	0	-643
Acquisition cost on 31.3.2023	324	60,160	1,461	1,808	63,753
Accumulated amortisation and impairments 1.4.2022	18	24,937	424	663	26,042
+/- Currency translation differences	0	-360	-7	-6	-373
+ Accumulated amortisation on disposals and reclassifications	-	-599	-58	0	-657
+ Depreciation	12	11,381	338	492	12,223
Accumulated amortisation and impairments 31.3.2023	30	35,359	697	1,149	37,235
Carrying amount 31.3.2023	294	24,801	764	659	26,518

Right-of-use assets as at March 31, 2022

EUR 1,000	Land areas	Buildings and Constructions	Machinery and equipment	Other tangible assets	Total
Recognised on April 01, 2021	254	40,756	876	1,112	42,998
+/- Currency translation differences	15	2,380	87	23	2,505
+ Additions	0	13,368	599	516	14,483
- Disposals, reclassifications and change in value due to change in agreements	-	-432	-214	-171	-817
Acquisition cost 31.3.2022	269	56,072	1,348	1,480	59,169
Accumulated amortisation and impairments 1.4.2021	6	14,628	303	400	15,337
+/- Currency translation differences	1	1,329	17	21	1,368
+ Accumulated amortisation on disposals and reclassifications	-	-432	-214	-171	-817
+ Depreciation	11	9,412	318	413	10,154
Accumulated amortisation and impairments 31.3.2022	18	24,937	424	663	26,042
Carrying amount 31.3.2022	251	31,135	924	817	33,127

2.5 Available-for-sale financial assets

Available-for-sale financial assets are investments in antique arts. These are valued at cost less impairment as the fair value cannot be reliably determined.

EUR 1,000	31.03.2023	31.03.2022
Available-for-sale financial assets	48	48
Total	48	48

2.6 Investment in associate company

EUR 1,000	31.03.2023	31.03.2022
Investment in associated companies	11,300	12,525
Share of profit for the financial year	-944	573
Dividend	-972	-2,670
Currency translation differences	8	872
Investment in associated companies at the end	9,392	11,300

More information about associated company can be found in note 4.5.

2.7 Non-Current Other Receivables and Liabilities

EUR 1,000	31.03.2023	31.03.2022
Unbilled Revenue	1,227	1,236
Other receivables	2,026	1,628
Total	3,253	2,864

Non-current other receivables include receivables related to customer long term assets, advances and indemnification assets.

EUR 1,000	31.03.2023	31.03.2022
Other liabilities	14,854	13,582
Government Grants	3,446	4,277
Total	18,300	17,859

Non-current other liabilities include liabilities related to long term employee benefits and indemnification liabilities which have a corresponding indemnification asset.

2.8 Inventories

Accounting policy

Inventories are measured at acquisition cost or the net realisable value, whichever is lower. Raw material costs comprise all purchase costs including freight costs. Cost of finished goods and work in progress includes, in addition to raw material expenses, direct labour and other direct expenses and also a proportion of indirect expenses of production.

In Group acquisition cost is determined on the basis of the weighted average cost formula. The net realisable value is the selling price less estimated costs of completion and selling the product.

Use of estimates

Group regularly reviews inventories for obsolescence and turnover, and for a possible reduction in net realisable value below cost, and recognises obsolescence when necessary. Such reviews require estimates of future demand for products. Possible changes in these estimates may cause adjustments in inventory valuation in future periods.

EUR 1,000	31.03.2023	31.03.2022
Raw materials and supplies	191,614	152,174
Work in progress	27,831	23,890
Finished goods	36,046	36,323
Other inventories	9,337	6,584
Total	264,828	218,971

2.9 Trade Receivables and Other Receivables

Accounts receivable arise when the Group delivers products and services directly to a customer.

Prepayments and accrued income include e.g. prepaid expenses incurred, value added tax related receivables etc.

Other receivables include e.g. mark to market on derivatives financial instruments and unbilled revenue.

Current tax assets include taxes receivable related to the income of the year.

EUR 1,000	31.03.2023	31.03.2022
Trade receivables	187,552	169,569
Other receivables	22,677	20,802
Prepayments and accrued income	26,758	18,449
Current tax assets	2,404	7,172
Total	239,391	215,992

Total trade receivables includes allowances for expected credit losses. Details for allowance are given below

EUR 1,000	31.03.2023	31.03.2022
Recognised at the beginning of the financial year	1,549	727
+ Addition during the year	2,163	1,024
- Utilised during the year	-1,635	-202
+/- Currency translation differences	-6	0
Balance at the end of the financial year	2,071	1,549

Other receivables and prepayments and accrued income consist of following items

EUR 1,000	31.03.2023	31.03.2022
from employee benefits	524	390
from other operating expenses	10,496	7,350
Derivative financial instruments (Refer Note 3.1)	7,261	3,558
from value added tax	9,870	8,139
from taxes	14,982	14,780
from unbilled revenue	1,576	1,276
from other items	4,726	3,757
Total	49,435	39,250

2.10 Trade Payables and Other Non-Interest Bearing Liabilities

Trade payables are liabilities arisen from the received goods including raw materials, supplies, outsourced services and related items.

Advances received include, for example, the advance payments of undelivered products or services received from customers.

Accruals and deferred income include

- Payments received from such income that is realised on an accrual basis in future financial years, unless recognised into advances received.
- Accrued expenses which are not paid, unless recognised into trade payables.
- Future expenses and losses, unless recognised into provisions or deducted from the carrying value of the asset.

Other liabilities include e.g. value added tax related liabilities.

Current tax liabilities include taxes payable related to the income of the year.

EUR 1,000	31.03.2023	31.03.2022
Trade payables	217,159	199,443
Advances received	8,996	4,582
Other liabilities	27,486	22,001
Accruals and deferred income	53,973	41,068
Current tax liabilities	5,657	6,572
Total	313,271	273,666

Other liabilities and accruals and deferred income consist of following items

EUR 1,000	31.03.2023	31.03.2022
from employee benefits	47,367	36,113
from other operating expenses	19,244	15,069
from financial items	5,756	4,109
from value added tax	3,258	3,940
from taxes	5,836	3,838
Total	81,461	63,069

2.11 Provisions

Accounting policy

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation arising as a result of a past event, the obligation is likely to entail future expenses, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the costs necessary to settle the obligation. If a reimbursement can be obtained from a third party for part of the obligation, the reimbursement is treated as a separate asset when it is practically certain that such reimbursement will be received. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

A restructuring provision is recognised only if a detailed and formal plan has been prepared and those affected by it have been informed of its main features. A provision is not recognised on expenditure associated with the Group's continuing operations.

Additional information about provision for pension expenses is presented in note 1.4 Employee Benefit Expenses.

A warranty provision is recognised when a product, which contains a warranty clause, is sold. The warranty provision is estimated on the basis of past experience of warranty costs.

Provisions do not include any restructuring costs.

Use of estimates

The Group is a defendant in some court cases arising from its business operations. A provision is recorded when an unfavourable result is probable and the loss can be determined with reasonable certainty. The final result can differ from these estimates.

	Other non-current provisions		Other current provisions	
EUR 1,000	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Provisions at the beginning	8,614	8,610	2,571	1,540
+/- Currency translation differences	-17	0	191	47
+ Additions	1	4	266	984
- Reversed / Deletion	-8,386	0	-343	-
Provisions at the end	213	8,614	2,685	2,571

3. Capital Structure and Financial Expenses

3.1 Financial Assets and Liabilities by Valuation Categories

Accounting policy

Classification, accounting and valuation principles

The principles Group applies in classifying, recognising, derecognising and valuing of financial assets and liabilities are presented below.

The financial assets of Group are classified into the following categories:

- Financial assets at fair value through profit and loss
- Available-for-sale financial assets
- Loans and other receivables

The classification of financial assets takes place on the basis of their purpose at initial recognition. The criteria for classification is re-evaluated on each closing date. Transaction costs are included in the initial carrying amount of the financial asset for assets which are not recognised at fair value through profit and loss. All purchases and sales of financial assets are recognised on the trade date. Financial assets are derecognised when Group has lost the contractual rights to the cash flow of the financial asset or when the risks and rewards of ownership have been substantially transferred outside Group.

The financial liabilities of Group are classified into the following categories:

- Financial liabilities at fair value through profit and loss
- Financial liabilities at amortised cost (other financial liabilities)

Transaction costs are included in the original carrying amount of financial liabilities at amortised cost. Financial liabilities are classified as current unless Group has an unconditional right to defer settlement of the liability for at least 12 months after end of the reporting period. Group derecognises a financial liability (or part of it) only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Fair value hierarchy

A number of Group's accounting policies and disclosures require the measurement of fair values. For Group this applies primarily to financial assets and liabilities.

For financial instruments that are measured in the statement of financial position at fair value, IFRS requires disclosure of fair value measurements by level of the fair value measurement hierarchy. The fair value hierarchy is based on the source of inputs used in determining fair values (used in the valuation techniques) as follows:

- Level 1: fair values are based on quoted price in active markets for identical assets or liabilities
- Level 2: fair values are based on market rates and prices, discounted future cash flows etc.
- Level 3: for assets and liabilities in level three, there is no reliable market source available and thus fair value measurement cannot be based on observable market data.

When measuring the fair value of an asset or a liability, Group uses observable market data to the extent possible.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which have been designated in this category or which have not been classified in any other category. Unless the intention is to sell them within 12 months of the end of the reporting period, they are included in non-current assets.

Group's investments in other companies are classified as financial assets available-for-sale. Equity investments in unlisted companies are included in this category.

Since in the absence of functioning markets the fair value of these investments cannot be determined reliably, they are measured at acquisition cost less any impairment. Thus these investments are classified in the fair value hierarchy to level 3. Group has no intention for now to dispose of these investments.

Trade receivables and other receivables

Trade receivables and other receivables are non-derivative financial assets with fixed or determinable payment dates that are not quoted in active markets. They arise when Group provides goods or services directly to a debtor. Trade receivables and other receivables are carried in the consolidated statement of financial position at amortised cost using the effective interest rate method. Trade receivables and other receivables are included in non-current assets, except for maturities less than 12 months after the closing date. Non-current trade receivables and other receivables are presented under trade receivables and other receivables in the consolidated statement of financial position.

Group utilises selectively client and/or country specific factoring arrangements when it is considered beneficial for example due to long payment terms. Sold trade receivables are derecognised only up to the amount for which the risks and benefits have been transferred outside Group. The carrying amounts of trade receivables and other receivables are equal to their fair values, as the effect of discounting cash flows is not relevant considering their maturity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and similar investments. These investments include highly liquid investments with an original maturity of three months or less from the acquisition date.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income in statement of profit and loss using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Financial assets and liabilities at fair value through profit and loss

In the consolidated statement of financial position all derivative financial instruments, to which hedge accounting is not applied and which are not financial guarantee contracts, are included in this category. These instruments are classified as held for trading. There are no items in the consolidated statement of financial position that would be classified at initial recognition on the basis of IFRS 9 fair value option to this category or which would be classified upon this category on the basis of continuous trading.

Derivatives are used for hedging risks from fluctuations in currency exchange rates, interest rates and the price of copper. Group uses currency and copper forwards and interest rate swaps in its risk management.

Derivative contracts are recognised initially at fair value and later recognised at fair value at the end of each reporting period. Fair value is determined by using prevailing quoted market rates and applicable valuation methods for each type of derivative as follows:

- The fair value of currency and copper derivatives is determined as the difference of the fair value of the derivatives at the end of the reporting period and the fair value at the time the contract was made.
- The fair value of interest rate swaps is determined as the present value of the related future cash flows.

Derivatives are classified in the fair value hierarchy on level 2, because their valuation is based on observable market inputs.

Realised and unrealised gains and losses from changes in the fair values of copper derivatives are recognised in profit or loss as incurred since Group does not apply hedge accounting to these instruments.

Hedge accounting is applied to currency derivatives. The impacts on profit or loss arising from changes in the value of interest rate swaps and currency derivatives which are effective hedges, are presented in a manner consistent with the hedged item.

Derivative instruments are included according to their nature in current assets (prepayments and accrued income) or current liabilities (accruals and deferred income) on the consolidated statement of financial position.

At the end of the reporting period 31.3.2023 Group did not have financial instruments at fair value through profit and loss other than derivatives. There were no changes in the valuation principles or methods during the reporting period.

Financial assets and liabilities at fair value through other comprehensive income

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The amounts recognised in OCI are accounted for, depending on the nature of the underlying hedged transaction. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Financial liabilities at amortised cost (other financial liabilities)

Financial liabilities consist of loans taken out by Group, lease liabilities and trade payables. Loans and trade payables are initially recognised at fair value. Lease liabilities are initially recognised at present value of future lease payments. Any transaction costs are included in the historical carrying amount. After initial recognition other financial liabilities are recognised at amortised cost. Any difference between net proceeds received and later amortisations is recognised as interest cost over the loan period using the effective interest method.

The fair values of interest bearing loans are based on present values of future cash flows. The discount rate is the rate that Group would have to pay for an equal loan at the end of the reporting period. The total interest rate consists of a risk-free rate and a company specific risk premium. The carrying amounts of trade payables and other current financial liabilities are equal to their fair values, as the effect of discounting cash flows is not relevant considering their maturity.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Master netting agreements and similar arrangements

Group enters into derivatives' agreements with counterparties following ISDA-agreements. The amounts owed by each counterparty on a single day regarding all transactions outstanding in same currency are aggregated into a single net amount payable by one party to the other. In case of a credit event like default, all outstanding transactions under the agreement are terminated and only one amount is payable to settle all transactions. Derivative assets and liabilities cannot be offset in the consolidated statement of financial position as ISDA-agreements do not meet the criteria for offsetting.

Master netting agreements and similar arrangements

EUR 1,000	31.03.2023	31.03.2022
Derivative Assets		
Gross amounts of financial assets in the statement of financial position	7,261	3,558
Related financial instruments that are not offset	7,261	3,558
Total	0	0
Derivative liabilities		
Gross amounts of financial liabilities in the statement of financial position	0	0
Related financial instruments that are not offset	0	0
Total	0	0

Classification of financial assets and liabilities by valuation category as at March 31, 2023

EUR 1,000	Derivatives under hedge accounting	Trade receivables and other receivables	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts of statement of financial position's items	Fair values of statement of financial position's items	Fair value hierarchy level
Non-current financial assets							
Available-for-sale financial assets	-	-	48	-	48	48	Level 3
Other non-current financial assets	-	1,227	-	-	1,227	1,227	Level 3
Total non-current financial assets	0	1,227	48	-	1,275	1,275	
Current financial assets							
Trade receivables	0	187,552	-	-	187,552	187,552	Level 3
Currency derivatives	7,261	-	-	-	7,261	7,261	Level 2
Commodity derivatives	0	-	-	-	0	0	Level 2
Other current financial assets	0	22,677	-	-	22,677	22,677	Level 3
Cash and cash equivalents	0	-	-	56,003	56,003	56,003	
Total current financial assets	7,261	210,229	0	56,003	273,492	273,492	
Total financial assets	7,261	211,456	48	56,003	274,768	274,768	
Non-current financial liabilities							
Non-current							
Interest-bearing liabilities	-	-	-	352,004	352,004	352,004	Level 3
Lease liabilities	-	-	-	19,665	19,665	19,665	Level 3
Total non-current financial liabilities	-	-	-	371,670	371,670	371,670	
Current financial liabilities							
Current							
Interest-bearing liabilities	-	-	-	23,845	23,845	23,845	Level 3
Lease liabilities	-	-	-	9,597	9,597	9,597	Level 3
Trade payables and other non-interest bearing liabilities	-	-	-	269,724	269,724	269,724	Level 3
Total current financial liabilities	-	-	-	303,166	303,166	303,166	
Total financial liabilities	-	-	-	674,837	674,837	674,837	

Classification of financial assets and liabilities by valuation category as at March 31, 2022

EUR 1,000	Derivatives under hedge accounting	Trade receivables and other receivables	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts of statement of financial position's items	Fair values of statement of financial position's items	Fair value hierarchy level
Non-current financial assets							
Available-for-sale financial assets	-	-	48	-	48	48	Level 3
Other non-current financial assets	-	1,236	-	-	1,236	1,236	Level 3
Total non-current financial assets	-	1,236	48	-	1,284	1,284	
Current financial assets							
Trade receivables	-	169,569	-	-	169,569	169,569	Level 3
Currency derivatives	3,558	-	-	-	3,558	3,558	Level 2
Commodity derivatives	331	-	-	-	331	331	Level 2
Other current financial assets	-	20,802	-	-	20,802	20,802	Level 3
Cash and cash equivalents	-	-	-	68,507	68,507	68,507	
Total current financial assets	3,889	190,371	-	68,507	262,767	262,767	
Total financial assets	3,889	191,607	48	68,507	264,051	264,051	
Non-current financial liabilities							
Non-current							
interest-bearing liabilities	-	-	-	130,500	130,500	130,500	Level 3
Lease liabilities	-	-	-	24,952	24,952	24,952	Level 3
Total non-current financial liabilities	-	-	-	155,452	155,452	155,452	
Current financial liabilities							
Current							
interest-bearing liabilities	-	-	-	243,467	243,467	243,467	Level 3
Lease liabilities	-	-	-	10,668	10,668	10,668	Level 3
Trade payables and other non-interest bearing liabilities	-	-	-	239,317	239,317	239,317	Level 3
Total current financial liabilities	-	-	-	493,452	493,452	493,452	
Total financial liabilities	-	-	-	648,905	648,905	648,905	

3.2 Interest-Bearing Financial Liabilities

Non-current interest-bearing financial liabilities

EUR 1,000	31.03.2023	31.03.2022
Loans from related parties	352,004	130,500
Loans from financial institutions	0	-
Loans from others	0	-
Total	352,004	130,500

Current interest-bearing financial liabilities

EUR 1,000	31.03.2023	31.03.2022
Loans from related parties	0	150,304
Loans from financial institutions	14,845	47,163
Loans from others	-	-
Commercial papers	9,000	46,000
Total	23,845	243,467

Terms of interest-bearing financial liabilities

A. Loans from related parties

EUR 100.65 million (March 31, 2022: EUR 105.80 million) carrying interest rate of 6 months Euribor+ 0.75% payable by March 2026.

Nil (March 31, 2022: EUR 15.00 million) carrying interest rate of 6 months Euribor+ 0.75% payable by June 2023.

EUR 74.00 million (March 31, 2022: EUR 74.00 million) carrying interest rate of 6 months Euribor+ 0.75% payable by October 2026.

EUR 40 million (March 31, 2022: EUR 41.5 million) carrying interest rate of 6 months Euribor+ 2% payable March 2025.

Nil (March 31, 2022: EUR 40.00 million) carrying interest rate of 6 months Euribor+ 1.5%. Payable by June 2022.

Nil (March 31, 2022: EUR 4.50 million) carrying interest rate of 6 months Euribor+ 1.5%. Payable by June 2022.

EUR 130.0 million (March 31, 2022: Nil) carrying interest rate of 6 months Euribor+ 1.5%. Payable by March 2026.

EUR 7.4 million (March 31, 2022: Nil) carrying interest rate of 6 months USD Libor+ 1.5%. Payable by March 2025.

B. Loans from financial institutions

Nil (March 31, 2022: 0.06 million) carrying interest rate of 2.2% payable by January 2023

Nil (March 31, 2022: EUR 3.3 million) carrying interest rate of 3.7% payable by July 2022.

Nil (March 31, 2022: EUR 1.4 million) carrying interest rate of 4.0% payable by June 2022.

Nil (March 31, 2022: EUR 5.7 million) carrying interest rate of 3.95% payable by July 2022.

Nil (March 31, 2022: EUR 1.4 million) carrying interest rate of 3.85% payable by August 2022.

Nil (March 31, 2022: EUR 5.3 million) carrying interest rate of 3.95% payable by June 2022.

Nil (March 31, 2022: EUR 30.0 million) carrying interest rate of 6 months Euribor +0.22% payable by June 2022.

EUR 4.0 million (March 31, 2022: Nil) carrying interest rate of 3.50% payable by April 2023.

EUR 3.2 million (March 31, 2022: Nil) carrying interest rate of 3.50% payable by April 2023.

EUR 3.1 million (March 31, 2022: Nil) carrying interest rate of 3.50% payable by May 2023.

EUR 3.1 million (March 31, 2022: Nil) carrying interest rate of 3.50% payable by May 2023.

EUR 1.3 million (March 31, 2022: Nil) carrying interest rate of 3.50% payable by June 2023.

EUR 0.1 million (March 31, 2022: Nil) carrying interest rate of 3.40% payable by August 2023.

The carrying amount of assets pledged as security for current interest-bearing financial liabilities as on 31.3.2023 are:

	EUR 1,000
First charge on property plant and equipments	4,883
Second charge on property plant and equipments	-

C. Commercial papers

EUR 4.00 million commercial papers bearing interest rate 4 month Euribor + 0.77%.

EUR 3.00 million commercial papers bearing interest rate 2 months Euribor + 0.90%

EUR 2.00 million commercial papers bearing interest rate 6 months Euribor + 0.75%

3.3 Financial Income and Costs

Accounting policy

Interest income is recognised using the effective interest method. Dividend income is recognised when Group's right to receive payment has been established. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Finance costs

EUR 1,000	31.3.2023	31.3.2022
Interest expenses		
on long term borrowings	8,807	4,728
on factoring	7,296	2,966
on lease liabilities	2,546	2,483
Other financial expenses	1,241	1,431
Total	19,890	11,608

Finance income

EUR 1,000	31.3.2023	31.3.2022
Other interest income	479	4,063
Total	479	4,063

3.4 Equity

Issued capital

EUR 1,000	31.03.2023	31.03.2022
Authorised capital	10	10
Issued capital	3	3

Movement in issued capital

EUR 1,000	31.03.2023
As at 1.4.2021	3
Contribution by shareholders	-
As at 31.3.2022	3
Contribution by shareholders	-
As at 31.3.2023	3

The subscription price of a share received by the company in connection with share issues is credited to the share capital. The Company has only one class of equity shares. Each holder of equity is entitled to one vote per share held. The Company declares and pays dividends in Euro. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

Details of shareholders

EUR 1,000	% Holding 31.03.2023	% Holding 31.03.2022
MSSL (GB) Limited	100%	100%

B. Voluntary reserve

Movement in voluntary reserve

EUR 1,000	31.03.2023
As at 1.4.2021	330,501
Contribution by shareholders	0
As at 31.3.2022	330,501
Contribution by shareholders	0
As at 31.3.2023	330,501

The voluntary reserve is created out of non-monetary contribution by the share holder of the company. This non-monetary contribution is made out of outstanding principal amount of loan taken by the company from its share holder.

3.5 Financial Risk Management

Group is exposed in its operations to different financial risks. Financial risks are managed according to the Group Treasury Policy as approved by the Parent Company's Board of Directors. The Treasury Policy defines the main activities, common management principles, division of responsibilities as well as required control environment for Treasury and related risk management processes to be applied throughout the Group.

The Treasury of Group, organisationally located within Group Finance, provides treasury services and transactions centrally to the companies of Group. The purpose of centralising these functions is effective risk management, cost savings and optimisation of cash flows.

Currency risk

Currency risk is monitored from the perspectives of transaction, translation and economic risk. Transaction risk is related to foreign currency denominated sales and purchases, translation risk to statement of financial position's items, including investments and loans to foreign subsidiaries, and economic risk to the currency distribution of the Group's cost structure in comparison to competitors.

The objective of foreign exchange risk management is to reduce the uncertainty in the Group's profit and loss, cash flows and statement of financial position caused by fluctuations in foreign exchange rates to an acceptable level. Foreign exchange risk management shall not aim to improve profits by actively taking views on the future changes of foreign exchange rates. The main principle is to mitigate the risk first by operative means in the businesses, e.g. through commercial terms in supplier and sales contracts.

The Treasury of Group uses foreign exchange forwards to hedge against transaction risk. Significant certain or highly probable foreign exchange cash flows are hedged from transaction risk a maximum of twelve months forward. Hedging is not executed for currencies, especially in emerging countries, where hedging is expensive or derivatives' markets are underdeveloped. At the end of the reporting period Group had open currency derivatives with a nominal value of EUR 51.6 million (EUR 83.2 million as at 31.3.2022). The Group applies cash flow hedge accounting to currency derivatives. EUR 1 million (EUR 1 million as at FY2021-22) of the change in the fair value of currency derivatives under hedge accounting was recorded in Equity.

According to Group policy translation risk is not to execute equity hedging due to the fact that the translation risk only very seldom realises while the hedge itself always creates a cash flow cost. Economic risk is managed as a part of the strategy process and strategy implementation.

More information about currencies can be found in note Basis of Preparation and Accounting policies.

Group has translation risk related to profit and loss mainly in USD, PLN, CNY and BRL. According to Group policy this translation risk is not hedged. Group has also significant foreign currency denominated equity and loans classified as net investments, for example in USD, BRL, PLN and CNY. At the end of the financial year net investments to foreign entities had not been hedged.

Below are presented transaction risk positions related to the statement of financial position of the Group's most significant currency pairs, as well as the sensitivity of the Group's pre-tax profit to currency rate changes at the end of the reporting period.

2022-23

Functional currency	USD	BRL	EUR	EUR	PLN	CNY	CNY
Foreign currency	MXN	EUR	SEK	USD	EUR	USD	EUR
EUR 1,000							
Cash and cash equivalents	-	-	107	181	11,987	398	46
Trade receivables	-	562	-	-	58,474	75	-
Trade payables	-56,392	-7,287	-509	-584	-37,945	-86	-479
Net position	-56,392	-6,725	-402	-403	32,515	386	-433
Hedges	60,043	0	0	0	0	0	0
Open position	3,651	-6,725	-402	-403	32,515	386	-433

2021-22

Functional currency	USD	BRL	EUR	EUR	PLN	CNY	CNY
Foreign currency	MXN	EUR	SEK	USD	EUR	USD	EUR
EUR 1,000							
Cash and cash equivalents	-	-	-	24	8,481	619	15
Trade receivables	-	132	-	3	32,610	186	-
Trade payables	-37,362	-4,290	-393	-812	-28,759	-12	-100
Net position	-37,362	-4,157	-393	-785	12,332	793	-85
Hedges	89,295	-	-	-	-	-	-
Open position	51,933	-4,157	-393	-785	12,332	793	-85

	Change in foreign currency %						
EUR million							
Sensitivity	+10	-	0.4	0.0	0.1	-1.1	-0.1
	-10	-	-0.5	0.0	-0.1	1.4	0.1

Commodity risk

Group's most significant commodity risk relates to copper, which is one of the key components of material costs. Also changes in the prices of oil and other commodities may affect the material costs of Group. Changes in energy prices have no material effect on profit or loss.

The objective of Group is to manage commodity risk primarily by operative means, e.g. through commercial terms with customer and supplier contracts. The group has arrangements with its major customers for passing on the price impact. Also, the group hedges the net copper position as per its requirement. Changes in copper prices are transferred to customer prices based on the sales agreements with an average lag of 3-5 months.

Sensitivity of the Group's pre-tax profit arising from financial instruments to changes in the price of copper:

	2022-23 Income statement	2021-22 Income statement
EUR 1,000		
+/-10% change in copper price	+/-0	+/-460

Interest rate risk

Changes in interest rate levels affect mainly the fair values of interest-bearing liabilities in the consolidated statement of financial position and related interest payments. The objective of interest rate risk management in Group is to optimise interest expenses and at the same time ensure that changes in interest rates do not cause unpredictable effects on the profit or loss, cash flows or statement of financial position of Group. Interest rate risk is managed by maintaining an optimal balance between the abovementioned objectives.

At the end of reporting period the Group did not have any open interest rate derivatives.

Sensitivity of the Group's pre-tax profit arising from financial instruments (excl. factoring) to changes in interest rate at the end of reporting period:

	2022-23 Income statement	2021-22 Income statement
EUR 1,000		
+/- 1% change in market interest rates	-3,920/+2,811	-2,980/+1,747

Sensitivity calculation does not take into account the impact of negative short term market rates.

Credit risk

Group's most significant credit risks are related to trade receivables. The age distribution of trade receivables is regularly monitored on the Group level, and in addition the Group companies monitor receivables per customer. The credit quality of new customers is checked and customers are granted standard payment terms only. As a part of cash management Group has some outstanding factoring arrangements in selected countries or with selected customers. At the end of the reporting period the outstanding amount of receivables in factoring arrangement was EUR 116.3 million (EUR 104.0 million as at 31.03.2022).

Collaterals are not assumed as security for receivables, and no loans are granted to parties outside the Group. An ageing provision of trade receivables is recognised when there is a reasonable risk that Group will not be able to collect all receivables on the original terms. Credit risk associated with investments in the financial markets is minimised by making agreements with counterparties with high credit worthiness and by diversifying investments among several counterparties. The letters of credit and other forms of credit insurance are considered in the calculation of impairment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables, which were neither past due nor impaired, were EUR 166.7 million (EUR 144.4 million as at 31.03.2022) at the end of the reporting period. Of these, EUR 84.7 million (EUR 80.6 million as at 31.03.2022) were from the six largest customers, and the rest was divided between a large number of customers. No impairments of trade receivables were recognised for the six largest customers during the financial period. The most significant customers of Group are international transportation manufacturers, with which it has longstanding customer relationships. The most significant geographical concentration of credit risk to Group is in North America.

Age distribution of trade receivables

EUR 1,000	2022-23		
	Trade Receivables	Ageing provision	Net
Not yet overdue	166,465	0	166,465
Falling due in 30 days or less	13,309	0	13,309
Due 31-90 days ago	2,914	0	2,914
Due over 90 days ago	6,934	2,070	4,864
Total	189,622	2,070	187,552

EUR 1,000	2021-22		
	Trade Receivables	Ageing provision	Net
Not yet overdue	144,416	0	144,416
Falling due in 30 days or less	15,319	29	15,290
Due 31-90 days ago	3,475	4	3,471
Due over 90 days ago	4,368	1,520	2,848
Total	167,578	1,553	166,025

Liquidity risk

The objective of cash and liquidity management is to centralise the management of the cash and other liquid assets of Group and thereby ensure the efficient use of the Group's liquidity while avoiding liquidity risk. The Treasury of Group shall optimise the Group's cash balances to cover the short term outgoing payments plus the liquidity reserve. To manage liquidity risk, the objective is to maintain a sufficient liquidity reserve in all situations.

At the end of reporting period cash and cash equivalents totalled EUR 58.2 million (EUR 68.5 million as at March 31, 2022). The Group had also available undrawn credit facilities of EUR 55.5 million (EUR 51.3 million as at March 31, 2022).

Maturity analysis of financial liabilities 2022-2023

EUR 1,000	2023-24	2024-25	2025-26	2026-27	2027-28	after 2027-28	Total
Loans from related parties	9,232	47,356	234,124	74,859			365,571
Repayments of loans from financial institutions	14,845	0	-	-	-	-	14,845
Repayments of commercial papers	9,000	-	-	-	-	-	9,000
Financing costs on loans from related parties	10,138	10,119	8,329	859			29,445
Financing costs of bonds, loans from financial institutions and commercial papers	76	-	-	-	-	-	76
Total	43,291	57,475	242,453	75,718	0	-	418,937
Lease liabilities payments	9,236	7,100	5,269	4,641	3,903	3,559	33,708
Trade payables	217,159	-	-	-	-	-	217,159
Derivatives	12,159	-	-	-	-	-	12,159
Total	229,318	-	-	-	-	-	229,318
Total	281,845	64,575	247,722	80,359	3,903	3,559	681,963

Maturity analysis of financial liabilities 2021-2022

EUR 1,000	2022-23	2023-24	2024-25	2025-26	2026-27	after 2026-27	Total
Loans from related parties	40,000	89,000	18,000	-	23,500	-	170,500
Repayments of loans from financial institutions	47,162	-	-	-	-	-	47,162
Repayments of commercial papers	46,000	-	-	-	-	-	46,000
Financing costs on loans from related parties	1,529	645	477	106	-	-	2,757
Financing costs of bonds, loans from financial institutions and commercial papers	185	-	-	-	-	-	185
Total	134,876	89,645	18,477	106	23,500	-	266,604
Finance lease liabilities							
Repayments	9,236	7,100	5,269	4,641	3,903	3,559	33,708
Trade payables	199,443	-	-	-	-	-	199,443
Derivatives	-	-	-	-	-	-	-
Total	199,443	-	-	-	-	-	199,443
Total	343,555	96,745	23,746	4,747	27,403	3,559	499,755

Capital structure management

Capital structure management covers equity and net debt in the consolidated statement of financial position. The objective of managing the capital structure is to support the Group's business by ensuring normal operating conditions for the businesses and to increase the shareholder's value with a target of gaining maximum return on capital. An optimal capital structure also ensures the optimal capital costs. The capital structure can be affected by dividend distributions, share issues and loan restructurings.

3.6 Lease Liabilities

Lease liabilities represent obligations recognised under leasing contracts accounted for as per IFRS 16. The Group assesses each lease contract and if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Group recognised right to use assets and lease liabilities for those lease contracts. The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

EUR 1,000	31.03.2023	31.03.2022
Current lease liabilities	9,597	10,668
Non-current lease liabilities	19,665	24,952
	29,263	35,620

Refer note 3.5 for maturity analysis of lease liabilities and note 2.4 for right-to-use assets recognised. The Company has total cash outflow of EUR 14.5 million (March 31, 2022: EUR 12.3 million).

Amount recognised in Statement of Profit and Loss during the year:

EUR 1,000	2022-23	2021-22
Interest expense on lease liabilities (included in finance cost)	2,546	2,483
Depreciation of Right of Use assets	12,223	10,154
Lease expense derecognised	14,533	12,432
Short term and low value lease payments	2,450	2,184

4. Other Notes

4.1 Related Party Disclosures

The Group's related party comprises the Group companies and members of the parent company's Board of Directors.

During the year the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, include the sale and purchase of goods and services. In addition, financing transactions have been undertaken.

Samvardhana Motherson International Limited** (Formerly Motherson Sumi Systems Limited), India ("SAMIL"), through its subsidiary MSSL (GB) Limited, holds 100% of the voting shares in the Group. As a result, MSSL and their direct and indirect held subsidiaries, except for the companies forming the Group are considered as related parties.

Details of related party transactions for the year ended March 31, 2023

EUR 1,000	Ultimate Parent	Immediate Parent	Fellow Subsidiaries	Other related parties	Total
Revenue	2,700	14,430	16,528	587	34,245
Purchases	6,317	1,433	7,221	23	14,994
Other operating expenses	9,021	0	5,215	-	14,236
Interest expenses	-	4,321	2,762	-	7,083

Details of related party balances as at March 31, 2023

EUR 1,000	Ultimate Parent	Immediate Parent	Fellow Subsidiaries	Other related parties	Total
Trade receivables	618	347	1,949	137	3,051
Trade and other payables	7,670	3,106	9,180	8	19,964
Loans payable	-	174,648	177,356	-	352,004

Details of related party transactions for the year ended March 31, 2022

EUR 1,000	Ultimate Parent	Immediate Parent	Fellow Subsidiaries	Other related parties	Total
Revenue	2,141	7,194	11,086	348	20,769
Purchases	726	745	3,306	45	4,822
Other operating income	0	-	111	-	111
Other operating expenses	6,642	85	2,649	81	9,457
Interest expenses	-	1,578	1,461	-	3,039

Details of related party balances as at March 31, 2022

EUR 1,000	Ultimate Parent*	Immediate Parent	Fellow Subsidiaries	Other related parties	Total
Trade receivables	365	3,631	2,023	289	6,308
Other receivables	-	-	186	12	198
Trade and other payables	2,955	57	2,847	69	5,928
Loans payable	-	86,004	194,800	-	280,804

** During the month of may 2022, Motherson Sumi Systems Limited ("MSSL") name was changed to Samvardhana Motherson International Limited ("SAMIL").

4.2 Group Structure

Group companies as at March 31, 2023

Company	Principal Activity	Domicile	Holding %	Votes %
MSSL Estonia WH OÜ	Administration	Estonia	100	100
PKC Group Plc	Administration	Finland	100	100
PKC Wiring Systems Oy	Administration	Finland	100	100
PK Cables do Brasil Industria e Comercio Ltda	Manufacturing	Brazil	100	100
PKC Group Canada Inc.	Service	Canada	100	100
PKC Group APAC Limited	Holding	Hong Kong	100	100
PKC Vehicle Technology (Suzhou) Co. Ltd	Manufacturing	China	100	100
PKC Vehicle Technology (Hefei) Co., Ltd.	Manufacturing	China	50	50
PKC Vehicle Technology (Fuyang) Co., Ltd. ^)	Manufacturing	China	100	100
Hubei Zhengao PKC Automotive Wiring Company Ltd	Manufacturing	China	40	40
Jiangsu Huakai-PKC Wire Harness Co., Ltd.	Manufacturing	China	50	50
Shandong Huakai-PKC Wire Harness co., Ltd *)	Manufacturing	China	100	100
Jilin Huakai - PKC Wire Harness Co. Ltd. **)	Manufacturing	China	50	50
Project Del Holding S.à.r.l.	Holding	Luxembourg	100	100
AEES Manufacturera, S. De R.L. de C.V.	Administration	Mexico	100	100
Arneses y Accesorios de México, S. de R.L. de C.V.	Manufacturing	Mexico	100	100
Arneses de Ciudad Juarez, S. de R.L. de C.V.	Manufacturing	Mexico	100	100
Asesoría Mexicana Empresarial, S. de R.L. de C.V.	Administration	Mexico	100	100
Cableados del Norte II, S. de R.L. de C.V.	Manufacturing	Mexico	100	100
PKC Group de Piedras Negras, S. de R.L. de C.V.	Manufacturing	Mexico	100	100
PKC Group AEES Commercial, S. de R.L. de C.V.	Manufacturing	Mexico	100	100
Manufacturas de Componentes Eléctricos de México S. de R.L. de C.V.	Manufacturing	Mexico	100	100
PKC Group Mexico S.A. de C.V.	Manufacturing	Mexico	100	100
PKC SEGU Systemelektrik GmbH	Manufacturing	Germany	100	100
PKC Wiring Systems Llc	Manufacturing	Serbia	100	100
TKV-sarjat Oy	Holding	Finland	100	100
Motherson Rolling Stocks S. de R.L. de C.V.	Manufacturing	Mexico	100	100
PKC Eesti AS	Administration	Estonia	100	100
PKC Group Lithuania UAB	Manufacturing	Lithuania	100	100
PKC Group Poland Sp. z o.o.	Manufacturing	Poland	100	100
OOO AEK	Manufacturing	Russia	100	100
Motherson PKC Harness Systems FZ-LLC	Manufacturing	UAE	100	100
PKC Group USA Inc.	Administration & Holding	USA	100	100
AEES Inc.	Administration	USA	100	100
AEES Power Systems Limited Partnership	Manufacturing	USA	100	100
Fortitude Industries Inc.	Manufacturing	USA	100	100
T.I.C.S. Corporation	Holding	USA	100	100
PKC Group Poland Holding Sp. z o.o.	Holding	Poland	100	100
Groclin Luxembourg S.à.r.l.	Holding	Luxembourg	100	100
Kabel Technik Polska Sp. z o.o.	Manufacturing	Poland	100	100
Wisetime Oy	Information Technology	Finland	100	100

^) Owned by PKC Vehicle Technology (Hefei) Co., Ltd. 100%

*) Owned by Jiangsu Huakai-PKC Wire Harness Co., Ltd. 100%

***) Owned by Jiangsu Huakai-PKC Wire Harness Co., Ltd. 50% and PKC Wiring Systems Oy 25%

Note: Subsidiary company Motherson Rolling Stock Systems GB Limited was liquidated w.e.f. January 26, 2023

4.3 Business Combinations

(A) Acquisition by Fortitude Industries Inc.

Fortitude Industries Inc., a subsidiary of the group, has successfully completed the acquisition of assets and activities of Electrical Wiring Interconnection Systems (EWIS) performed at Bombardier Transportation's manufacturing site in Huehuetoca, Mexico (BT Ensamblés México) on April 30, 2021 for a consideration of USD 7.6 million.

Fortitude is part of the Rolling Stock Division which designs and manufactures electrical cabinets, power packs and electrical distribution systems for leading rolling stock manufacturers. The group has supported Bombardier's transformation process over the last years and the successful closure of this acquisition in Mexico is in alignment with the same.

Assets and Liabilities recognized as result of acquisition	EUR 1,000
Property, plant and equipment	1,854
Inventories	4,303
Trade payable	-203
Net identifiable assets acquired	5,954

Calculation of goodwill / (gain on bargain purchase)	EUR 1,000
Purchase consideration	6,489
Net identifiable assets acquired	5,954
Goodwill / (gain on bargain purchase)	535

4.4 Financial information of partly owned subsidiaries:

Financial information of subsidiaries Jiangsu Huakai-PKC Wire Harness Co., Ltd., Shandong Huakai - PKC Wire Harness Co., Ltd., PKC Vehicle Technology (Hefei) Co., Ltd., PKC Vehicle Technology (Fuyang) Co., Ltd. and Jilin Huakai - PKC Wire Harness Co. Ltd. which have non-controlling interest, is presented in the following table. Below information is before intra-group balance eliminations.

EUR 1,000	31.03.2023	31.03.2022
Non-controlling interests' holding, %	50%	50%
Non-current assets	36,499	57,370
Current assets	131,450	126,513
Non-current liabilities	823	1,119
Current liabilities	96,603	87,507
Net assets	70,523	95,257
Net assets attributable to non-controlling interests	35,261	47,629
Revenue	188,232	215,250
Profit	-3,131	-509
Net profit allocated to non-controlling interests	-1,565	-255
Net cash from operating activities	72	8,998
Net cash from investment activities	-3,362	-13,061
Net cash used in financing activities	-2,330	4,692
Net increase (+) or decrease (-) in cash and cash equivalents	-5,620	629

4.5 Financial information of associate company

Hubei Zhengao PKC Automotive Wiring Company, Ltd.		
EUR 1,000	31.03.2023	31.03.2022
Owning %	40%	40%
Non-current assets	3,451	4,422
Current assets	35,679	43,918
Total assets	39,130	48,340
Non-Current liabilities	0	6
Current liabilities	16,303	19,123
Total liabilities	16,303	19,129
Revenue	42,399	70,176
Other operating income	377	178
Cost of Sales	-29,976	-50,651
Employee benefit expenses	-9,545	-12,193
Depreciation and amortization	-1,313	-1,264
Other operating expenses	-4,734	-4,704
Operating profit	-2,792	1,542
Financial income and expenses	-33	-203
Profit before taxes	-2,825	1,340
Income taxes	457	-25
Profit for the period	-2,368	1,315
Share of net profit of associate	-944	573
Investment in associate	9,392	11,300

4.6 Contingent Items and Commitments

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (e.g. outcome of on-going judicial process). A contingent liability is also a present obligation, which probably does not require payment obligation or the amount of the obligation cannot be measured with sufficient reliability. At the end of the financial year 31 March 2023 Group's contingent liabilities is EUR 1.6 million (EUR 1.8 million as at March 31, 2022) relating to labour case matters, EUR 0 million (March 31, 2022: EUR 1.1 million) relating to other tax matters and EUR 6.6 million (March 31, 2022: EUR 10.9 million) relating to bank guarantee provided by the group. At the end of the financial year 31 March 2023 the group's outstanding unexpired amount of capital commitments is EUR 8.8 million (EUR 3.9 million as at March 31, 2022) net of advances.

4.7 Estimation of uncertainties

Uncertainties arising out of Geo-Political situation in Ukraine

The ongoing geopolitical tensions in Europe leading to economic sanctions imposed by various countries have restricted economic transactions with Russia. Our presence in Russia is very limited, hence impact to the group, is not material. Indirect impacts due to supply chain restrictions and impact on energy and commodity prices are short term in nature and Group's long-term earnings are expected to generally remain unchanged. The situation however is dynamic, and the management will keep on monitoring its impact on the Group and will take necessary measures in the best interests of its stakeholders.

4.8 Events after the Financial Year

The group's management is not aware of any significant events occurring after 31 March 2023 other than mentioned above.

4.9 Rounding off

Amounts appearing as zero "0" in financial statements are below the rounding off norm adopted by the group.

5. Separate Financial Information of the Parent Company

The parent company's non-consolidated primary financial statements are presented in Note-5 because it is required by the Estonian Accounting Law and is not a required part of the consolidated financial statements prepared under International Financial Reporting Standards as adopted by the European Union. These unconsolidated primary financial statements do not constitute the Parent's separate financial statements as defined in IAS27 (Separate Financial Statements).

Statement of Comprehensive Income of the Parent Company:

EUR 1,000	For the year ended	
	31.3.2023	31.3.2022
Revenue		
Dividend Income	0	20,507
	0	20,507
Other operating expenses	-39	-27
Operating profit	-39	20,480
Finance costs	0	-1,461
Other income	-2,762	0
Profit before taxes	-2,801	19,019
Net profit for the financial period	-2,801	19,019
Total comprehensive income for the financial period	-2,801	19,019

Statement of Financial Position of the Parent Company

EUR 1,000	As at 31.03.2023	As at 31.03.2022
Assets		
Non-current assets		
Investment in subsidiary	570,997	570,997
Total non-current assets	570,997	570,997
Current assets		
Trade receivables and other receivables	0	20,507
Cash and cash equivalents	250	305
Total current assets	250	20,812
Total assets	571,247	591,809
Equity and liabilities		
Equity		
Issued capital	3	3
Voluntary reserve	330,501	330,501
Retained earnings	60,302	63,100
Total equity	390,806	393,604
Non-current liabilities		
Interest-bearing financial liabilities	174,648	89,000
Total non-current liabilities	174,648	89,000
Current liabilities		
Interest-bearing financial liabilities	0	105,800
Other non-interest bearing liabilities	5,793	3,405
Total current liabilities	5,793	109,205
Total liabilities	180,441	198,205
Total equity and liabilities	571,247	591,809

Statement of Cash Flows of the Parent Company

for the year ended March 31, 2023

EUR 1,000	For the year ended	
	31.3.2023	31.3.2022
Cash flows from operating activities		
Profit before taxation	-2,798	19,019
Adjustments for:		
Dividend Income	0	-20,507
Interest expenses	2,763	1,461
Unrealised foreign exchange loss/(gain)	-4	0
Increase / (Decrease) in other non-interest bearing liabilities	0	-6
Net cash from operating activities (A)	-39	-33
Cash flows from investing activities		
Dividends received from investments	20,507	-
Net cash used in investing activities (B)	20,507	0
Cash flows from financial activities		
Repayment of current/non-current borrowings	-20,153	0
Interest paid and other financial expenses	-370	0
Net cash used in financial activities (C)	-20,523	0
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	-55	-33
Cash and cash equivalents at the beginning of the financial year	305	338
Cash and cash equivalents at the end of the financial year	250	305

Statements of Changes in Equity of the Parent Company

EUR 1,000	Share capital	Retained earnings	Voluntary reserve	Total equity
Equity as at 1.4.2022	3	63,100	330,501	393,604
Net profit for the period	-	-2,801	-	-2,801
Total other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	-2,801	-	-2,801
Contribution by shareholders	-	-	-	-
Total equity as at 31.3.2023	3	60,299	330,501	390,803

EUR 1,000	Share capital	Retained earnings	Voluntary reserve	Total equity
Equity as at 1.4.2021	3	44,081	330,501	374,585
Net profit for the period	-	19,019	-	19,019
Total other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	19,019	-	19,019
Contribution by shareholders	-	-	0	0
Total equity as at 31.3.2022	3	63,100	330,501	393,604

The Parent's adjusted non-consolidated equity as at March 31, 2023 is as follows

EUR 1,000	31.3.2023	As at 31.3.2022
Non-consolidated equity of the Parent	390,803	393,604
Carrying value of subsidiaries, joint ventures and associates in the Non-Consolidated balance sheet of the Parent (minus)	570,997	570,997
Carrying value of subsidiaries, joint ventures and associates under the equity method of accounting (plus)	484,379	479,115
Total	304,185	301,722

Signatures of the Management Board to the Annual Report 2022-23

We hereby confirm the correctness of the information presented in the FY 2022-23 financial statements of the consolidated group of MSSL Estonia WH OÜ:



Gaya Nand Gauba

Member of the Management Board
06 July 2023

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MSSL ESTONIA WH OÜ

Opinion

We have audited the consolidated financial statements of MSSL ESTONIA WH OÜ and its subsidiaries (the Group), which comprise of consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other information

Management is responsible for the other information. Other information consists of Management report, but does not consist of the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work performed during our audit, in our opinion:

- ▶ the Management Report is consistent, in all material respects, with the consolidated financial statements;
- ▶ the Management Report has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

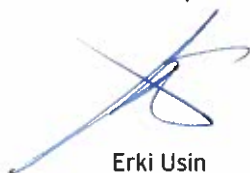
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain 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 Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude 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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Tallinn, 7 July 2023



Erki Usin
Authorised Auditor's number 496
Ernst & Young Baltic AS
Audit Company's Registration number 58

Proposal for profit allocation

The Management Board of MSSL Estonia WH OÜ proposes to the General Meeting of Shareholders to distribute the profit as follows

EUR 1,000

Total distributable profit as of 31.3.2023	-1,968
Transfer to legal mandatory reserve	-
Dividend distribution	-
Profit brought forward	5,581
Retained earnings as of 31.3.2023	3,613



Gaya Nand Gauba

Member of the Management Board
06 July 2023

Sales revenue distribution according to EMTAK

2022-23 sales revenue divided according to EMTAK codes is as the following

EUR 1,000	1.4.22 to 31.3.23	1.4.21 to 31.3.22
29311 Manufacture of electrical and electronic equipment for motor vehicles	1,495,066	1,190,006
Total Revenue	1,495,066	1,190,006