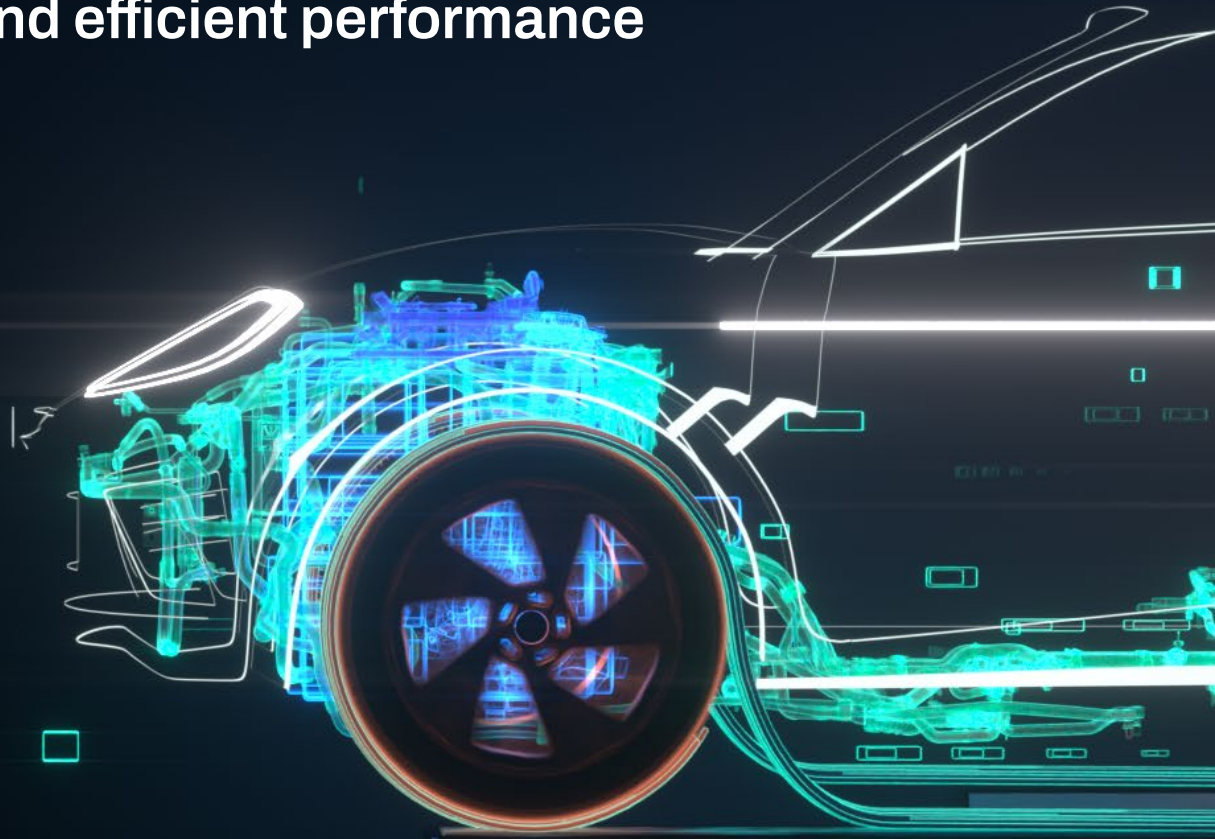


Financial statements

**Cost-effective, durable
and efficient performance**



In this section

Independent auditors' report to the members of TI Fluid Systems plc	126
Consolidated income statement	134
Consolidated statement of comprehensive income	135
Consolidated balance sheet	136
Consolidated statement of changes in equity	137
Consolidated statement of cash flows	138
Notes to the group financial statements	139
Company financial statements company balance sheet	196
Company statement of changes in equity	197
Notes to the company financial statements	198
Group financial record consolidated income statement	206
Group financial record consolidated balance sheet	207
Shareholder information	208

Independent auditors' report to the members of TI Fluid Systems plc

Report on the audit of the financial statements

Opinion

In our opinion:

- TI Fluid Systems plc's Group Financial Statements and Company Financial Statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 34 to the Group financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Following our assessment of the risks of material misstatement of the Group Financial Statements we identified 18 components (2022: 19 components) where we performed a full scope audit of their complete financial information, either due to their size or risk characteristics. These components are located in Belgium, Brazil, China, Czech Republic, Germany, France, South Korea, Mexico, Morocco, Poland, Spain, and Turkey.
- We identified a further seven components (2022: eight components) where we performed targeted specified procedures based on risk and materiality on the financial information. These components are located in the USA.
- In addition, the Group audit team in the UK performed analytical procedures on the components that are not in scope and audited the Company and performed audit procedures on the consolidation and accounting areas that are centralised. These areas included goodwill, tangible, right of use and intangible assets impairment assessment, specific aspects of warranty provisioning and accounting for customer recoveries and settlements, corporate taxation, retirement benefit obligations and specific aspects of treasury and cash balances.
- This scope of work provided coverage of 75% (2022: 77%) of revenue and 79% (2022: 79%) of net assets.
- As part of the Group audit supervision process, the Group engagement team has performed a combination of in-person and remote reviews for all in-scope components, which included meetings on approach and conclusions with the component teams and review of their audit files and final deliverables.

Key audit matters

- Carrying value of goodwill, tangible, right of use and intangible assets (Group).
- Carrying value of the Company's investments in subsidiaries (Parent).

Materiality

- Overall Group materiality: €8.8 million (2022: €5.9 million) based on 0.25% of total in year revenue (2022: 5% of a five year average of profit before tax, adjusted for exceptional items).
- Overall Company materiality: €9.5 million (2022: €8.9 million) based on 1% of net assets (2022: 1% of net assets).
- Performance materiality: €6.6 million (2022: €4.4 million) (Group) and €7.1 million (2022: €6.7 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit;

and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of goodwill, tangible, right of use and intangible assets (Group)</p> <p>Refer to the Audit & Risk Committee report, Note 1 (Summary of Material Accounting Policies), Note 16 (Intangible Assets), Note 17 (Property, Plant and Equipment), Note 18 (Leases) and Note 19 (Impairments) to the Group Financial Statements.</p> <p>All Cash Generating Units (CGUs) containing goodwill must be tested for impairment annually and also when there are indicators of impairment.</p> <p>The determination of the recoverable amount requires judgement by management in valuing the relevant CGUs through valuation model utilising discounted cash flow calculations and other valuation methods. There are judgements and estimates involved in management's impairment assessment including cash flow forecasts, discount rates and long term growth rates.</p> <p>Management assessed the recoverable amount of the Group's CGUs on a VIU basis, as in the prior period, and found that it was less than the carrying value for both FCS-EU and FTDS-EU. Management reassessed the recoverable amount using a fair value less cost of disposal method based upon discounted cash flows determined according to market participant assumptions.</p> <p>These assumptions include the costs and benefits of budgeted (but not committed) expansionary and restructuring activities and cash flows that are generated from enhanced capital expenditure, and included an estimate of costs to sell.</p> <p>Management have utilised services of an external expert, to determine key assumptions in the valuation including discount rates and long term growth rates. The same external expert prepared the valuation models used to determine the fair value less costs of disposal, based upon management information.</p> <p>Management's annual impairment assessment as at 31 December 2023 did not result in impairments to any CGU, however they are considered sensitive to reasonably possible changes in key assumptions. In view of this management has included sensitivity disclosures within the financial statements for FCS-EU due to the low headroom observed in this CGU.</p>	<p>We evaluated management's impairment assessment and focused our audit on challenging key judgements and estimates. Procedures we performed included:</p> <ul style="list-style-type: none"> • Verifying that the CGUs considered by management are appropriate and are in line with IAS 36 at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets; • Verifying the mathematical accuracy of the underlying calculations in the model and agreeing the cash flow forecasts to the latest medium term plan approved by the Board; • Evaluating the appropriateness of forecast cash flows by understanding management's process for forecasting, examining support for forecast cash flows and assessing CGU specific cash flow assumptions. We also assessed the exclusion of cash flows dependent on enhancing capital expenditure and restructuring activities in future periods for the VIU model; • Inquiring of commercial management about the expected future business performance including the impact of climate change to corroborate finance management's explanations; • On a sample basis, obtaining evidence in the form of award documentation from customers for future business; • Evaluating management's forecasting accuracy by comparing previous periods outturns with forecasts made as part of the Board approved medium term plans; • Validating the source of third party industry volume data for the period to 2028 which management used to prepare their plans, assessing the credibility of the source including comparison to alternative sources of market information and evaluating whether any further adjustments should be made by management to the external volume data; • Agreeing management's calculation of negative growth rates for FTDS CGUs to the market projections the Group has received from the third party expert to predict the pace of vehicle electrification, including in the period post 2028; • Engaging our valuation experts to assess the appropriateness of discount rates, long term growth rates considering the risks specific to the geographies and relevant industry of the CGUs being assessed for impairment and valuation methodologies used in determining the fair value less costs of disposal of respective CGUs and the reasonableness of the enterprise value as per the fair value model; • Evaluating management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions; and • Assessing the appropriateness of the related disclosures in the financial statements. <p>Based on this work, we consider that the carrying value of goodwill, tangible, right of use and intangible assets is materially correct and we believe that the disclosures in the financial statements are appropriate.</p>

Independent auditors' report

to the members of TI Fluid Systems plc continued

Key audit matter

Carrying value of the Company's investments in subsidiaries (parent)

Refer to Note 1 (Summary of Significant Accounting Policies) and Note 4 (Investments in Subsidiaries) to the Company Financial Statements. Investments in subsidiaries are accounted for at cost less provision for impairment in the Company Balance Sheet as at 31 December 2023.

The investment balance comprises the investment in 'Omega Acquisition Bidco Limited' which is the immediate subsidiary. The investment of the Company is subject to an annual review to identify the existence of any indicators of impairment. Should indicators be identified, the carrying value is subject to an impairment assessment with any resulting diminution of the carrying value recognised in the Income Statement.

Management identified no indicators of impairment.

How our audit addressed the key audit matter

We evaluated management's determination of whether any indicators of impairment exist by comparing the carrying value of investments in subsidiaries to the market capitalisation of the Group at 31 December 2023 and post year-end. Further we have compared the performance of the Group during the year to the previous year's approved management budget.

In order to challenge the existence of potential impairment indicators our procedures, in addition to the above, included:

- Comparing the carrying value of the investment in subsidiaries with the carrying amount of investees' net assets;
- Comparing the carrying value of the investment in subsidiaries with the equity value derived in the fair value report from management's third party expert; and
- Comparing management's approved budget and medium term plan year on year.

Based on this work, we agree with management that there have been no such indicators of impairment and as such it is appropriate that the carrying value has not been subject to an impairment assessment.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Our approach to scoping was designed to achieve adequate coverage across the consolidated financial statement line items whilst addressing any location specific risks of material misstatement. The Group operates two divisions, Fluid Carrying Systems (FCS) and Fuel Tank and Delivery Systems (FTDS) across four geographical territories of Europe and Africa, North America, Asia Pacific and Latin America.

Each division consists of a large number of components spread across multiple countries. Overall, the Group has reporting components across 27 countries. Of these components, 12 were deemed to be material and none were identified to be individually financially significant.

We have performed full scope audits on the financial information of 18 components (2022: 19 components) and targeted specified procedures based on risk and materiality on the financial information of seven components (2022: eight components). Our audit involves full scope audits of components in Belgium, Brazil, China, Czech Republic, Germany, France, South Korea, Mexico, Morocco, Poland, Spain, and Turkey and targeted specified procedures for the components in the USA.

Our specified procedures for components in the USA covered all relevant financial statement line item assertions for all material balances. In addition the Group audit team in the UK performed analytical procedures on the components that are not in scope. The Group audit team in the UK performed audit procedures on the consolidation and accounting areas that are centralised, including goodwill, tangible, right of use and intangible assets impairment assessment, specific aspects of warranty provisioning, accounting for customer settlements and recoveries, corporate taxation, retirement benefit obligations, and specific aspects of treasury and cash balances.

This scope of work provided coverage of 75% (2022: 77%) of revenue and 79% (2022: 79%) of net assets. The coverage for both the current and prior year is sufficient and in compliance with the applicable auditing standards. We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them and maintained regular communication with the component auditors throughout the audit cycle. Our interaction with component audit and local finance teams included a combination of in-person and remote attendance at internal clearance meetings for all components. We also attended regular video conference calls with component audit teams to assess progress and discuss specific accounting and auditing matters. We have reviewed and assessed any matters reported to us by component teams.

Our work has included review of selected audit working papers for all components with a particular focus on significant risk areas for material components. In addition, senior members of the Group engagement team visited component teams in China, Czech Republic, Mexico, Morocco, Poland, South Korea and the USA. These visits included meetings with component management, discussions with the component teams and a review of their workpapers on audit strategy, risk assessment and the results of audit procedures performed. The Group audit team has performed the audit of the Company.

The impact of climate risk on our audit

There is still significant interest from stakeholders including members about how climate change will affect the Group's businesses and future financial performance. The Group's strategy and Task Force on Climate-related Financial Disclosures (TCFD) as set out within the Strategic Report describe management's view of how climate change could impact the Group's businesses. In planning our audit, we considered the impact of climate change risks and opportunities on the Group and the financial statements.

As part of our audit, we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the financial statements. The future financial impacts of the identified climate risks are clearly uncertain given the timeframe involved and their dependency on how Governments, global markets and society respond to the issue of climate change. Accordingly, financial statements cannot capture all possible future outcomes as these are not yet known. We discussed with management and the Audit & Risk Committee that the estimated impacts of climate change will need to be frequently reassessed and the associated disclosures should continue to evolve as the Group further develops its response to the impacts identified. Using our knowledge of the businesses and with assistance from our internal climate change reporting team, we assessed how the Group has considered the impact of climate change risks and opportunities on the financial statements.

We also considered the consistency of the disclosures in relation to climate change including the disclosures in the TCFD section within the Annual Report with the financial statements and our knowledge obtained from our audit. The goodwill, tangible, right of use and intangible assets impairment assessment is a key area of the financial

statements where climate change was evaluated to have a significant potential impact. The impact of climate change on the future demand of the Group's products has been considered by management in their impairment assessment by incorporating a negative terminal growth rate for the FTDS division. Management believes that there is also an impact of climate change on demand for the FCS division resulting from market and technology changes. This has been incorporated into the corresponding key audit matter above. We communicated our findings to the Audit & Risk Committee.

Management has continued to commit to a 50% reduction of their scope 1 and 2 emissions and a 30% reduction of their scope 3 emissions by 2030 from a 2021 baseline. Management has included the incremental cost to achieve its 2030 targets in its forecasts, based on the assumption that incremental costs related to scope 3 emissions will be passed onto customers.

We ensured that the medium term plan cash flows include incremental costs associated with the Group's commitment to achieve the published 2030 emissions reductions and the related effects have been appropriately reflected in determining asset values and associated disclosures where values are determined through modelling future cash flows, being goodwill, tangible, right of use and intangible assets impairment assessment. Our procedures did not identify any further material impact in the context of our audit of the financial statements as a whole for the year ended 31 December 2023 but as set out above the governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, consequently financial statements cannot capture all the relevant potential impacts. Where possible, potential impacts of climate change have been taken into account.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	€8.8 million (2022: €5.9 million).	€9.5 million (2022: €8.9 million).
How we determined it	0.25% of total in year revenue (2022: 5% of a five year average of profit before tax, adjusted for exceptional items).	1% of net assets (2022: 1% of net assets).
Rationale for benchmark applied	Revenue is considered to be the most appropriate benchmark as it is reflective of the underlying business. Revenue is reflective of the scale of operations of the business and has been stable over recent years irrespective of the volatility in the underlying profitability which has been impacted by various one off events. (2022: Profit before tax adjusted for exceptional items).	The parent Company has no operating activity and a net asset driven benchmark is therefore deemed appropriate. Its balance sheet largely comprises intercompany balances and investments in subsidiaries. Transactions through the Income Statement include foreign currency exchange movements, other finance costs and dividends.

Independent auditors' report

to the members of TI Fluid Systems plc continued

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between €1.0m and €5.8m.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to €6.6 million (2022: €4.4 million) for the Group financial statements and €7.1 million (2022: €6.7 million) for the Company financial statements. In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above €0.43 million (Group audit) (2022: €0.29 million) and €0.50 million (Company audit) (2022: €0.40 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- understanding and evaluating the internal governance processes around management's going concern assessment;
- agreeing the underlying cash flow projections to management approved forecasts, assessing how these forecasts are compiled and assessing the historical accuracy of management's forecasts;
- understanding and evaluating the key assumptions within management's forecasts;
- considering liquidity and available facilities by reference to documents supporting those arrangements;
- assessing whether the severe but plausible scenario testing performed by management appropriately considered the principal risks facing the business;
- a stand back assessment of the Group's liquidity and consideration of all the evidence obtained; and
- assessing the adequacy of disclosures in the Going concern statement in the Annual Report.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic report and Governance report sections of the Annual Report, is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent auditors' report

to the members of TI Fluid Systems plc continued

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified the principal risks of non-compliance with laws and regulations related to the UK Bribery Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Listing Rules of the UK Financial Conduct Authority and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries (for example journal entries to increase revenue) and bias in relation to judgements and estimates, particularly in the area of goodwill, tangible, right of use and intangible assets impairment assessment. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- understanding and evaluating the key elements of the Group's internal control related to estimates;
- validating the support behind the assumptions and judgements made by management including challenging against possible alternatives, for example in relation to goodwill, tangible, right of use and intangible assets impairment assessment;
- identifying and substantively testing higher risk journal entries, in particular any posted with unusual account combinations, including those that increased revenue;

- holding discussions with and corroborating key assertions made by finance management with internal audit, the Group's legal counsel and senior group and divisional management including views on accounting judgements and estimates, and considering known or suspected instances of non-compliance with laws and regulation and fraud;
- reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- reviewing internal audit reports in so far as they related to the financial statements;
- reviewing legal expense accounts to identify significant legal spend which may be indicative of serious breaches of laws and regulations; and
- reviewing selected audit working papers with a particular focus on significant risk areas for material components.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

The Group in its current form came into existence in 2001 and we have been its auditor since that year. The period of total uninterrupted engagement is 23 years, covering the years ended 31 December 2001 to 31 December 2023. We were previously the auditors of the Group from which this Group was demerged.

The Group listed on the London Stock Exchange in October 2017. Prior to the listing, following an audit tender in 2017, we were re-appointed as auditors by the Directors for the year ended 31 December 2017.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Andrew Hammond

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Birmingham

11 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

		2023	2022	2022	2022
		Before and after exceptional items	Before exceptional items	Exceptional items (Note 9)	After exceptional items
	Note	€m	€m	€m	€m
Continuing operations					
Revenue	5	3,516.2	3,268.3	-	3,268.3
Cost of sales	6	(3,059.0)	(2,938.0)	(100.3)	(3,038.3)
Gross profit/(loss)		457.2	330.3	(100.3)	230.0
Distribution costs	6	(109.9)	(112.1)	-	(112.1)
Administrative expenses	6	(155.9)	(119.0)	(217.1)	(336.1)
Net foreign exchange losses		(0.2)	(0.7)	-	(0.7)
Other gains and losses	11	4.6	1.9	-	1.9
Operating profit/(loss)		195.8	100.4	(317.4)	(217.0)
Finance income	12	7.6	5.7	-	5.7
Finance expense	12	(82.3)	(64.4)	-	(64.4)
Net finance expense	12	(74.7)	(58.7)	-	(58.7)
Profit/(loss) before income tax		121.1	41.7	(317.4)	(275.7)
Income tax (expense)/credit	13	(37.5)	(23.4)	20.1	(3.3)
Profit/(loss) for the year		83.6	18.3	(297.3)	(279.0)
Profit/(loss) for the year attributable to:					
Owners of the Parent Company		83.5	18.2	(297.3)	(279.1)
Non-controlling interests	26	0.1	0.1	-	0.1
		83.6	18.3	(297.3)	(279.0)
Total earnings per share (Euro, cents)					
Basic	14	16.19			(54.39)
Diluted	14	16.11			(54.39)

Refer to Note 3 for reconciliation to adjusted performance measures (APMs).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023 €m	2022 €m
Profit/(loss) for the year		83.6	(279.0)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
– Re-measurements of retirement benefit obligations	30	0.8	28.0
– Income tax expense on retirement benefit obligations	13	(0.7)	(6.9)
		0.1	21.1
<i>Items that may be subsequently reclassified to profit or loss</i>			
– Currency translation		(54.1)	6.0
Total other comprehensive income for the year		(54.0)	27.1
Total comprehensive income for the year		29.6	(251.9)
Attributable to:			
– Owners of the Parent Company		29.5	(252.0)
– Non-controlling interests	26	0.1	0.1
Total comprehensive income for the year		29.6	(251.9)

Consolidated Balance Sheet

As at 31 December 2023

	Note	2023 €m	2022 €m
Non-current assets			
Intangible assets	16	542.4	603.9
Right-of-use assets	18	97.1	109.3
Property, plant and equipment	17	546.5	531.4
Deferred income tax assets	13	126.1	105.2
Trade and other receivables	22	23.4	20.6
		1,335.5	1,370.4
Current assets			
Inventories	21	378.4	372.0
Trade and other receivables	22	551.2	541.9
Current income tax assets	13	9.0	7.9
Derivative financial instruments	29	3.0	2.8
Cash and cash equivalents	23	416.7	491.0
		1,358.3	1,415.6
Total assets		2,693.8	2,786.0
Equity			
Share capital	24	6.8	6.8
Share premium	24	2.2	2.2
Other reserves	25	(109.5)	(55.4)
Retained earnings		765.7	722.6
Equity attributable to owners of the Parent Company		665.2	676.2
Non-controlling interests	26	0.6	0.5
Total equity		665.8	676.7
Non-current liabilities			
Trade and other payables	27	15.1	12.8
Borrowings	28	1,010.2	1,114.0
Lease liabilities	18	107.6	121.5
Deferred income tax liabilities	13	58.7	80.7
Retirement benefit obligations	30	103.9	104.2
Provisions	31	2.6	2.6
		1,298.1	1,435.8
Current liabilities			
Trade and other payables	27	632.9	584.8
Current income tax liabilities	13	55.4	44.5
Borrowings	28	1.5	1.9
Lease liabilities	18	24.9	28.1
Derivative financial instruments	29	0.1	0.2
Provisions	31	15.1	14.0
		729.9	673.5
Total liabilities		2,028.0	2,109.3
Total equity and liabilities		2,693.8	2,786.0

The Financial Statements on pages 134–207 were authorised for issue by the Board of Directors on 11 March 2024 and were signed on its behalf by:

Hans Dieltjens
Chief Executive Officer and President

Alexander De Bock
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Note	Ordinary shares €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2023	6.8	2.2	(55.4)	722.6	676.2	0.5	676.7
Profit for the year	–	–	–	83.5	83.5	0.1	83.6
Other comprehensive income	–	–	(54.1)	0.1	(54.0)	–	(54.0)
Total comprehensive income for the year	–	–	(54.1)	83.6	29.5	0.1	29.6
Share-based expense	7	–	–	8.6	8.6	–	8.6
Vested share awards	–	–	–	(15.1)	(15.1)	–	(15.1)
Issue of own shares from Employee Benefit Trust	24	–	–	11.1	11.1	–	11.1
Purchase of own shares for share buy back programme	24	–	–	(6.3)	(6.3)	–	(6.3)
Amounts committed for future purchase of own shares	–	–	–	(19.0)	(19.0)	–	(19.0)
Dividends paid	15	–	–	(19.8)	(19.8)	–	(19.8)
Transactions with owners recognised directly in equity	–	–	–	(40.5)	(40.5)	–	(40.5)
Balance at 31 December 2023	6.8	2.2	(109.5)	765.7	665.2	0.6	665.8

Note	Ordinary shares €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2022	6.8	2.2	(61.4)	995.9	943.5	0.4	943.9
Profit for the year	–	–	–	(279.1)	(279.1)	0.1	(279.0)
Total other comprehensive income for the year	–	–	6.0	21.1	27.1	–	27.1
Total comprehensive income for the year	–	–	6.0	(258.0)	(252.0)	0.1	(251.9)
Share-based expense	7	–	–	9.6	9.6	–	9.6
Issue of own shares from Employee Benefit Trust	24	–	–	1.0	1.0	–	1.0
Vested share awards	–	–	–	(1.9)	(1.9)	–	(1.9)
Purchase of own shares	24	–	–	(11.4)	(11.4)	–	(11.4)
Dividends paid	15	–	–	(12.6)	(12.6)	–	(12.6)
Transactions with owners recognised directly in equity	–	–	–	(15.3)	(15.3)	–	(15.3)
Balance at 31 December 2022	6.8	2.2	(55.4)	722.6	676.2	0.5	676.7

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 €m	2022 €m
Cash flows from operating activities			
Cash generated from operations	32	373.3	282.5
Interest paid		(70.7)	(56.7)
Income tax paid on operating activities		(66.5)	(58.3)
Net cash generated from operating activities		236.1	167.5
Cash flows from investing activities			
Payment for property, plant and equipment	17	(105.4)	(90.8)
Payment for intangible assets	16	(19.0)	(27.1)
Proceeds from the sale of property, plant and equipment		1.4	–
Tax paid on the proceeds from the sale of associated undertakings		–	(3.0)
Purchase of Cascade Engineering Europe net of cash acquired	20	(16.9)	–
Interest received		8.0	4.3
Net cash used in investing activities		(131.9)	(116.6)
Net cash generated from operating and investing activities (Free Cash Flow)	3	104.2	50.9
Cash flows from financing activities			
Purchase of own shares into EBT	24	–	(11.4)
Purchase of own shares for share buyback programme	24	(6.3)	–
Scheduled repayments of borrowings	28.1	(4.0)	(5.5)
Overdrafts repaid on acquisition of Cascade Engineering Europe (CEE)	28.1	(3.2)	–
Voluntary repayments of borrowings	28.1	(99.2)	–
Lease principal repayments	18	(30.0)	(32.9)
Dividends paid	15	(19.8)	(12.6)
Net cash used in financing activities		(162.5)	(62.4)
Net decrease in cash and cash equivalents		(58.3)	(11.5)
Cash and cash equivalents at the beginning of the year	23	491.0	499.1
Currency translation on cash and cash equivalents		(16.0)	3.4
Cash and cash equivalents at the end of the year	23	416.7	491.0

Notes to the Group Financial Statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

The consolidated Group financial statements for the year ended 31 December 2023 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and the Disclosure and Transparency Rules of the Financial Conduct Authority as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared under the historical cost convention, except for the fair valuation of assets and liabilities of subsidiary companies acquired, retirement benefit obligations, and financial assets and liabilities at fair value through profit or loss (FVTPL) (including derivative instruments not in hedged relationships).

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the consolidated financial statements are disclosed in Note 1.4.

1.1.1. Going concern

The Group's Going Concern statement is disclosed in the Compliance statements, see pages 66–67, which consider various going concern scenarios. The scenarios do not indicate a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern. Based on these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and, accordingly, have continued to adopt the going concern basis in preparing the consolidated financial statements.

The Group has not applied the following new and revised standards that have been issued but are not yet effective, or are not yet endorsed by the UK Endorsement Board:

Amendments to IAS 1: Non-Current Liabilities with Covenants ⁽¹⁾	Clarifies how conditions, with which an entity must comply within 12 months after the reporting period, affect the classification of a liability.
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current ⁽¹⁾	Provides guidance on whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current.
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback ⁽¹⁾	Specifies how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction with variable payments that do not depend on an index or rate.
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements ⁽¹⁾	Requires disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.
Amendments to IAS 21: Lack of Exchangeability ⁽²⁾	Provides guidance to specify when a currency is exchangeable and how to determine the exchange rate if it is not.

⁽¹⁾ Effective for the Group's 2024 financial statements

⁽²⁾ Effective for the Group's 2025 financial statements

The new and revised standards disclosed above are not expected to have a material impact on the Group. There are no other standards or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.1.2. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The functional currency of each Group company has been assessed against the underlying transactions and economic conditions in which it operates.

These financial statements are presented in Euro, which is the Group's presentation currency. All financial information presented in Euro has been rounded to the nearest 100,000 except where stated otherwise.

1.1.3. Changes in accounting policy and disclosures

Changes in accounting policies and disclosures are set out below:

1.1.3.1 New and revised International Financial Reporting Standards (IFRS) affecting amounts reported in the current year (and/or prior years)

There are no standards or IFRS IC interpretations effective in the current year that have a material impact on the Group except the following:

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. This UK legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under the IAS 12 Paragraph 4A amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following an assessment, it has been determined that IFRS 17 'Insurance Contracts' is not applicable for the Group, as it does not issue any insurance contracts that fall within the scope of the standard.

1.1.3.2 New and revised IFRS in issue but not yet effective

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning on or after 1 January 2024, or are not yet effective because they have not yet been endorsed by the UK Endorsement Board. These have not been applied in preparing the consolidated financial statements.

Notes to the Group Financial Statements continued

1. Summary of material accounting policies continued

1.2. Consolidation

1.2.1. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from, its involvement with the Group and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred to the former owners of the acquiree for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and any equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred in accordance with IFRS 3 'Business Combinations'. Intra-group transactions and balances between Group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions and balances between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of subsidiaries and their countries of incorporation is presented in Note 4 of the Parent Company's financial statements. The term 'Group' means the Company and its consolidated subsidiaries.

The consideration transferred to the former owners of the acquiree for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and any equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

1.3. Foreign currencies

1.3.1. Foreign currency transactions

Transactions in foreign currencies are converted to the respective functional currencies of Group entities at exchange rates at the dates of the transactions, or the applicable forward currency purchase

rate for hedged transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at that date. Non-monetary items that are measured at historical cost in a foreign currency are converted using the exchange rate at the date of the transaction.

All transactional foreign currency differences are included in the Income Statement.

1.3.2. Foreign operations

Foreign operations are those subsidiaries whose functional currency is not Euro. For the purposes of consolidation, income and expenses of foreign operations are translated to Euro at average exchange rates for the year, and assets and liabilities of foreign operations are translated to Euro at exchange rates at the reporting date. Foreign currency translation differences are recognised in the Statement of Comprehensive Income.

The average and year-end exchange rates for the Group's principal currencies were:

Key Euro exchange rates	31 December 2023		31 December 2022	
	Average	Year-end	Average	Year-end
US dollar	1.082	1.105	1.053	1.067
Chinese renminbi	7.658	7.843	7.079	7.362
Korean won	1,413	1,432	1,358	1,343

1.4. Critical accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates and for management to exercise judgement in applying the Group's accounting policies. Assumptions and accounting estimates are subject to regular review, governed by Group-wide policies and controls. Any revisions required to accounting estimates are recognised in the year in which the revisions are made including all future periods affected.

The judgement and estimates that have the most significant and critical effect on the amounts included in the financial statements are in relation to post-employment obligations, impairments of assets, and recognition of deferred tax assets.

1.4.1. Critical accounting estimates

The critical accounting estimates below have a significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year.

1.4.1.1. Post-employment obligations

Costs and obligations of the Group's defined benefit plans are calculated on the basis of a range of assumptions, including discount rates, inflation rates, salary growth and mortality assumptions. Further details, including a sensitivity analysis illustrating how changes in the principal assumptions would impact the total defined benefit obligation, are included in the Retirement benefit obligations Note. See Note 30.5.

1.4.1.2. Impairments of assets

Management has designated the key input assumptions to the Group impairment test as being critical estimates, due to the significant impact they have on the outcome of the Cash-Generating Unit (CGU) recoverable amount calculation. The key inputs are five-year forecast operating cash flows, discount rates and long-term expected growth

rates. Forecast operating cash flows are based on the Group's 2024 budget and 2025–2028 Medium-Term Plan (MTP). Estimation is used in forecasting global automotive production volumes, as well as pricing, operating costs, capital expenditure and working capital assumptions used in arriving at operating cash flows. CGU discount rates are established using a weighted average cost of capital calculation. This includes the estimation of certain country-specific macroeconomic variables. Long-term expected growth rates are typically based on country-specific inflation adjusted forecast GDP. Long-term expected growth rates for the FTDS CGUs have been estimated with reference to a longer-term outlook model to account for the expected decline in the volumes of ICE and HEV vehicles after the MTP period (i.e. from 2029). Further discussion regarding how these critical estimates have been made and sensitivity analysis of CGU recoverable amounts to changes in these assumptions can be found in Note 19.

1.4.2. Critical accounting judgement

Recognition of deferred tax assets is based on forecast future taxable income and involves the exercise of Management's judgement regarding the period over which recoverability is assessed, taking into account factors such as regulations regarding the amount of tax losses that can be utilised per year, and any restrictions on the amount of time that tax losses can be carried forward. Typically losses are anticipated to be utilised against profits arising within a period not exceeding 15 years. In some cases tax regulations place significant restrictions on the amount of losses that can be used in any year and in these cases a longer time period may be utilised. The value of deferred tax assets relating to utilisation of profits in excess of a 15-year period is approximately €6.8 million.

Management has looked at short and medium-term production volume forecasts to assess the trading profits to support recognition of the assets. The key input assumptions of trading profits over the medium term, whilst consistent with the Group's impairment test noted in 1.4.1.2, are not considered to be critical estimates for the recognition of deferred tax assets, as a reasonably possible change in these input assumptions in the next financial year would not materially change the underlying profitability trend or the carrying amount of deferred tax assets in those jurisdictions in which the ability to recover tax losses is limited.

1.5. Goodwill

Initial measurement

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

Details of the Group's acquisition in the year are disclosed in Note 20.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset,

including goodwill, that forms part of the carrying amount of the equity accounted investee.

Goodwill is not amortised, but is subject to impairment testing, which is performed annually or when an impairment trigger event occurs. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and fair value less costs of disposal.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination that generated the goodwill. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Groups of CGUs for goodwill impairment testing purposes comprise the two operating segments, each sub-divided into four geographic territories.

Any impairment loss for goodwill is recognised as an expense in the Income Statement. Impairment losses recognised for goodwill are not reversed in subsequent periods. See Note 19 for more details.

1.6. Intangible assets

Research and development

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised where the costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the project and to use or sell the development asset. Expenditure capitalised includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment charges. Development expenditure, which does not meet the criteria for recognition as an intangible asset, is recognised in the Income Statement as incurred.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Customisation and configuration costs of Software as a Service (SaaS) arrangements

SaaS arrangements are computing service contracts where fees are paid in exchange for the right to access the provider's cloud-based application software for a specified term, and fees are expensed over the term of the contract as operating expenses. Configuration and customisation costs are typically expensed over the term of the contract as operating expenses. However, where costs result in the Group obtaining access to future economic benefits and the ability to restrict access to those benefits, and meet the definition and capitalisation criteria of an intangible asset, these costs are capitalised within computer software and licenses.

Notes to the Group Financial Statements continued

1. Summary of material accounting policies continued

Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current year are as follows:

- Capitalised development expenses 5–10 years (over the life of the production cycle)
- Computer software and licences 3–6 years
- Technology 8–10 years
- Customer platforms 11–25 years

Intangible assets that are under development are not amortised until they are available for use. They are reviewed for indications of impairment to ensure that expectations of future economic benefits remain valid. Where there is any indication to the contrary, capitalisation ceases and costs are expensed.

1.7. Property, plant and equipment (PP&E)

PP&E is stated at historical cost, which includes expenses directly attributable to bringing assets into productive use including finance charges, less accumulated depreciation. Assets acquired as part of the acquisition of the Group, and when subsidiary undertakings have been acquired, were valued at fair value as part of the acquisition accounting. Land is not depreciated. When major components of an item of PP&E have different useful lives, they are accounted for as separate items.

Depreciation of PP&E is calculated using the straight-line method, reflecting expected patterns of consumption of the future economic benefits embodied in the assets, to allocate their cost less residual values over their estimated useful lives, as follows:

- Buildings 30–50 years
(or the period of the lease for improvements in leased buildings, and where the lease period is shorter)
- Plant, machinery and equipment 3–20 years

Depreciation is not charged on assets in the course of construction. Once completed these are transferred to the relevant category above and depreciated accordingly.

Enhancement expenditure of PP&E items is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts is de-recognised. All other repairs and maintenance are charged to the Income Statement as incurred.

Gains and losses on disposals of PP&E are determined by comparing the proceeds from disposal with the carrying amount, and are recognised net within other income in the Income Statement.

Investment grants received against the cost of acquired PP&E assets are included in payables as part of accrued expenses and credited to the Income Statement on a straight-line basis over the useful lives of the relevant assets.

1.8. Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at CGU level, the lowest level for which there are separately identifiable cash flows. Non-financial assets, other than goodwill, that have previously been impaired are reviewed for possible reversal of the impairment at each reporting date. See Note 19.

1.9. Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are created for all leases on the balance sheet, unless the lease term is short, or the underlying asset has a low value ('exempt leases'). Short-term leases are leases with a lease term of 12 months or less. Payments associated with exempt leases are recognised on a straight-line basis as an expense in the Income Statement. See Note 18.

A right-of-use asset and a corresponding lease liability is recognised for all new non-exempt leases at the date at which the underlying leased assets are made available for use by the Group, discounted using the Group's incremental borrowing rate at that date. The incremental borrowing rate is determined based on the risk-free government rate of the jurisdiction in which the lease is entered, adjusted by a country and entity-specific credit risk adjustment, and further adjusted for lease-specific factors, predominantly the currency and length of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Future increases or decreases in rentals linked to a price index or rate are not included in the lease liability until the change in cash flows takes effect.

As a practical expedient, the Group has elected, by class of underlying asset, not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended

(or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the Group's control.

After initial recognition, lease interest payable is charged to the Income Statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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.

The carrying amount of lease liabilities is remeasured when there is a change in the future lease payments due under a lease, due to a change in the lease term or fixed lease payments under the lease, including changes in the assessment to purchase the underlying asset. A corresponding adjustment is also made to the right-of-use asset. Lease liabilities are remeasured at the Group's incremental borrowing rates at the date of the change, except where changes in lease payments result from a change in an index or a rate.

1.10. Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at 'fair value through profit or loss' (FVTPL), are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are expensed as incurred and presented in the statement of cash flows alongside the financing instruments to which they relate.

1.10.1. Financial assets

Financial assets are classified into 'financial assets at amortised cost' and 'financial assets at FVTPL'. The classification is determined at the time of initial recognition and depends on the Group's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the Income Statement. The Group's financial assets at amortised cost comprise 'trade and other receivables excluding prepayments' and 'cash and cash equivalents'.

Financial assets at FVTPL

A financial asset is classified in this category if it does not meet the criteria for recognition as a financial asset at amortised cost. Derivatives are classified in this category unless they are designated as in hedging relationships. The Group enters into conventional derivative financial instruments to manage its exposure to foreign exchange rate risks, mostly foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Notes 4 and 29. These contracts are marked to market by remeasuring them to fair value at the end of each reporting period. The resulting gain or loss is recognised in the Income Statement. Gains or losses on derivatives are recorded as foreign exchange gains/losses

where they relate to forward foreign exchange contracts (cash flow hedges).

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet, when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables and contract assets, the Group recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument, (lifetime ECL). A default on a financial asset occurs when the counterparty fails to make contractual payments within 180 days of when they fall due. The Group also assesses on a forward-looking basis the expected credit losses associated with the trade receivables.

For all other financial instruments, the Group recognises lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that is expected to result from default events on the financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers an actual or expected significant deterioration in the financial instrument's external credit rating where available; significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread or the credit default swap prices for the debtor; indications that any debtor is experiencing significant financial difficulty, default or delinquency in payments; an increase in the probability that any debtor will enter bankruptcy, or other financial reorganisation; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.10.2. Financial liabilities

Financial liabilities are classified as either 'financial liabilities at amortised cost' or 'financial liabilities at FVTPL'. Financial liabilities are recognised initially on the date at which the Group becomes party to the contractual provisions of the instrument.

Financial liabilities at amortised cost

The classification of financial liabilities at amortised cost is determined at the time of initial recognition and depends on the Group's business model for managing the financial liabilities and whether the contractual cash flows represent solely payments of principal and interest.

Notes to the Group Financial Statements continued

1. Summary of material accounting policies continued

Financial liabilities at amortised cost, including borrowings, lease liabilities and trade and other payables (excluding deferred income, social security and other taxes) are measured using the effective interest method, which calculates the amortised cost of a financial liability and allocates interest expense over its term. The effective interest rate discounts estimated cash payments (including all issuance discounts and transactions costs), through the expected life of the financial liability, to the net carrying amount on initial recognition.

Borrowings, including extensions to existing agreements, are recognised initially at fair value, net of discounts and transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the net proceeds and the redemption value is recognised in the Income Statement over the term of the borrowings using the effective interest method. Interest arising on financial instruments is recognised on an accruals basis.

In assessing whether a debt alteration is to be treated as a modification or an extinguishment and new arrangement, an evaluation is made of the qualitative factors such as the underlying parties to the transaction and quantitative factors such as the impact on the net present value of remaining cash flows. A gain or loss is recognised immediately in the Income Statement at the date of the extinguishment of a financial liability. When a financial liability is extinguished or partially extinguished the unamortised transaction costs associated with the extinguished portion is recognised as an finance expense in the Income Statement.

Financial liabilities at FVTPL

A financial liability is classified in this category if it does not meet the criteria for recognition as a financial liability at amortised cost. Derivatives are classified in this category unless they are designated as in hedging relationships. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into, and are subsequently marked to market by remeasuring to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Income Statement. Gains or losses on derivatives are recorded as foreign exchange gains/losses where they relate to forward foreign exchange contracts (cash flow hedges).

1.10.3. Derivative instruments and hedge accounting.

The Group has no derivatives designated as hedging instruments in the current or prior year, however, the Group previously entered into net investment hedges to manage its exposure to foreign currency risk. Gains and losses, which had been accumulated in equity in relation to these instruments, are only released to the Income Statement when the foreign operation to which they related is partially disposed of or sold.

1.11. Inventories

Inventories are valued at the lower of cost, including an appropriate proportion of overheads, and net realisable value, on the first-in first-out principle. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Tooling that is being manufactured for an external customer or supplier is reported as an item of inventory until complete, and represents the gross amount recoverable from the customer in respect of costs incurred, less progress payments received.

For productive material, cost is standard cost, and for non-productive material (including consumables) cost is actual cost. The standard cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads all at standard, based on normal operating conditions. Cash discounts, trade discounts and rebates are deducted from the costs of purchase. Other costs are included, only to the extent that they are incurred in bringing inventories to their present location and condition. Provision is made for slow moving and obsolete inventory.

1.12. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument 'lifetime ECL' for all trade and other receivables.

1.13. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and money market funds with original maturities of three months or less.

1.14. Share capital

Ordinary shares of the Company are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised in equity as a deduction, net of any tax effects from the proceeds.

1.15. Own shares held pending cancellation

Own shares purchased and held for cancellation are managed within retained earnings. The consideration is distributed from retained earnings, and upon cancellation the nominal value of the shares is transferred from share capital to the capital redemption reserve. Costs directly attributable to the share buyback project are deducted from retained earnings. Where the Group have a contractual obligation to purchase a fixed amount of its own ordinary shares in the future, a financial liability is recognised for the present value of the redemption amount.

1.16. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses are recognised when ownership of goods or services has been transferred but not invoiced. Trade and other payables are recognised at amortised cost.

1.17. Provisions

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense. Provisions are not recognised for future operating losses.

Product warranties

A product warranty provision is recognised when specific events occur with the underlying product, which results in an exposure to a probable cash outflow. The provision is based on contractual considerations, historical warranty data and expected outcomes against their associated probabilities. Specific claims are provided for reflecting management's best estimates of potential exposure.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Asset retirement obligations

Provisions are recognised for the estimated costs of dismantling and removing PP&E at the end of its operational life. Provisions for site restoration in respect of contamination and lease dilapidations are made in accordance with applicable legal requirements.

1.18. Revenue

IFRS 15 'Revenue from Contracts with Customers' establishes a single model to account for revenue arising from contracts with customers. Revenue in the course of ordinary activities is measured and recognised using the five-step approach outlined in IFRS 15:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies the performance obligations

Step 1:

To be recognised as a contract, there must be appropriate approval from both parties and clear identification of each party's rights under the agreement. The payment terms should be evident, with collection of consideration probable.

The Group's customer arrangements take a variety of forms, with typical contractual frameworks comprising: master terms and conditions, programme award letters, purchase orders, and release orders.

For piece part revenue, volume requirements and mutually enforceable terms are established on the customer issuance of a release order and, therefore, this is the relevant accounting unit of contract.

Tooling, prototype and development (TPD) requirements are typically specified in a purchase order or equivalent.

Step 2:

The performance obligation within a piece part release order is to manufacture and deliver the specified volume of requested parts. The performance obligation of a TPD order is to construct or undertake the relevant tooling and development activities. Where the different obligations are separable, in terms of both capability and within the contractual documentation, they are accounted for as distinct performance obligations. Further details regarding the nature of goods and services sold are included in Note 2.

Step 3:

The fair value of consideration receivable is the transaction price specified in the relevant release order or purchase order, net of returns, discounts, sales taxes and volume rebates.

For piece part revenue, the price is fixed at the given release order (contract) and does not include any element of variable consideration.

For TPD revenue, where there is any uncertainty over the amount of consideration that will ultimately be recognised, the transaction price is constrained until such uncertainty is resolved. Amounts invoiced in excess of the transaction price will be reflected as pricing accruals or revenue deferrals.

Step 4:

The transaction price established in step 3 is allocated to the distinct performance obligations identified in step 2.

Step 5:

Revenue is recognised on satisfaction of the specified performance obligations, consistent with the passing of control of the goods and services.

For piece part revenue, control is deemed to have passed at the point in time delivery of the parts specified in the applicable release order is made.

Where consignment arrangements apply, revenue is only recognised when control of the underlying inventory has passed to the customer.

For TPD activities, control is deemed to have passed once production part approval process (PPAP) or start of production (SOP) has been achieved, depending on the specific terms of the agreement. Costs incurred up until this point are recognised as work-in-progress on the balance sheet and reviewed regularly for impairment should their future recovery become doubtful. Upfront deposits and progress billings are recorded in deferred revenue, until point of recognition.

Contract costs

Incremental costs incurred in obtaining a contract are capitalised and amortised over the applicable programme life, with regular review for impairment.

Other pre-contract costs and costs of fulfilment are expensed as incurred unless future economic benefit is evident, or if applicable, within the scope of other standards.

Impairment

Contract assets arise where a performance obligation has been satisfied but amounts due have not been fully recognised within trade receivables. Contract assets are reviewed for impairment in accordance with IFRS 9 'Financial Instruments'.

Deferred income

Deferred income is recorded when consideration for goods or services provided by the Group is received before the revenue is recognised.

1.19. Other gains and losses

Other gains and losses include government grants, rental income, gains and losses on disposals of non-current assets, royalty income, income from insurance claims, and other miscellaneous items.

Notes to the Group Financial Statements continued

1. Summary of material accounting policies continued

1.20. Net foreign exchange gains and losses

Net foreign exchange gains and losses arise from intercompany trade balances and cash balances, which are denominated in currencies other than the functional currency of the local entities, see Note 4.

1.21. Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Accrued paid absence such as holiday pay entitlement is charged to the Income Statement as earned. A liability is recognised for the amount expected to be paid under bonus plans if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plan

Payments to a defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions. A defined contribution plan is a post-employment benefit plan under which the Group may elect to pay discretionary and fixed contributions to a separate trust and has no legal or constructive obligation to pay further amounts in respect of past service.

Defined benefit plan

A defined benefit plan provides an amount of benefit that an employee will receive at a later date, usually dependent on one or more factors such as age, periods of service and compensation. Defined benefit arrangements in the Group include funded and unfunded pension plans, post-employment healthcare, statutory termination indemnities and long-service awards.

The liability recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. Where the fair value of plan assets exceeds the present value of the DBO, an asset is recognised only to the extent of future economic benefits accruing to the Group either as cash refunds or as a reduction in contributions.

The service cost of providing benefits for funded plans accruing during the year, and any past service costs, are charged as an operating expense. The interest cost or credit arising from the unwinding of the discount on the net actuarial liability or asset is recognised in the Income Statement as finance expense or income. Actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using high-quality corporate bond yields that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

Defined benefit plans – funded

The Group operates funded pension plans in the US, Canada and the UK. The US plans are subject to annual actuarial review, whilst the others are formally valued at least triennially. Assets are held in trusts and are separately administered from the Group's activities. Assets include readily marketable equities, credit and diversified growth/multi-strategy funds, and qualifying insurance policies, and are valued at fair value. The Group makes contributions based on actuarial advice sufficient to meet the liabilities of the plans.

Defined benefit plans – unfunded including healthcare

The Group operates unfunded employment benefit plans in certain countries of which the most significant are post-employment healthcare in the US, a closed arrangement, and pension plans in Germany. Other liabilities include statutory termination indemnities and long-service awards.

Share-based compensation

The fair value of equity-settled payments to employees is determined at the date of grant using a Monte Carlo simulation and Black-Scholes option-pricing models. The expense is recognised in the Income Statement on the straight-line basis over the period that the employees become entitled to the awards. The credit entry relating to the awards is recorded in equity (See Note 10 for more information).

The Group reviews the estimate of the number of shares expected to vest at each balance sheet date with appropriate adjustments being made during the year to reflect expected and actual forfeitures. The total amount expensed is determined by reference to the fair value of the options granted, including any market performance and any non-vesting conditions, and excluding the impact of any service and non-market performance vesting conditions. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

1.22. Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income and equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Uncertain tax positions

The Group operates in many jurisdictions and is subject to tax audits, which are often complex and can take several years to conclude. Therefore, the accrual for current tax includes provisions for uncertain tax positions, which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenges to historic positions. Management uses in-house tax experts, professional advisers and previous experience when assessing tax risks. Depending on their nature, estimates of interest and penalties are included either in interest payable or in tax liabilities. As amounts provided for in any year could differ from eventual tax liabilities, subsequent adjustments may arise, which have a material impact on the Group's tax rate and/or cash tax payments.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable profits. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill arising in a business combination. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available, against which those deductible temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liabilities 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. This UK legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on, or after, 31 December 2023. The Group has applied the exception under the IAS 12 Paragraph 4A amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

1.23. Adjusting items

In addition to the results reported under IFRS, Management use certain non-IFRS financial measures to monitor and measure the performance and profitability of the business and operations. Such measures are described more fully in Note 3. Adjusting items used in the calculation of these measures include restructuring costs, depreciation and amortisation arising on purchase accounting, net foreign exchange gains and losses, costs associated with business acquisitions or disposals and the profit or loss on disposal of businesses, customisation and configuration costs of significant software as a service (SaaS) arrangements and exceptional items as detailed below.

Exceptional items are defined as those items that, by virtue of their nature, size and expected frequency, warrant separate additional disclosure in the consolidated financial statements in order to fully understand the underlying performance of the Group. These may include impairment charges, the costs of closure of locations or income from the disposal of assets on closure of locations, the costs of significant headcount reductions, transaction costs of a significant and non-recurring nature, debt-refinancing costs including early

redemption premiums and the release of unamortised transaction costs following voluntary repayments of borrowings, costs arising from the acquisition or disposal of businesses including related contractual management incentive charges, and the recognition of previously derecognised deferred tax assets and the derecognition of previously recognised deferred tax assets.

1.24. Climate change

The Group assesses the potential impact of climate-related risks based on the Task Force for Climate-related Financial Disclosure (TCFD) recommendations. These cover both transitional risks such as legal, technological, and market changes, and physical risks including direct damage to assets and supply chain disruption. In recognition of the importance of climate change, the Group has established an Environmental, Social and Governance (ESG) Committee. The Group has published science-based targets of 50% reduction of Scope 1 & 2 emissions and a 30% reduction in Scope 3 emissions by 2030 based on absolute 2021 emission levels, and is implementing initiatives to achieve the same, such as moving from carbon-based fuels to renewable energy alternatives. Please refer to our TCFD disclosure for further details.

Throughout the Group's medium-term planning horizon of five years, the impact of achieving the emissions reduction across both divisions is principally based on different capital expenditure decisions and certain incremental operating costs. The impact of changes in capital equipment procurement decisions that improve energy efficiency or reduce water consumption are incorporated into the Group's Medium-Term Plan. Budgets for operational spending are determined taking into account additional costs that may be required for ESG initiatives, such as increasing the mix of renewable energy within the Group's electricity consumption. Such costs will be recognised on an as incurred basis, and are also incorporated into the Group's medium-term planning for both divisions.

Impairment testing of non-current assets including goodwill specifically considers the potential impact on forecast operating cash flows arising from future changes in climate change regimes. Full details of this assessment are set out in Note 19 where assumptions have been made regarding the volumes, and full recovery from customers of incremental costs arising on the decarbonisation of supply chains or imposition of carbon taxes.

In the case of the FTDS division, further transitional risks have been factored into the Group's annual impairment assessment by modelling the impact of the market's transition to electric powered vehicles in the period beyond the Group's medium-term horizon of five years and the associated impact this may have on the division's forecast operating cash flows, as estimation uncertainty arises from the rate of such market transition. Further discussion on the critical accounting estimates and judgements made in the impairment test can be found in Note 1.4.

The climate-related estimates and assumptions that have been considered to be key areas of judgement or sources of estimation uncertainty for the year ended 31 December 2023 are those relating to the recoverable amount of non-current assets including goodwill. These items are included within the key areas of judgement and key sources of estimation uncertainty summarised and explained in detail throughout the material accounting policies.

Notes to the Group Financial Statements continued

1. Summary of material accounting policies continued

Items that may be impacted by climate-related risks, but which are not considered to be key areas of judgements or sources of estimation uncertainty in the current financial year are outlined below:

Deferred tax assets – the recovery of deferred tax assets could be impacted by climate-related matters to the extent they reduce the Group's 2024 budget and 2025–2028 Medium-Term Plan results, which is a key input for the forecast of taxable income to the extent they reduce the forecast profits over the period of recovery.

Useful lives of assets – The useful lives of assets could be reduced by climate-related matters, for example as a result of physical risks, obsolescence or legal restrictions. The change in useful lives would have a direct impact on the amount of depreciation or amortisation recognised each year from the date of reassessment. The Directors' review of useful lives has taken into consideration the impacts of the Group's decarbonisation commitments and has not had a material impact on the results for the year.

Inventory valuation – Climate-related matters may affect the value of inventories as they could become obsolete as a result of a decline in selling prices or a reduction in demand. After consideration of the typical stock-turns of the inventory in relation to the rate of change in the market, the Directors consider that inventory is appropriately valued.

Recoverability of trade receivables and contract assets – The impact of climate-related matters could have an impact on the Group's customers in the future, especially those customers in the FTDS business. No material climate-related issues have arisen during the year that have impacted our assessment of the recoverability of receivables. Given the maturity time of trade receivables, and the majority of contract assets, climate change is unlikely to have a material increase on counterparty credit risk in that time.

Share-based payments – Executive leadership remuneration packages are impacted and measured against a sustainability metric set by the Remuneration Committee with input from the ESG Committee in line with both the Group's electrification strategy and sustainability transition in order to align with interests of the Group's wider stakeholders. This could impact the amount and timing of the recognition of the share-based expense in the Income Statement. This has had no material impact on the 2023 financial statements.

Defined benefit pension plans – Climate-related risks could affect the financial position of defined benefit pension plans. As a result, this could have implications on the expected return on plan assets and measurement of defined benefit liabilities in future years.

2. Segment reporting

Notes to segment reporting

In accordance with the provisions of IFRS 8 'Operating Segments', the Group's segment reporting is based on the management approach with regard to segment identification, under which information regularly provided to the chief operating decision makers (CODM) for decision-making purposes forms the basis of the disclosure. The Company's CODM is the Chief Executive Officer (CEO), Chief Operating Officer and the Chief Financial Officer. The CODM evaluates the performance of the Company's segments primarily on the basis of revenue, adjusted EBITDA, and adjusted EBIT (see Note 3).

Two operating segments have been identified by the Group: Fluid Carrying Systems (FCS) and Fuel Tank and Delivery Systems (FTDS). Inter-segment revenue is attributable solely to the ordinary business activities of the respective segment, and is conducted on an arm's-length basis.

Fluid Carrying Systems (FCS)

FCS products include brake and fuel lines and bundles, thermal management fluid systems (including HEV and BEV heating and cooling lines), powertrain components and quick-connectors. There is a high degree of vertical integration from the purchase of raw materials, through tube manufacturing to the assembly of finished products.

Fuel Tank and Delivery Systems (FTDS)

FTDS products include plastic fuel tanks, filler pipes, pumps and modules, and level sensors.

The Group recognises revenue on a point in time basis, when the performance obligation to manufacture and deliver products has been satisfied and control of the parts has transferred to the customer. Volume requirements and delivery schedules are communicated using frequent release orders with many customers utilising electronic delivery interfaces to transmit such information and self-billing processes to manage their payment obligations. Payment terms are typically between 30 and 60 days from date of invoicing.

Tooling, prototype and development (TPD)

Within both segments, further revenue streams are recognised for distinct TPD services chargeable to a customer.

Revenue recognition for such activities occurs at the point in time control of the goods and services is transferred to the customer. This is typically Production Part Approval Process (PPAP) or Start of Production (SOP), depending on the specific terms of the agreement, as at this point all agreed upon specifications have been met. Project durations vary depending on the scope and complexity of requirements. Payment terms are typically 30 to 60 days after customer acceptance.

Allocation of corporate costs

Corporate costs comprise costs of stewardship of the Group. Costs incurred in administrative services performed at the corporate level are allocated to divisions in line with utilisation of the services. Where direct allocation is not possible, costs are allocated based on revenue for the year.

2.1. Revenue, Adjusted EBITDA and Adjusted EBIT by segment:

	2023 €m	2022 €m
Revenue		
– FCS – External	2,018.1	1,869.7
– Inter-segment	66.7	67.0
	2,084.8	1,936.7
– FTDS – External	1,498.1	1,398.6
– Inter-segment	5.6	2.8
	1,503.7	1,401.4
Inter-segment elimination	(72.3)	(69.8)
Total consolidated revenue	3,516.2	3,268.3
Adjusted EBITDA		
– FCS	195.5	170.4
– FTDS	197.5	162.9
	393.0	333.3
Adjusted EBITDA % of revenue		
– FCS	9.7%	9.1%
– FTDS	13.2%	11.6%
Total	11.2%	10.2%
Adjusted EBIT		
– FCS	127.9	95.0
– FTDS	131.7	85.0
	259.6	180.0
Adjusted EBIT % of revenue		
– FCS	6.3%	5.1%
– FTDS	8.8%	6.1%
Total	7.4%	5.5%

Restructuring costs of €13.4 million (€10.9 million in FCS and €2.5 million in FTDS) (2022: €22.8 million, of which €19.8 million in FCS and €3.0 million in FTDS) comprise announced headcount reductions and related costs of balancing production capacity with market requirements. Please refer to alternative performance measures (Note 3) for reconciliation to Income Statement.

Notes to the Group Financial Statements continued

2. Segment reporting continued

2.2. Revenue by origin: Geography and customer concentration

	2023 €m	2022 €m
Spain	192.0	166.7
Czech Republic	174.2	138.0
Poland	172.0	153.1
Germany	169.7	178.4
Africa	118.0	83.9
Turkey	117.0	98.5
Belgium	108.1	96.9
France	104.3	105.2
United Kingdom	71.2	58.0
Other	148.8	128.4
Europe and Africa	1,375.3	1,207.1
China	616.9	673.9
South Korea	297.7	288.6
Other	173.0	151.8
Asia Pacific	1,087.6	1,114.3
US	656.7	603.3
Mexico	322.7	274.0
Canada	18.4	18.5
North America	997.8	895.8
Latin America	55.5	51.1
Total	3,516.2	3,268.3

Four customers account individually for more than 10% of total revenue and collectively contributed 46.1% of total revenue across both reporting segments in the year (2022: four customers contributed 45.9%). Revenue recognised for these customers by segment is as follows:

	FCS €m	FTDS €m	Total €m
2023			
Revenue	922.9	698.6	1,621.5
2022			
Revenue	852.4	647.0	1,499.4

2.3. Non-current assets

Total non-current assets, other than financial instruments and deferred tax assets, by the location of assets is as follows:

	2023 €m	2022 €m
Germany	83.3	67.7
Czech Republic	43.7	53.7
Poland	46.3	58.5
Spain	44.6	39.7
Turkey	27.1	20.7
Belgium	20.0	17.4
United Kingdom	9.8	11.4
Rest of Europe and Africa	98.0	81.8
Europe and Africa	372.8	350.9
US	216.6	255.3
Mexico	70.7	89.0
Rest of North America	2.9	8.8
North America	290.2	353.1
China	358.4	397.8
South Korea	147.0	133.2
Rest of World	41.0	30.2
Total	1,209.4	1,265.2

	FCS €m	FTDS €m	Total €m
31 December 2023			
Goodwill	322.0	24.2	346.2
Intangible assets	93.0	103.2	196.2
Property, plant and equipment	317.3	229.2	546.5
Right-of-use assets	60.3	36.8	97.1
Non-current trade and other receivables	15.3	8.1	23.4
Total	807.9	401.5	1,209.4

	FCS €m	FTDS €m	Total €m
31 December 2022			
Goodwill	328.2	25.7	353.9
Intangible assets	130.1	119.9	250.0
Property, plant and equipment	283.4	248.0	531.4
Right-of-use assets	69.3	40.0	109.3
Non-current trade and other receivables	11.2	9.4	20.6
Total	822.2	443.0	1,265.2

Notes to the Group Financial Statements continued

3. Adjusting items and alternative performance measures

In addition to the results reported under IFRS, Management use certain non-IFRS financial measures to monitor and measure the performance and profitability of the business and operations. Such measures are also utilised by the Board as targets in determining compensation of certain executives and key members of management, as well as in communications with investors. In particular, Management use Adjusted EBIT, Adjusted EBITDA, Adjusted Net Income, Adjusted Free Cash Flow, Adjusted Basic EPS and Return on Capital Employed (ROCE). These non-IFRS measures are not recognised measurements of financial performance or liquidity under IFRS, and should be viewed as supplemental and not replacements or substitutes for any IFRS measures.

Definitions for alternative performance measures are included in the Note 37 – glossary.

The definition of Adjusted Net Income has been updated in the year to adjust for depreciation and amortisation arising on purchase accounting, net of tax. This is consistent with the definition of Adjusted EBIT and, therefore, in Management's view, this change in definition improves understandability of the adjusted performance measures. In addition to this, the tax impact on adjusting items has been included as a separate line item. Comparative information has been restated accordingly, increasing Adjusted Net Income by €40.8 million, from €43.5 million to €84.3 million.

Adjusted performance measures	Note	2023 €m	2022 €m
Adjusted EBIT	3.2	259.6	180.0
Adjusted EBITDA	3.2	393.0	333.3
Adjusted Net Income*	3.2	132.8	84.3
Adjusted Free Cash Flow	3.2	140.7	78.4
Adjusted Basic EPS*	14	25.76	16.43
Return on Capital Employed	3.2	27.6%	18.3%

* Restated

3.1. Adjusting items

Management exclude certain items in the derivation of alternative performance measures, as shown below:

Adjusting items	Note	2023 €m	2022 €m
Restructuring costs	31	13.4	22.8
Exceptional impairment charge	9	–	317.4
Depreciation and amortisation arising on purchase accounting*	16/17	45.5	54.3
Net foreign exchange losses	4	0.2	0.7
Costs associated with business acquisitions or disposals		3.5	1.8
Customisation and configuration costs of significant software as a service (SaaS) arrangements		1.2	–
		63.8	397.0

* Following the change in definition of Adjusted Net Income, depreciation and amortisation arising on purchase accounting is now included within adjusting items

Costs associated with business acquisitions or disposals include €1.8 million in relation to the acquisition of Cascade Engineering Europe (CEE) 'Cascade', see Note 20.

Adjusting items represent transactions that in Management's view do not form part of the substance of the trading activities of the Group, such as large-scale reorganisations, system implementations, acquisition costs and certain non-cash accounting measures.

Restructuring costs comprise announced headcount reductions and related costs of balancing production capacity with market requirements.

The prior year exceptional impairment charge relates to the write-down of goodwill, intangible assets, property, plant and equipment and right-of-use assets, following the outcome of the 2022 annual impairment test. As a significant, non-recurring item, this charge has been excluded from our alternative performance measures.

Net foreign exchange gains/losses on the foreign currency revaluation of intercompany loan and cash balances are included in adjusting items to remove the impact of foreign exchange volatility on our adjusted performance measures.

Costs associated with business acquisitions or disposals and customisation and configuration costs of significant SaaS arrangements in relation to initial costs of multi-year system upgrades or implementations have been excluded from the alternative performance measures due to their ad-hoc nature.

3.2. Adjusted performance measures

Reconciliations of adjusted performance measures to their statutory GAAP equivalent measures are provided below.

	Note	2023 €m	2022 €m
Adjusted EBITDA			
Operating profit/(loss)		195.8	(217.0)
Adjusting items	3.1	63.8	397.0
Adjusted EBIT		259.6	180.0
Depreciation, amortisation and non-exceptional impairments on non-purchase accounting		133.4	153.3
Adjusted EBITDA		393.0	333.3

	Note	2023 €m	Restated 2022 €m
Adjusted Net Income			
Profit/(loss) for the year		83.6	(279.0)
Non-controlling interests' share of profit	26	(0.1)	(0.1)
Adjusting items	3.1	63.8	397.0
Tax impact on adjusting items		(14.5)	(33.6)
Adjusted Net Income	14.2	132.8	84.3

	Note	2023 €m	2022 €m
Adjusted Free Cash Flow			
Net cash generated from operating activities		236.1	167.5
Net cash used in investing activities		(131.9)	(116.6)
Free Cash Flow		104.2	50.9
Cash received on movements of financial assets at FVTPL		–	(0.9)
Net restructuring cash spend		14.3	23.6
Purchase of Cascade Engineering Europe net of cash acquired and pre-existing relationships effectively settled on acquisition		18.6	–
Tax paid on the gain on disposal of associated undertakings		–	3.0
Cash spend associated with business acquisitions or disposals		2.4	1.8
Cash spent on customisation and configuration costs of significant software as a service (SaaS) arrangements		1.2	–
Adjusted Free Cash Flow		140.7	78.4

The Purchase of Cascade Engineering Europe of €18.6 million above includes €1.7 million relating to the effective settlement of pre-existing relationships, which are included in net cash generated from operating activities.

ROCE has been introduced in 2023 as one of the Group's key performance indicators as it provides an indication of our ability to deploy capital effectively to create value. It is defined as adjusted EBIT divided by average capital employed. Capital employed is defined as total equity, excluding taxation balances, derivatives, net debt and lease liabilities, restructuring provisions and balances related to Bain acquisition accounting (goodwill, intangible assets and purchase price allocation adjustments). Balances relating to Bain acquisition accounting are excluded as they represent accounting adjustments to the carrying value of the Group's existing asset base at the time of the Bain Capital purchase of TIFS Holdings Ltd (TIFSHL) on 30 June 2015, instead of assets arising from the Group's investments in acquisition of external businesses. Average capital employed is calculated as the average of opening and closing capital employed of the year.

	Note	2023 €m	2022 €m
Return on Capital Employed			
Adjusted EBIT		259.6	180.0
Capital employed			
Total equity		665.8	676.7
Net current and deferred tax (assets)/liabilities	13	(21.0)	12.1
Derivative financial instruments	29	(2.9)	(2.6)
Net debt and lease liabilities	28	727.5	774.5
Restructuring provisions	31	4.6	7.8
Purchase price allocation balances arising on the Bain acquisition		(448.7)	(510.9)
Capital employed		925.3	957.6
Average capital employed		941.5	983.8
Return on Capital Employed		27.6%	18.3%

Notes to the Group Financial Statements continued

4. Financial risk management

The Board of Directors and key management have overall responsibility for the establishment and oversight of the Group's risk management policies, which are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's capital structure (comprising of debt (Note 28) and equity (Note 24)) is regularly monitored to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders and value-added benefits for other stakeholders. The overall capital structure of the Group is designed to meet the strategic objectives of the Company and its shareholders. During the year, the Group commenced a Share Buyback Programme to purchase ordinary shares in the capital of the Company up to a maximum consideration of €40 million (the Buyback Programme). The purpose of the Buyback Programme is to reduce the share capital of the Company and, therefore, Ordinary Shares purchased under the Buyback Programme will be cancelled.

The Group tracks compliance with the financial covenant and the negative covenants in all borrowing facilities. The financial covenant applies only to the revolving credit facility, which is undrawn (other than for letters of credit). In the event that it is drawn down and the aggregate principal amount of all outstanding revolving credit facilities exceed 35% of the revolving credit commitments, then a First Lien Net Leverage Ratio of 3.8x must not be exceeded. At 31 December 2023, the First Lien Net Leverage Ratio was 0.03x (31 December 2022: 0.16x). The negative covenants restrict certain additional indebtedness, the granting of liens, and the placing of investments against specified basket limits. All basket limits allow sufficient headroom to manage current and expected transactions.

The Group was in full compliance with its financial covenants in respect of its borrowings and committed facilities throughout each of the years presented. The level of debt is monitored on an actual and projected basis to ensure continued compliance.

The Group has exposure to the following significant risks from its activities:

4.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The following categories comprise the main credit exposures of the Group:

- trade and other receivables excluding prepayments
- cash and liquid assets
- derivative financial instruments

The credit risk for trade and other receivables excluding prepayments is normally managed by the operating subsidiaries, by reference to credit rating agencies and historic trading experience with customers. Further details are available in Note 22.

Cash, which is surplus to normal working capital needs, and any approved capital investments in the operating subsidiaries, is managed by Group Treasury.

The use of derivative financial instruments is governed by Group policies and managed by Group Treasury. In most cases, the counterparties are investment grade banks.

Guarantees issued by third parties comprise letters of credit and other bank guarantees, nearly all of which are of a standby nature. Most of the issuing banks are rated investment grade and these ratings are monitored. If any of these banks became unable to meet their obligations under a guarantee, it is expected that a similar guarantee could be issued by another bank or alternative security provided to the beneficiary.

4.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Group has access to various forms of funding and these are considered sufficient to meet anticipated liquidity requirements. The Directors believe that there is currently no significant risk that the Group will be unable to fund its planned commitments.

Cash flow forecasts of the Group's liquidity requirements are monitored regularly to ensure there is sufficient cash and undrawn committed borrowing facilities to meet operational needs of the Group over the medium term. Surplus cash generated by the operating entities over and above balances required for normal working capital and any approved investment is managed by Group Treasury.

The contracted maturity of the Group's financial liabilities are disclosed in Note 29.2.

4.3. Market risk

Market risk, is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income, expenditure or the value of its holdings of financial instruments. The Group enters into derivative contracts, and incurs financial liabilities, in order to manage market risks.

4.3.1. Foreign currency risk

The Group is exposed to currency risk on revenue, purchases, investments and borrowings that are denominated in a currency other than the functional currencies of individual Group entities, which are primarily Euro, US dollars, Chinese renminbi and Korean won. Where possible, business entities sell in prices denominated in the same currency as the majority of their costs, to produce a natural hedge. At the reporting date, the majority of cash and cash equivalents in the Group were denominated in US dollars, Euro and Chinese renminbi.

Net foreign exchange losses recognised in the year were €0.2 million (2022: €0.7 million). The Group uses forward foreign exchange contracts not designated in hedge relationships to manage foreign currency exposure. The nominal value of these derivatives as at 31 December 2023 was €112.3 million (31 December 2022: €91.7 million) and the aggregate fair value was a €2.9 million net receivable (31 December 2022: a €2.6 million net receivable).

Sensitivity analysis

The Group is primarily exposed to changes in Euro/US dollar exchange rates on its US dollar denominated intercompany loans. The Group's exposure to a change in other exchange rates is insignificant. The Group's exposure to a +/- 1% change in Euro/USD exchange rate would be a €0.7 million profit/€0.7 million loss.

4.3.2. Interest rate risk

Most of the Group's interest rate risk arises on its main external borrowing facilities.

The Group borrowings include €600.0 million of unsecured Senior Notes bearing a fixed interest rate of 3.75% p.a., a US term loan of which \$185.0 million (€167.5 million) is outstanding at 31 December 2023 which bears interest at one-month term SOFR + 0.11448% (minimum 0.5% p.a.) +3.25% p.a. and a Euro term loan of which €257.6 million is outstanding at 31 December 2023, which bears interest at three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a.

The Group also has a revolving credit facility (RCF) of \$225.0 million, which was undrawn during the current and prior year but for which interest would be payable in a range of SOFR +3.0% to SOFR + 3.75% p.a (depending on total net leverage ratio). The non-utilisation fee on this facility is 0.25% p.a. due to the total net leverage ratio being less than or equal to 3.5:1. In the event the total net leverage ratio is greater than 3.5:1, the non-utilisation fee will increase to 0.375% p.a.

Sensitivity analysis

If interest rates had been 100 bps higher or lower with all other variables held constant, the pre-tax profit or loss on an annual basis would be, respectively, €4.3 million lower or €4.3 million higher.

Other financial matters

In its normal course of business, the Group does not offer supplier financing arrangements and has not engaged any financial provider to provide these services to parties in the supply chain.

5. Revenue

5.1. Geographic analysis: Revenue by destination

	2023 €m	2022 €m
Europe and Africa	1,309.8	1,207.8
Asia Pacific	1,094.3	1,118.6
North America	1,008.6	873.9
Latin America	103.5	68.0
	3,516.2	3,268.3

Analysis of revenue by country of origin is included in Note 2.2.

5.2. Transaction price allocated to started but incomplete performance obligations

	2023 €m	2022 €m
Tooling, prototype and development revenue to be recognised within one year	59.0	31.8
Tooling, prototype and development revenue to be recognised in more than one year	24.8	14.7
	83.8	46.5

6. Cost of sales, distribution costs and administrative expenses

6.1. Total cost of sales, distribution costs and administrative expenses

	2023 €m	2022 €m
Cost of sales	3,059.0	3,038.3
Distribution costs	109.9	112.1
Administrative expenses	155.9	336.1
Total cost of sales, distribution costs and administrative expenses	3,324.8	3,486.5

In 2022, cost of sales and administrative expenses included €100.3 million and €217.1 million, respectively, in relation to exceptional impairment charges, see Note 19.

Notes to the Group Financial Statements continued

6. Cost of sales, distribution costs and administrative expenses continued

The nature of costs included in cost of sales, distribution costs and administrative expenses is as follows:

	Note	2023 €m	2022 €m
Materials and other operating costs		2,096.8	1,980.4
Personnel costs	7.1	850.4	801.6
Depreciation, amortisation and non-exceptional impairment charges	16/17/18	178.9	207.6
Expense relating to short-term and low value leases	18	7.5	7.0
Utilities		80.0	77.9
Repairs and maintenance		34.2	34.2
Freight inward, including customs duties		77.0	60.4
Exceptional impairment charge	9,19	–	317.4
Total cost of sales, distribution costs and administrative expenses		3,324.8	3,486.5

Personnel costs include share-based compensation (Note 10).

Administrative expenses comprise the costs of the Group's administration, commercial and finance functions, along with all other corporate operating costs.

6.2. Research and development expenditure

Research and development expenditure before third-party income, comprised:

	Note	2023 €m	2022 €m
Research and development expenses		48.8	48.1
Capitalised development costs	16.2	21.6	23.3
Total research and development expenditure		70.4	71.4

7. Personnel costs and numbers

7.1. Personnel costs

	Note	2023 €m	2022 €m
Wages and salaries (including employee severance amounts)		703.5	659.9
Social security costs		124.2	118.6
Share-based expense excluding social security costs	10	8.6	9.6
Pension and other post-employment costs: defined benefit current service cost	30.2	8.6	7.9
Pension and other post-employment costs: defined benefit past service costs and settlement and curtailment (gains)/losses	30.2	0.1	0.8
Pension and other post-employment costs: defined contribution		5.4	4.8
Total personnel costs		850.4	801.6

Wages and salaries costs in the year include employee severance amounts totalling €13.1 million (2022: €16.2 million).

7.2. Transactions with key management personnel

Key management personnel comprise the Board of Directors and key officers who report directly to the Chief Executive Officer. The total number of key management personnel was 16 (2022: 17).

At no time during 2023 or 2022 were any loans to key management personnel made by the Group.

Compensation of key management personnel	2023 €m	2022 €m
Short-term employee benefits	12.0	9.4
Post-employment benefits	0.2	0.2
Share-based expense	3.6	4.9
Total	15.8	14.5

There was €5.9 million of compensation outstanding at 31 December 2023 (2022: €3.5 million). In addition to salaries, the Group also provides non-cash benefits to key management personnel and contributes to post-employment pension plans on their behalf.

7.3. Personnel numbers

Average monthly number of people employed by function	2023	2022
Direct production	12,322	10,696
Indirect operational	7,021	6,964
Commercial and administration	1,537	1,488
Total	20,880	19,148

In addition to the above, the Group employed an average of 5,998 agency and other temporary workers during the year (2022: 6,402) whose costs were included in other operating costs.

8. Directors' remuneration

The Directors' emoluments, fees, payments for service, compensation for cancelled shares under long-term incentive schemes and pension benefits are disclosed in the Remuneration report. See pages 94–115.

9. Exceptional items

	Note	2023 €m	2022 €m
Cost of sales: exceptional expense:			
Impairments of non-goodwill intangible assets	16	–	23.6
Impairments of property, plant and equipment	17	–	58.3
Impairments of lease right-of-use assets	18	–	18.4
Cost of sales: exceptional expense	19	–	100.3
Administrative expense: impairment of goodwill	16, 19	–	217.1
Exceptional expense before income tax		–	317.4
Income tax credit	13	–	(20.1)
Exceptional expense after income tax		–	297.3

The exceptional impairment charges during the prior year are detailed further in Note 19. Note 13 contains detail of the associated income tax impacts.

Notes to the Group Financial Statements continued

10. Share-based compensation

On 24 October 2017, the TI Fluid Systems plc Long-Term Incentive Plan was adopted. Under the plan, awards are granted annually with a three-year vesting period. Vesting is contingent on the attainment of certain performance conditions over the three-year performance period as well as the continued service of the award holder. The performance conditions applicable to awards outstanding as at 31 December 2023 are summarised in the below tables:

2021 Conditional Share Awards – Executives

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Cumulative Adjusted Free Cash flow (AFC)	60%	Threshold €500 million, maximum €620 million, outperformance €675 million	Non-market-based
Total Shareholder Return (TSR)	20%	Rank of the Company's total shareholder return for the performance period against the FTSE 250	Market-based
Environmental & Social (E&S)	20%	Average ISS environmental and social quality scores during the performance period	Non-market-based

2021 Conditional Share Awards – Other

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Cumulative Adjusted Free Cash flow (AFC)	40%	Threshold €500 million, maximum €620 million	Non-market-based
Environmental & Social (E&S)	10%	Average ISS environmental and social quality scores during the performance period	Non-market-based
Time-based	50%	Continued service throughout the performance period	Non-market-based

2022 Conditional Share Awards – Executives

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Return on Capital Employed (ROCE)	50%	Threshold 16%, maximum 20%	Non-market-based
Total Shareholder Return (TSR)	25%	Rank of the Company's total shareholder return for the performance period against automotive peer group	Market-based
Sustainability: CO ₂ Equivalent Emission Improvement (CO ₂)	15%	CO ₂ equivalent emission improvement during the performance period; Threshold 6.5%, maximum 9.5%	Non-market-based
Sustainability: ISS Social Score (ISS)	10%	Average ISS social quality scores during the performance period; Threshold 4, maximum 2	Non-market-based

2022 Conditional Share Awards – Other

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Return on Capital Employed (ROCE)	35%	Threshold 16%, maximum 20%	Non-market-based
Total Shareholder Return (TSR)	17.5%	Rank of the Company's total shareholder return for the performance period against automotive peer group	Market-based
Sustainability: CO ₂ Equivalent Emission Improvement (CO ₂)	10.5%	CO ₂ equivalent emission improvement during the performance period; Threshold 6.5%, maximum 9.5%	Non-market-based
Sustainability: ISS Social Score (ISS)	7%	Average ISS social quality scores during the performance period; Threshold 4, maximum 2	Non-market-based
Time-based	30%	Continued service throughout the performance period	Non-market-based

2023 Conditional Share Awards – Executives

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Adjusted Return on Capital Employed (ROCE)	50%	Threshold 14%, maximum 20%	Non-market-based
Total Shareholder Return (TSR)	25%	Rank of the Company's total shareholder return for the performance period against automotive peer group	Market-based
Sustainability: CO ₂ Equivalent Emission Cumulative Target (CO ₂)	15%	CO ₂ equivalent emission target goal in tonnes; Threshold 670,913, maximum 645,105	Non-market-based
Sustainability: ISS Social Score (ISS)	10%	Average ISS social quality scores during the performance period; Threshold 3, maximum 2	Non-market-based

2023 Conditional Share Awards – Other

Tranche	Percentage of award grant	Performance condition	Performance condition classification
Adjusted Return on Capital Employed (ROCE)	35%	Threshold 14%, maximum 20%	Non-market-based
Total Shareholder Return (TSR)	17.5%	Rank of the Company's total shareholder return for the performance period against automotive peer group	Market-based
Sustainability: CO ₂ Equivalent Emission Cumulative Target (CO ₂)	10.5%	CO ₂ equivalent emission target goal in tonnes; Threshold 670,913, maximum 645,105	Non-market-based
Sustainability: ISS Social Score (ISS)	7%	Average ISS social quality scores during the performance period; Threshold 3, maximum 2	Non-market-based
Time-based	30%	Continued service throughout the performance period	Non-market-based

Award holders are entitled to a dividend equivalent payment, in respect of their awards, for all ordinary dividends that are declared and paid between the award date and the settlement date. These may be paid in cash at the date of vesting, or paid in the form of additional conditional awards, subject to the same conditions as the original grant.

As the awards are settled in shares of the Company, or cash at the discretion of the Company, they are accounted for as equity-settled awards under IFRS 2 and fair valued at date of grant using the Black-Scholes Option Pricing Model (AFC, E&S, Time-based, ROCE, CO₂ and ISS tranches) and Monte Carlo simulation (TSR tranche). The charge is recognised in the Income Statement on a straight-line basis over the vesting period, with the anticipated number of awards vesting adjusted for management's estimate of forfeiture rate and attainment of non-market-based performance conditions. Achievement of market-based performance conditions is reflected in the initial fair value of the award.

The weighted average fair value of awards granted in the year was €1.22 (2022: €1.75).

The assumptions used for the grants in the year included a weighted average share price of €0.92 for 'Executives' and €1.49 for 'Other' (2022: €2.22 and €1.84), expected option life of three years (2022: three years), expected volatility of 51.4% for 'Executives' and 44.2% for 'Other' (2022: 48.0% and 48.6%) and a weighted average risk-free interest rate of 3.4% for 'Executives' and 4.9% for 'Other' (2022: 1.41% and 1.47%). Awards made to Executive Directors are subject to a two-year holding period post vesting, for which the valuations have been discounted accordingly.

Notes to the Group Financial Statements continued

10. Share-based compensation continued

The expected volatility is based on the historical volatility of the Company's share price since its admission to trading on 25 October 2017.

The expected volatility of the comparator companies' share prices and correlation to TIFS is measured over a three-year period, commensurate with the expected term of the awards.

The risk-free rate of return is based on zero-coupon UK Government bond yields corresponding to the expected term.

As award holders are entitled to dividend equivalent compensation during the vesting period, no dividend yield assumption is required in the valuation of these awards.

The table below provides a reconciliation of awards outstanding:

	Number of awards
Outstanding at 1 January 2022	18,410,928
Granted during the year	7,406,928
Vested during the year	(4,026,543)
Forfeited during the year	(5,811,813)
Outstanding at 31 December 2022	15,979,500
Granted during the year	12,227,771
Vested during the year	(4,763,041)
Forfeited during the year	(2,464,538)
Outstanding at 31 December 2023	20,979,692

The total share-based expense for the year was €7.9 million, including net reversal of accrued employer's taxes of €0.7 million in relation to employers taxes (2022: €10.2 million and charge €0.6 million).

11. Other gains and losses

	2023 €m	2022 €m
Government grant income	1.3	1.6
Rental income (Note 18)	0.8	0.8
Insurance claims	0.1	0.1
Royalty income	0.1	–
Losses on disposal of PP&E, intangible assets, and right-of-use assets	(0.2)	(0.3)
Other miscellaneous items	2.5	(0.3)
Total other gains and losses	4.6	1.9

12. Finance income and expense

	Note	2023 €m	2022 €m
Finance income			
Interest on short-term deposits, other financial assets and other interest income		7.5	3.9
Interest income on indirect tax receivable		0.1	–
Fair value gains on derivatives and foreign exchange contracts not in hedged relationships		–	1.8
Finance income		7.6	5.7
Finance expense			
Interest payable on term loans before expensed fees	28.1	(37.4)	(24.8)
Interest payable on term loans: expensed fees	28.1	(3.1)	(3.5)
Interest payable on term loans: expensed fees on voluntary repayments of borrowings	28.1	(2.8)	–
Interest payable on unsecured senior notes before expensed fees	28.1	(22.5)	(22.5)
Interest payable on unsecured senior notes: expensed fees	28.1	(1.1)	(1.2)
Net interest expense of retirement benefit obligations	30.2	(4.5)	(2.8)
Net interest expense related to specific uncertain tax positions		–	(0.1)
Interest payable on lease liabilities	18	(10.2)	(9.3)
Other finance expense		(0.7)	(0.2)
Finance expense		(82.3)	(64.4)
Total net finance expense		(74.7)	(58.7)

13. Income tax

13.1. Income tax (expense)/credit

	2023 €m	2022 €m
Current tax on profit for the year	(77.2)	(66.0)
Adjustments in respect of prior years	7.4	8.6
Total current tax expense	(69.8)	(57.4)
Origination and reversal of temporary deferred tax differences	32.3	34.0
Exceptional – deferred tax impact of impairment charge	–	20.1
Total deferred tax benefit	32.3	54.1
Income tax expense – Income Statement	(37.5)	(3.3)
Origination and reversal of temporary deferred tax differences	(0.7)	(6.9)
Income tax expense – Statement of Comprehensive Income	(0.7)	(6.9)
Total income tax expense	(38.2)	(10.2)

In 2022, the Group reported an exceptional impairment charge of €317.4 million with a deferred tax benefit of €20.1 million, which results in an exceptional effective tax rate of 6.3%. The low exceptional effective tax rate in the prior year is due to the fact that the majority of the impairment is related to goodwill that does not carry a deferred tax balance and, therefore, this portion of the impairment is not tax effected.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. This UK legislation implements a domestic top-up tax and a multinational top-up tax (UK Pillar Two taxes), effective for accounting periods starting on or after 31 December 2023. The Group is in scope of the legislation and has performed an assessment of its potential exposure based on the most recent tax filings, country-by-country reporting for 2022 and tax charges included in these 2023 financial statements for the constituent entities in the Group. Based on the assessment, the UK Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%, there are only a limited number of jurisdictions where the transitional safe harbour relief should not apply and the Group does not expect a material exposure to UK Pillar Two taxes in those jurisdictions. The Group has applied the exception under the IAS 12 Paragraph 4A amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK statutory tax rate applicable to profits of the consolidated entities as follows:

	2023		2022	
	Before and after exceptional items €m	Before exceptional items €m	Exceptional items €m	After exceptional items €m
Profit before income tax	121.1	41.7	(317.4)	(275.7)
Income tax calculated at UK statutory tax rate of 23.5% (2022: 19%) applicable to profits in respective countries	(28.5)	(7.9)	60.3	52.4
Tax effects of:				
Overseas tax rates	0.7	(3.6)	3.0	(0.6)
Utilisation of government incentives*	7.2	2.1	–	2.1
Favourable adjustments for tax purposes*	17.7	7.8	–	7.8
Expenses not deductible for tax purposes	(17.2)	(17.1)	–	(17.1)
Expenses not deductible for tax purposes – goodwill impairment	–	–	(41.2)	(41.2)
Temporary differences on unremitted earnings	1.0	0.2	–	0.2
Specific tax provisions	(8.3)	(3.6)	–	(3.6)
Unrecognised current year deferred tax assets	(10.3)	(9.1)	(2.0)	(11.1)
Adjustment in respect of prior years – current tax adjustments	7.4	8.6	–	8.6
Adjustment in respect of prior years – deferred tax adjustments	0.8	6.4	–	6.4
Impact of changes in tax rate	0.4	(0.4)	–	(0.4)
Other local taxes, national minimum taxes and withholding taxes	(21.4)	(10.1)	–	(10.1)
Double tax relief and other tax credits	13.0	3.3	–	3.3
Income tax (expense)/benefit – Income Statement	(37.5)	(23.4)	20.1	(3.3)
Deferred tax expense on remeasurement of retirement benefit obligations	(0.7)	(6.9)	–	(6.9)
Income tax expense – Statement of Comprehensive Income	(0.7)	(6.9)	–	(6.9)
Total tax (expense)/benefit	(38.2)	(30.3)	20.1	(10.2)

* In the prior year, 'Utilisation of government incentives' and 'Favourable adjustments for tax purposes' were combined and presented as 'Income not subject to tax'.

Notes to the Group Financial Statements continued

13. Income tax continued

Favourable adjustments for tax purposes comprised various local tax deductions related to foreign exchange movements, inflation adjustments, local taxes and non-taxable interest.

Other taxes comprised various local and national minimum taxes of €5.2 million (2022: €1.7 million) together with taxes withheld on dividend, interest and royalty remittances totalling €16.2 million (2022: €8.4 million).

In 2022, the Group reported an exceptional impairment charge of €317.4 million with a deferred tax benefit of €20.1 million. The majority of the impairment was related to goodwill that does not carry a deferred tax balance and, therefore, this portion of the impairment is not tax effected and results in a material unfavourable permanent tax adjustment.

Factors that may affect future tax charges include the continued non-recognition of deferred tax assets in certain territories as well as the existence of tax losses in certain territories, which could be available to offset future taxable income in certain territories and for which no deferred tax asset is currently recognised.

13.2. Current income tax assets and liabilities

	2023 €m	2022 €m
Current income tax assets	9.0	7.9
Current income tax liabilities	(55.4)	(44.5)
	(46.4)	(36.6)

Uncertain tax positions

The Group maintains a provision for uncertain tax positions. As at 31 December 2023, the balance was €33.6 million (2022: €32.6 million). The Group is aware of an increase in global tax audit scrutiny and, therefore, continues to closely monitor tax uncertainties in all geographic regions. As each uncertain tax provision is considered more likely than not to materialise, settlement of the issues that have been provided should not result in a material impact to the effective tax rate. However, in the event that a favourable conclusion is reached on an uncertain tax position, release of the provision would have a favourable impact on the Group's effective tax rate. In the event that a conclusion is reached that exceeds the amount provided for an uncertain tax position, there would be an unfavourable impact on the Group's effective tax rate. It is possible that certain tax issues related to the remaining uncertain tax provisions could settle within the next twelve months although the timing of any settlements are not certain.

13.3. Deferred tax assets and liabilities

	2023 €m	2022 €m
Deferred tax assets	126.1	105.2
Deferred tax liabilities	(58.7)	(80.7)
	67.4	24.5

The total deferred tax asset balance as at 31 December 2023 is €126.1 million (2022: €105.2 million). It is expected that €47.7 million (2022: €32.8 million) of the deferred tax asset will be recovered within the next 12 months and the remaining €78.4 million (2022: €72.4 million) of the deferred tax asset will be recovered after 12 months.

The total deferred tax liability balance as at 31 December 2023 is €58.7 million (2022: €80.7 million). It is expected that €14.9 million (2022: €14.8 million) of the deferred tax liability will be settled within the next 12 months and the remaining €43.8 million (2022: €65.9 million) of the deferred tax liability will be settled after 12 months.

13.3.1. Movement on net deferred tax assets/(liabilities)

	2023 €m	2022 €m
At 1 January	24.5	(25.3)
Income statement benefit	32.3	34.0
Exceptional income statement benefit – tax impact of impairment charge	–	20.1
Tax on remeasurement of retirement benefit obligations	(0.7)	(6.9)
Transfer of uncertain tax position balance from deferred tax to current tax	6.5	2.0
Acquisition – deferred tax asset (Note 20)	0.1	–
Currency translation	4.7	0.6
At 31 December	67.4	24.5

Recognition of deferred tax assets is based on forecast taxable income and a key input is the Group's 2024 budget and 2025 to 2028 Medium-Term Plan. Estimation is used in the budget and plan in forecasting global automotive production, pricing and operating costs. In addition, it requires the exercise of Management's judgement regarding the period over which recoverability is assessed taking into account factors such as regulations regarding the amount of tax losses that can be utilised per year and any restrictions on the amount of time that tax losses can be carried forward.

Typically losses are anticipated to be utilised against profits arising within a period not exceeding 15 years. In some cases tax regulations place significant restrictions on the amount of losses that can be used in any year and in these cases a longer time period may be utilised. The value of deferred tax assets relating to utilisation of profits in excess of a 15 year period is approximately €6.8 million (2022: €6.0 million).

The aggregate amount of tax liabilities not recognised with respect to temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures is nil (2022: nil).

13.3.2. Gross deferred tax assets and liabilities

The analysis of deferred tax assets and liabilities below represents gross amounts before netting of deferred tax assets and liabilities in certain tax jurisdictions as reflected in the table in 13.3 above.

Gross deferred tax assets and	Assets						Liabilities						Total €m
	Provision for pensions and employee benefits €m	Deferred interest deductions €m	Tax losses €m	Tax credits €m	Capitalised research and development costs €m	Other specific provisions €m	Excess depreciation on fixed assets and goodwill €m	Development intangibles €m	Acquisition-related intangible assets €m	Loan fees €m	Unremitted earnings €m		
At 1 January 2022	30.9	2.2	25.8	18.8	–	15.1	(27.2)	(17.0)	(50.0)	(0.2)	(23.7)	(25.3)	
Included in the Income Statement	0.4	(0.5)	26.0	(5.9)	7.5	(13.1)	7.3	0.9	11.1	0.2	0.1	34.0	
Exceptional income statement benefit – tax impact of impairment charge	–	–	–	–	–	–	17.3	–	2.8	–	–	20.1	
Included in other comprehensive income	(6.9)	–	–	–	–	–	–	–	–	–	–	(6.9)	
Transfer of uncertain tax position balance from current tax to deferred tax	–	–	–	1.0	–	1.0	–	–	–	–	–	2.0	
Currency translation differences	1.3	0.1	(0.5)	0.8	(0.1)	0.8	(1.5)	(0.1)	(1.1)	–	0.9	0.6	
At 31 December 2022	25.7	1.8	51.3	14.7	7.4	3.8	(4.1)	(16.2)	(37.2)	–	(22.7)	24.5	
Included in the Income Statement	3.0	1.0	1.6	(5.3)	8.5	10.0	1.5	1.0	10.0	–	1.0	32.3	
Included in other comprehensive income	(0.7)	–	–	–	–	–	–	–	–	–	–	(0.7)	
Transfer of uncertain tax position balance from deferred tax to current tax	–	–	–	1.7	–	4.8	–	–	–	–	–	6.5	
Acquisition – deferred tax asset	–	–	–	–	–	0.1	–	–	–	–	–	0.1	
Currency translation differences	–	–	0.6	(0.2)	(0.4)	(0.1)	1.0	0.4	1.3	–	2.1	4.7	
At 31 December 2023	28.0	2.8	53.5	10.9	15.5	18.6	(1.6)	(14.8)	(25.9)	–	(19.6)	67.4	

13.4. Unrecognised deferred tax assets

Deferred income tax assets are recognised for deductible temporary differences, tax credits and tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2023, the Group did not recognise deferred income tax assets (net of specific tax provisions) of €229.9 million (2022: €221.4 million). This is principally represented by gross tax losses in respect of which no deferred income tax asset was recognised (before the netting of specific provisions) amounting to €700.2 million (2022: €687.2 million) that can be carried forward against future taxable income. All material tax losses referred to above can be carried forward without time limitation.

Notes to the Group Financial Statements continued

14. Earnings per share

14.1. Basic and diluted earnings per share

	2023			2022		
	Profit attributable to shareholders (€m)	Weighted average number of shares (in millions)	Earnings per share (€, cents)	Loss attributable to shareholders (€m)	Weighted average number of shares (in millions)	Earnings per share (€, cents)
Basic	83.5	515.6	16.19	(279.1)	513.1	(54.39)
Dilutive potential ordinary shares	-	2.6	-	-	-	-
Diluted	83.5	518.2	16.11	(279.1)	513.1	(54.39)

The potential shares related to the €19.0 million liability included within accrued expenses (Note 27) regarding amounts committed for future own share purchases for subsequent cancellation, have not been included in the calculation of diluted earnings per share in the year because they would be antidilutive.

In 2022, dilutive potential ordinary shares of 7.3 million were not included in the calculation of diluted earnings per share in the year because they were antidilutive.

Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease earnings per share, or increase loss per share, from continuing operations.

For the purposes of calculating diluted and Adjusted diluted EPS, the weighted average number of ordinary shares is adjusted to include the weighted number of ordinary shares that would be issued on the conversion of all potential ordinary shares expected to vest, which relate to the Group's long-term incentive plans.

14.2. Adjusted earnings per share

	2023		2022	
	Adjusted basic	Adjusted diluted	Adjusted basic	Adjusted diluted
Adjusted net income (€m)*	132.8	132.8	84.3	84.3
Weighted average number of shares (in millions)	515.6	518.2	513.1	513.1
Adjusted earnings per share (€, in cents)*	25.76	25.63	16.43	16.43

* Restated.

Adjusted net income is based on the profit for the year attributable to the Parent Company of €83.5 million (2022: €(279.1) million loss), after adding back exceptional items net of tax, and eliminating the impact of net restructuring charges, foreign exchange gains or losses, depreciation and amortisation arising on purchase accounting, customisation and configuration costs of significant SaaS arrangements, the costs associated with any business acquisitions or disposals, and the tax impact on adjusting items, totalling €49.3 million (2022: €363.4 million). Reconciliations of adjusted profit measures to statutory measures are included in Note 3.

15. Dividends

The following dividends were declared and paid by the Group:

	2023 €m	2022 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year-ended 31 December 2022 of 1.54 Euro cents per share (year ended 31 December 2021: 1.46 Euro cents per share)	8.0	7.5
Interim dividend for the year-ended 31 December 2023 of 2.30 Euro cents per share (year ended 31 December 2022: 1.00 Euro cents per share)	11.8	5.1
Total dividend	19.8	12.6

On 16 March 2023, the Group announced a final dividend of €8.0 million (2022: €7.5 million) at 1.54 Euro cents per share (2022: 1.46 Euro cents per share), which was paid on 23 June 2023.

On 8 August 2023, the Group announced an interim dividend for the year-ended 31 December 2023 of €11.8 million (2022: €5.1 million) at 2.30 Euro cents per share (2022: 1.00 Euro cents per share), which was paid on 15 September 2023.

The Group has adopted a progressive dividend policy, and decided to recommend a final dividend of 4.53 Euro cents per share amounting to €23.2 million. Subject to shareholder approval at the Annual General Meeting on 14 May 2024, the final dividend will be paid on 21 June 2024 to those on the register on 24 May 2024, the Dividend Record Date, and will be converted to Sterling at a fixed rate on the same date. The proposed liability has not been recorded as a liability at the balance sheet date in accordance with IAS 10 'Events after the reporting period'.

16. Intangible assets

	2023 €m	2022 €m
Goodwill	346.2	353.9
Capitalised development expenses, computer software and licences, technology and customer platforms	196.2	250.0
Total intangible assets	542.4	603.9

16.1. Goodwill

Goodwill is deemed to have an indefinite useful life. It is carried at cost and reviewed annually for impairment.

	€m
Cost at 1 January 2023	759.0
Arising on acquisition (Note 20)	11.6
Currency translation	(24.6)
Cost at 31 December 2023	746.0
Accumulated impairment at 1 January 2023	(405.1)
Currency translation	5.3
Accumulated impairment at 31 December 2023	(399.8)
Net book value at 31 December 2023	346.2

	€m
Cost at 1 January 2022	747.6
Currency translation	11.4
Cost at 31 December 2022	759.0
Accumulated impairment at 1 January 2022	(183.3)
Impairment – exceptional charge	(217.1)
Currency translation	(4.7)
Accumulated impairment at 31 December 2022	(405.1)
Net book value at 31 December 2022	353.9

16.2. Capitalised development expenses, computer software and licences, technology and customer platforms

Intangible assets are amortised over their useful economic life, which range from three to 25 years.

	Capitalised development expenses €m	Computer software and licences €m	Technology €m	Customer platforms* €m	Total €m
Cost at 1 January 2023	270.5	25.7	138.5	492.2	926.9
Accumulated amortisation	(179.1)	(19.9)	(135.0)	(342.9)	(676.9)
Net book value at 1 January 2023	91.4	5.8	3.5	149.3	250.0
Additions	21.6	0.7	–	–	22.3
Arising on acquisition (Note 20)	–	0.1	–	–	0.1
Disposals	(0.3)	–	–	–	(0.3)
Amortisation charge	(23.4)	(2.4)	(1.1)	(40.9)	(67.8)
Impairments	(0.5)	–	–	–	(0.5)
Currency translation	(2.2)	(0.3)	(0.2)	(4.9)	(7.6)
Net book value at 31 December 2023	86.6	3.9	2.2	103.5	196.2
Cost at 31 December 2023	280.8	26.3	10.8	476.1	794.0
Accumulated amortisation	(194.2)	(22.4)	(8.6)	(372.6)	(597.8)
Net book value at 31 December 2023	86.6	3.9	2.2	103.5	196.2

* Customer platforms includes intangible assets relating to: customer platforms, aftermarket customer relationships, trade names and trademarks.

Notes to the Group Financial Statements continued

16. Intangible assets continued

	Capitalised development expenses €m	Computer software and licences €m	Technology €m	Customer platforms €m	Total €m
Cost at 1 January 2022	267.2	24.9	137.8	481.9	911.8
Accumulated amortisation	(161.0)	(15.4)	(132.6)	(282.3)	(591.3)
Net book value at 1 January 2022	106.2	9.5	5.2	199.6	320.5
Additions	23.3	1.0	–	–	24.3
Disposals	(1.8)	–	–	–	(1.8)
Amortisation charge	(26.2)	(4.3)	(2.0)	(42.6)	(75.1)
Impairments – exceptional charge	(11.1)	(0.6)	–	(11.9)	(23.6)
Currency translation	1.0	0.2	0.3	4.2	5.7
Net book value at 31 December 2022	91.4	5.8	3.5	149.3	250.0
Cost at 31 December 2022	270.5	25.7	138.5	492.2	926.9
Accumulated amortisation	(179.1)	(19.9)	(135.0)	(342.9)	(676.9)
Net book value at 31 December 2022	91.4	5.8	3.5	149.3	250.0

The above amortisation charges for 'technology' and 'customer platforms' amounting to €42.0 million (2022: €44.6 million) arise from intangible assets recognised through purchase price accounting. Amortisation charges are included within costs of sales. During the year, part of the technology intangible became fully amortised and was disposed, with costs of €121.2 million and accumulated amortisation of €121.2 million, giving net nil impact on net book value.

As at 31 December 2023, goodwill of €346.2 million (2022: €353.9 million), technology of €2.2 million (2022: €3.5 million) and customer platforms of €103.5 million (2022: €149.3 million) relate to assets that arose from purchase price allocations following historic acquisitions.

A reconciliation of payments for intangible assets in the cash flow statement to the intangible asset additions in this note is analysed below:

	2023 €m	2022 €m
Payment for intangible assets in the cash flow statement	(19.0)	(27.1)
Movements in intangible payables	(3.3)	2.8
Intangible assets additions in this note (excluding goodwill)	(22.3)	(24.3)

16.3. Impairment test

At 31 December 2023, Management performed its annual impairment test in accordance with IAS 36 'Impairment of Assets'. As a result, no impairments were recognised. In the prior year, goodwill was impaired by €217.1 million and other intangibles were impaired by €23.6 million. Further details can be found in Note 19.

17. Property, plant and equipment

17.1. Movements in property, plant and equipment

	Land and buildings €m	Plant, machinery and equipment €m	Assets in the course of construction €m	Total €m
Cost	183.4	969.5	71.9	1,224.8
Accumulated depreciation	(67.4)	(626.0)	–	(693.4)
Net book value at 1 January 2023	116.0	343.5	71.9	531.4
Additions	4.4	14.5	90.9	109.8
Arising on acquisition (Note 20)	2.5	5.7	0.8	9.0
Disposals	–	(0.5)	(1.1)	(1.6)
Impairments	–	(0.1)	–	(0.1)
Transfers between categories	3.6	62.0	(65.6)	–
Depreciation charge	(6.4)	(78.5)	–	(84.9)
Currency translation	(1.7)	(11.4)	(4.0)	(17.1)
Net book value 31 December 2023	118.4	335.2	92.9	546.5
Cost	200.4	1,022.8	92.9	1,316.1
Accumulated depreciation	(82.0)	(687.6)	–	(769.6)
Net book value at 31 December 2023	118.4	335.2	92.9	546.5

Included in land and buildings is a property (cost: €1.3 million and net book value: €0.8 million) that is let to an external party. The fair value of this property at 31 December 2023 is €4.3 million (2022: €4.1 million).

Also included in land and buildings is a property that at 31 December 2023 was held for sale with cost: €6.0 million and net book value: €1.7 million.

As at 31 December 2023, land and buildings of €46.9 million (2022: €48.1 million) and plant, machinery and equipment of €0.6 million (2022: €4.9 million) relate to asset valuations that arose from purchase price allocations following historic acquisitions.

	Land and buildings €m	Plant, machinery and equipment €m	Assets in the course of construction €m	Total €m
Cost	169.7	875.9	66.8	1,112.4
Accumulated depreciation	(46.0)	(460.5)	(10.5)	(517.0)
Net book value at 1 January 2022	123.7	415.4	56.3	595.4
Additions	0.5	5.5	88.1	94.1
Disposals	–	(4.9)	–	(4.9)
Impairments – non-exceptional	–	(1.0)	–	(1.0)
Impairments – exceptional items	(6.3)	(52.0)	–	(58.3)
Transfers between categories	3.7	69.6	(73.3)	–
Depreciation charge	(6.7)	(93.7)	–	(100.4)
Currency translation	1.1	4.6	0.8	6.5
Net book value at 31 December 2022	116.0	343.5	71.9	531.4
Cost	183.4	969.5	71.9	1,224.8
Accumulated depreciation	(67.4)	(626.0)	–	(693.4)
Net book value at 31 December 2022	116.0	343.5	71.9	531.4

A reconciliation of payments for property, plant and equipment in the cash flow statement to the property, plant and equipment additions in this Note is analysed below:

	2023 €m	2022 €m
Payment for property, plant and equipment in the cash flow statement	(105.4)	(90.8)
Movements in property, plant and equipment payables	(4.4)	(3.3)
Property, plant and equipment additions in this Note	(109.8)	(94.1)

Notes to the Group Financial Statements continued

17. Property, plant and equipment continued

17.2. Depreciation charge

The above depreciation charge includes €3.6 million from 'plant, machinery and equipment' in relation to the fair value uplift arising from purchase price accounting (2022: €9.9 million).

The total depreciation charge is analysed below:

	2023 €m	2022 €m
Cost of sales	84.2	99.7
Administrative expenses	0.7	0.7
Total depreciation charge	84.9	100.4

18. Leases

18.1. Leasing activities

The Group as lessee

The Group leases various manufacturing facilities, offices, plant and machinery, and cars. Rental contracts are typically made for fixed initial periods of one to ten years for manufacturing facilities and offices, and two to five years for plant and machinery, and cars. Many agreements also have extension options, as described below, and contain a range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group as lessor

Property that is surplus to the Group's requirements may be sub-let to third parties. The future aggregate minimum rentals receivable under non-cancellable operating leases at 31 December 2023 was €1.9 million (2022: €0.6 million). During the year, a total of €0.8 million of rental income was recognised in the Income Statement (2022: €0.8 million).

18.2. Amounts recognised in the Balance Sheet

The Balance Sheet shows the following amounts relating to the Group's activities as a lessee:

	2023 €m	2022 €m
Right-of-use assets	97.1	109.3
Non-current liabilities		
Lease Liabilities	107.6	121.5
Current liabilities		
Lease Liabilities	24.9	28.1
Total lease liabilities	132.5	149.6

18.2.1. Right-of-use assets

Movements in right-of-use assets in the year are disclosed below:

	Land and buildings €m	Plant, machinery and equipment €m	Total €m
At 1 January 2023	102.6	6.7	109.3
Additions	7.6	6.8	14.4
Arising on acquisition (Note 20)	–	0.3	0.3
Transfers to PP&E	(0.2)	–	(0.2)
Disposals	(0.5)	–	(0.5)
Remeasurements	2.5	(0.1)	2.4
Depreciation charge	(20.3)	(5.3)	(25.6)
Currency translation	(3.4)	0.4	(3.0)
Net book value at 31 December 2023	88.3	8.8	97.1
Cost	196.7	21.7	218.4
Accumulated depreciation	(108.4)	(12.9)	(121.3)
Net book value at 31 December 2023	88.3	8.8	97.1

The most significant addition in the current year is for €2.6 million for a new facility at Huainan in China. In the prior year, the most significant additions were for e-Mobility Innovation Centres (eMICs) in North America and Asia, which collectively totalled €24.4 million.

The above depreciation charge includes a €0.1 million credit (2022: €0.2 million credit) in 'land and buildings' in relation to the fair value adjustment arising from purchase price accounting. As at 31 December 2023, land and buildings of €nil (2022: €0.1 million) relate to asset valuations that arose from purchase price allocations following historic acquisitions.

	Land and buildings €m	Plant, machinery and equipment €m	Total €m
At 1 January 2022	115.6	9.6	125.2
Additions	37.9	4.7	42.6
Disposals	(13.3)	–	(13.3)
Remeasurements	1.3	–	1.3
Impairments – exceptional	(16.0)	(2.4)	(18.4)
Impairments – non-exceptional	(0.4)	–	(0.4)
Depreciation charge	(25.2)	(5.5)	(30.7)
Currency translation	2.7	0.3	3.0
Net book value at 31 December 2022	102.6	6.7	109.3
Cost	201.5	19.8	221.3
Accumulated depreciation	(98.9)	(13.1)	(112.0)
Net book value at 31 December 2023	102.6	6.7	109.3

18.2.2. Lease liabilities

Movements in lease liabilities in the year are disclosed below:

	Note	2023 €m	2022 €m
At 1 January		149.6	149.9
Additions	28.5	14.4	42.6
Arising on acquisition	20/28.5	0.3	–
Disposals		(0.5)	(14.3)
Remeasurements		2.4	1.3
Accrued interest	12	10.2	9.3
Repayments		(40.2)	(42.2)
Currency translation		(3.7)	3.0
At 31 December		132.5	149.6
Non-current		107.6	121.5
Current		24.9	28.1
At 31 December		132.5	149.6

Extension options (or periods after termination options) are only included for measurement purposes in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of €54.1 million (2022: €56.9 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Group is also committed to €32.9 million of future lease payments, not yet commenced as at 31 December 2023 (2022: €24.8 million). This includes €19.8 million (2022: €21.1 million in relation to locations for the Group's e-Mobility Innovation Centres (eMICs).

The range of incremental borrowing rates applied to lease liabilities in the year by region was:

	2023 Range	2022 Range
Europe and Africa	3.2–25.9%	3.2–25.9%
North America	3.4–15.6%	3.4–14.7%
Asia Pacific	3.9–11.2%	3.9–11.2%
Latin America	11.7–18.5%	7.6–47.9%

The weighted average incremental borrowing rate applied to the lease liabilities at 31 December 2023 is 7.7% (2022: 6.7%). The Group believes that any reasonably possible change in the weighted average incremental borrowing rate would not cause the carrying value of lease liabilities or the lease interest payable charged to the Income Statement to be materially different.

Notes to the Group Financial Statements continued

18. Leases continued

The maturity of lease liabilities is:

	Total minimum lease payments €m	Interest €m	Principal €m
Less than one year	34.1	9.2	24.9
Between one and three years	52.6	13.5	39.1
Between three and five years	33.1	8.5	24.6
Over five years	55.8	11.9	43.9
Total at 31 December 2023	175.6	43.1	132.5

	Total minimum lease payments €m	Interest €m	Principal €m
Less than one year	41.1	13.0	28.1
Between one and three years	59.6	18.7	40.9
Between three and five years	36.9	8.3	28.6
Over five years	62.7	10.7	52.0
Total at 31 December 2022	200.3	50.7	149.6

The currency denomination of lease liabilities is:

	2023 €m	2022 €m
US dollar	52.8	59.4
Euro	49.1	55.3
Chinese renminbi	15.7	18.4
Other	14.9	16.5
Total lease liabilities	132.5	149.6

18.3. Amounts recognised in the income and cash flow statements

The income statement includes the following amounts relating to leases:

Expense/(income)	Note	2023 €m	2022 €m
Depreciation charge of right-of-use assets		25.6	30.7
Exceptional impairment charge of right-of-use assets	9, 19	–	18.4
Non-exceptional impairment charge of right-of-use assets		–	0.4
Interest payable on lease liabilities	12	10.2	9.3
Expense relating to short-term and low value leases	6.1	7.5	7.0
Rental income as lessor	11	(0.8)	(0.8)

The total depreciation charge on right-of-use assets in 2023 and 2022 is all reported in cost of sales.

The statement of cash flows includes the following amounts relating to the Group's activities as a lessee:

	2023 €m	2022 €m
Cash paid for short-term and low value leases reported within cash generated from operations	7.5	7.0
Interest paid on lease liabilities reported within interest paid	10.2	9.3
Lease principal repayments reported separately in cash flows from financing activities	30.0	32.9
Total cash outflow as a lessee	47.7	49.2

19. Impairments

19.1. Impairment tests for goodwill and intangibles

As part of the Bain Capital acquisition, the purchase of TIFS Holdings Ltd (TIFSHL) on 30 June 2015, being the previous Parent Company of the Group, and the consequent fair valuation of assets and liabilities, resulted in recognition of goodwill of €711.1 million and other intangible assets of €663.2 million. The purchase of Millennium Industries Corporation on 16 February 2016 resulted in recognition of goodwill of €57.1 million and other intangible assets of €72.6 million, included in the FCS North Americas CGU. The acquisition of Cascade Engineering Europe on 2 November 2023 resulted in the recognition of goodwill with a provisional value of €11.6 million (see Note 20).

The non-goodwill intangible assets recognised from the acquisitions outlined above included €369.7 million and €57.1 million in relation to customer platforms arising on the Bain and Millennium acquisitions respectively. These assets reflect the future revenue expected to arise from customer platforms existing at the date of acquisition, based on platform lives and probabilities of renewals.

The impairment test for goodwill and intangible assets is conducted at the level at which Management monitor goodwill, which is the intersection between the two operating segments, FCS and FTDS, and the geographic sub-divisions, North America (NA), Europe & Africa (EU), Asia Pacific (AP) and Latin America (LA).

During 2020, an impairment loss of €304.6 million was recognised due to volume deterioration driven by the COVID-19 pandemic, with €184.2 million allocated to goodwill and the remaining €120.4 million apportioned across other assets on a pro rata basis, as required by IAS 36 'Impairment of assets'.

A further impairment loss of €317.4 million was recognised in 2022, with €217.1 million allocated to goodwill and the remaining €100.3 million apportioned across other assets on a pro rata basis, as required by IAS 36 'Impairment of assets'. This impairment was driven by several factors, including a declining trend in volume projections for light vehicle production, supply chain disruptions and semiconductor shortages, the impact of Russia's invasion of Ukraine, challenges on profit margin posed by inflationary increases in input prices and energy costs to customers, and the impact on discount rates from increased interest rates.

The results of the 2022 impairment test indicated that the carrying values of CGU assets were higher than their recoverable amounts for four of the CGUs, resulting in the following impairment loss being recognised at 31 December 2022:

	Recoverable amount €m	Impairment of goodwill €m	Impairment of other assets €m	Total exceptional impairment charge €m
FCS North America	309.3	76.4	–	76.4
FCS Europe & Africa	159.0	140.7	78.4	219.1
FCS Latin America	–	–	1.8	1.8
FTDS Europe & Africa	285.8	–	20.1	20.1
	754.1	217.1	100.3	317.4

Notes to the Group Financial Statements continued

19. Impairments continued

The 'other asset' impairment loss of €100.3 million was apportioned across the respective CGU asset categories on a pro rata basis, resulting in the following asset class allocation:

	2022 impairment charge €m
Goodwill	217.1
Capitalised development expenses	11.1
Computer software and licences	0.6
Other intangible assets	11.9
Land & buildings	6.3
PP&E	52.0
Right-of-use assets	18.4
	317.4

2023 has seen a stabilisation of the driving factors behind the 2022 impairment. External forecasts from S&P Global Mobility has seen some improvement in the volume projections for light vehicle production when compared to 2022 expectations. The business has been successful in passing on some of the increased costs from inflationary pressures to customers through cost recoveries and repricing, which has improved underlying profitability. Declining bond yields during the year which impacted discount rates have had a favourable effect on the headroom of the CGUs in the 2023 impairment test.

The carrying values of goodwill and other intangible assets as at 31 December 2023 are as follows:

	2023		2022	
	Goodwill €m	Other intangibles €m	Goodwill €m	Other intangibles €m
FCS				
North America	80.8	47.2	83.6	63.5
Europe & Africa	11.6	18.5	–	21.2
Asia Pacific	229.6	42.6	244.6	61.6
Latin America	–	–	–	–
FTDS				
North America	–	2.4	–	5.1
Europe & Africa	–	53.1	–	58.6
Asia Pacific	24.2	32.4	25.7	40.0
Latin America	–	–	–	–
	346.2	196.2	353.9	250.0

Goodwill in FCS Europe & Africa arose on acquisition of Cascade Engineering Europe (CEE), see Notes 16 and 20.

The intangible assets above include customer platforms arising on the Bain and Millennium acquisitions with carrying values at 31 December 2023 of €68.8 million and €16.2 million respectively (2022: €114.5 million and €22.1 million) and remaining useful lives of 2.5 and 3.1 years.

19.2. 2023 Impairment assessment

IAS 36 'Impairment of assets' requires the recoverable amount to be determined based on the higher of value-in-use and fair value less costs of disposal. In carrying out the 2023 annual impairment assessment, Management considered both value-in-use and fair value less costs of disposal to determine the recoverable amount. As a result, recoverable amounts are predominantly determined using fair value less costs of disposal, which were estimated with the input of external experts, using a weighted combination of the discounted cash flow method at 75%, and guideline public company method at 25% (where fair values are determined by referring to the historical and/or anticipated financial metrics of the CGUs by multiples, such as enterprise value to EBITDA, derived from an analysis of certain guideline companies). These fair values are classified as Level 3 fair value measurement within the fair value hierarchy.

The basis of the fair value less costs of disposal valuation is forecast operating cash flows covering the years 2024–2028 from the Group's latest budget and Medium-Term Plan (MTP) approved by the Board of Directors, which utilises S&P Global Mobility global light vehicle production forecasts. The Group is forecasting based on global automotive production volumes commencing in 2024 of 88.1 million.

Volume forecasts are adjusted for product mix, pricing assumptions and market outperformance to establish forecast sales values. Contribution margin, fixed cost, research and development expenditure, capital expenditure and working capital management estimates are then applied

to arrive at the forecast operating cash flows for inclusion in the model. In following this approach, Management carefully assessed the cost recovery rates that are expected to be achieved in the future taking into consideration historical experiences. In addition, the impact of cost increases arising from the continued effect of decarbonisation of the supply chain or carbon taxes, is assumed to be recovered from the customer base.

Cash flows resulting from restructuring activities, and enhanced capital expenditure (such as our developing thermal product portfolio), are reflected in the forecasts. Cash flows from the Corporate function are allocated to CGUs based on their respective proportion of total Group revenue.

The five-year operating cash flows were taken from the MTP, with a further five years extrapolated using the long-term expected growth rate, which were then discounted to present value using CGU-specific discount rates, and combined with a perpetuity value calculated by applying the long-term expected growth rate to the terminal year cash flow forecast.

A single base set of 2024–2028 volume forecasts has been utilised, with a specific FTDS long-term expected negative growth rate being applied in the long-term cash flow estimation, as further explained below.

The forecast operating cash flows are on a nominal basis and therefore include the effect of inflation. They are then discounted using nominal discount rates.

As outlined in Note 1, Management have considered the potential impacts of climate change on the impairment assessment. Cost implications of managing the impact of climate change have been incorporated into the forecast operating cash flows within the impairment model. These include expenditure to reduce the carbon output from the Group's production processes and to increase the mix of renewable energy within the Group's electricity consumption, in line with our commitment to a 50% reduction of Scope 1 & 2 emissions and a 30% reduction in Scope 3 emissions by 2030 based on a 2021 baseline. As previously noted, other costs arising from the effects of climate change are assumed to be recovered from customers.

Climate change also poses transitional risks to the products that the Group currently manufactures. This is particularly evident in the FTDS division, where existing products predominantly cater for internal combustion engine (ICE) vehicle platforms. The impact of climate change on environmental regimes and automotive market trends has a significant bearing on the rate of transition to battery electric vehicle (BEV) platforms. In some jurisdictions this transition will be mandated, as governments enforce requirements for curtailing the production of ICE vehicles, in order to achieve climate-related commitments.

Whilst an increase in hybrid electric vehicle (HEV) production and their need for higher margin pressurised fuel tanks, offers mid-term opportunities for the FTDS division, the eventual transition to BEV will result in a declining market for existing FTDS products. Management's forecasts indicate that the peak in ICE and HEV vehicle production will occur in the mid-to late-2020s with BEV platforms subsequently driving future growth in the automotive market.

The risk to future cash flows that can be achieved from the current FTDS technology and asset base has been captured in the impairment model by applying a negative growth rate to the terminal year perpetuity calculation. This is to account for the expected decline in the volumes of ICE and HEV vehicle after the MTP period (i.e. from 2029) due to the current climate change commitment from the COP21 Paris Agreement to limit global temperature increases over the next century to 1.5–2°C and associated climate change mitigations, coupled with changing customer behaviour in the future.

As the FCS division is less susceptible to future changes in platform mix that may arise as a result of climate change, it was not deemed appropriate to apply a negative growth rate, and a conventional positive long-term expected growth rate is used in the perpetuity calculation.

The 2023 impairment assessment resulted in no impairments in the year ended 31 December 2023. A limited headroom was observed in FCS-EU (€13.4 million), which is sensitive to reasonably possible changes in key assumptions.

The key assumptions used in the fair value less costs of disposal calculations are as follows:

- forecast operating cash flows
- long-term expected growth rates
- discount rates

Forecast operating cash flows are established as described above, based upon the Budget and MTP approved by the Board of Directors, which were prepared using external forecast volume data from S&P Global Mobility.

Long-term expected growth rates and discount rates are determined with input from external experts and utilise externally available sources of information, adjusted where relevant for industry-specific factors.

Long-term growth rates are based on long-term economic forecasts for growth in the automotive sector in the geographical regions in which the CGUs operate. As described above, for FTDS specifically, negative growth rates have been used in the terminal year perpetuity calculation to reflect the impact climate change may have on the rate of market transition to BEVs.

Notes to the Group Financial Statements continued

19. Impairments continued

The negative growth rates utilise a long-term forecast prepared by Management in conjunction with information from external sources, covering the period from 2029 to 2036. Based on this, a long-term negative compound annual growth rate (CAGR) was calculated for each of the FTDS CGUs, reflecting a forecast decline in ICE and HEV revenues over the long-term period. Compared to prior year assumptions, the deterioration in ICE and HEV revenues has been offset by significantly improved forecast revenues arising from BEV platforms, which has improved the negative growth rates in the division.

These negative growth rates are then applied in perpetuity and, therefore, reflected in the expected cash generation from ICE, HEV and BEV sales from 2029 onwards.

Discount rates are calculated for each division using a weighted average cost of capital specific to the geographical regions from which the cash flows are derived, and reflecting an appropriate company specific risk premium, with input from external experts.

The range of discount and growth rates used were as follows:

	2023		2022	
	Post-tax FCS	FTDS	Pre-tax FCS	FTDS
Discount rates				
North America	12.25%	15.00%	13.50%	14.00%
Europe & Africa	13.50%	12.75%	14.75%	15.25%
Asia Pacific	16.00%	12.75%	16.25%	13.00%
Latin America	14.75%	N/A	16.25%	N/A
Long-term growth rates				
North America	2.00%	(5.75)%	2.00%	(10.00)%
Europe & Africa	2.75%	(9.50)%	2.75%	(9.75)%
Asia Pacific	5.00%	–	5.00%	(0.80)%
Latin America	4.50%	N/A	4.50%	N/A

Discount rates above are those used in value-in-use or fair value less costs of disposal as applicable.

The Group ceased operations in FTDS Latin America in 2022.

Sensitivity analysis

Where a reasonably possible change in assumption could result in the recognition of additional impairment charges, or in the reversal of previously recognised impairment charges, sensitivity analysis has been performed.

Based on the level of headroom in FCS North America, FCS Asia Pacific, FTDS North America, FTDS Europe & Africa, and FTDS Asia Pacific, Management does not believe a reasonably possible change in assumptions would impact the headroom position of the CGU assets. The Latin America CGUs in both FCS and FTDS were fully impaired in 2020 due to forecast operating losses, with a further minor impairment loss in 2022. The sensitivity analysis has therefore been focussed on FCS Europe & Africa due to its relatively lower headroom.

The table below demonstrates the impact of changes in the long-term expected growth rates and discount rates, in isolation, as the CGU's headroom is sensitive to such changes.

FCS Europe & Africa is also sensitive to changes in forecast operating cash flows, which could be driven by factors such as reduced demand for products, failure to recover inflationary cost increases and other potential cost pressures, such as the future imposition of carbon taxes. The table also demonstrates the impact of an isolated 10% reduction in operating cash flow annually and into perpetuity.

	Assumption			Impact of 100 bps change	Impact of 10% change	
	Recoverable amount €m	Post-tax discount rate	Long-term expected growth rate	Discount rate €m	Long-term expected growth rate €m	Operating cash flow €m
FCS Europe & Africa	221.7	13.50%	2.75%	(30.0)	(20.0)	(30.0)

Should a reasonably possible change in input assumption materialise and trigger a further impairment loss, it would initially be allocated against the goodwill of €11.6 million, with any excess then being allocated across other assets on a pro rata basis.

20. Acquisition

On 2 November 2023, the Group completed a transaction to acquire 100% of the ordinary share capital of Cascade Engineering Europe (CEE) 'Cascade' an automotive company based in Hungary. After the acquisition, the Company was renamed TI Fluid Systems Hungary Kft.

The Company has applied purchase accounting to the acquisition and consolidated the activities of Cascade from the date of acquisition. Acquisition-related costs recognised as an expense in the year total €1.8 million and are included in administrative expenses. There are no unexpensed costs borne by the Group. The revenue contributed by Cascade in the year ended 31 December 2023 totalled €4.3 million.

If the business combination had occurred on 1 January 2023, it is estimated that the Group's revenue for the year would have been €25.8 million higher, whilst the impact on the Group's profit would not be material. This information is not necessarily indicative of the results of the combined operations, if the acquisition had actually occurred on 1 January 2023 and neither is it indicative of the future results of the combined operations.

The purchase consideration for the acquisition is as follows:

	2 November 2023 €m
Base purchase price	26.2
Working capital adjustments	0.1
Debt acquired settled immediately post-acquisition	(3.2)
Pre-existing relationships effectively settled on acquisition	(1.7)
Consideration	21.4
Initial cash consideration paid as shown in the Cash Flow Statement	16.9
Deferred consideration to be paid	4.5
Consideration	21.4

The purchase price before closing working capital adjustments was \$27.7 million (€26.2 million). There is no contingent consideration applicable to the transaction and no contingent liabilities have been recognised on the acquisition. Deferred consideration on the transaction totals \$4.8 million, (€4.5 million), of which \$1.1 million (€1.0 million) will be paid on 2 November 2024 and \$3.7 million (€ 3.5 million) on 2 May 2025.

The purchase consideration and provisional amounts of net assets acquired (including goodwill) are shown in the table below. Due to the proximity of the date of acquisition to the year-end, the values of net assets acquired as shown above are provisional. Upon finalisation of the purchase price allocation, separable acquired intangible assets will be recognised. These are not expected to be material.

	2 November 2023 €m
Consideration above	21.4
Intangible assets	0.1
Right-of-use assets	0.3
Property, plant and equipment	9.0
Inventories	6.3
Trade and other receivables	4.8
Deferred income tax assets	0.1
Trade and other payables	(7.0)
Current income tax liabilities	(0.3)
Borrowings: bank overdrafts	(3.2)
Lease liabilities	(0.3)
Net assets acquired	9.8
Total goodwill (Note 16)	11.6

The goodwill is attributable to the technical and manufacturing expertise of the workforce and the opportunity to leverage this expertise across key product lines across the Group. None of the goodwill is expected to be deductible for tax purposes.

Notes to the Group Financial Statements continued

21. Inventories

	2023 €m	2022 €m
Raw materials	171.5	181.0
Work-in-progress	45.4	50.8
Finished goods	41.6	36.8
Tooling under development	84.5	68.7
Consumables	35.4	34.7
Total inventories	378.4	372.0

Consignment inventories from external suppliers held on the Group's premises at 31 December 2023 amounted to €20.7 million (2022: €25.3 million) and are excluded from the balances above.

The cost of inventories recognised as an expense in cost of sales during the year was €1,717.6 million (2022: €1,620.9 million), including €4.6 million related to write-downs of inventory to net realisable value (2022: €7.6 million).

22. Trade and other receivables

	2023 €m	2022 €m
Trade receivables	469.7	465.4
Allowance for doubtful debts	(3.2)	(3.4)
Net trade receivables	466.5	462.0
Prepayments	68.1	68.1
Contract assets – accrued income	38.0	29.9
Other receivables	2.0	2.5
Total net trade and other receivables	574.6	562.5
Non-current	23.4	20.6
Current	551.2	541.9

Trade receivables disclosed above include amounts that are overdue at the balance sheet date for which the Group has not recognised an allowance for doubtful debts because there is still a reasonable expectation of recovering these balances.

22.1. Aged analysis of net trade receivables

	2023 €m	2022 €m
Not overdue	431.6	429.0
Up to three months overdue	32.2	27.8
Three to six months overdue	1.4	2.2
Over six months overdue	1.3	3.0
Net trade receivables	466.5	462.0

22.2. Movement in allowance for doubtful debts

	2023 €m	2022 €m
At 1 January	(3.4)	(4.9)
Receivables provided for as uncollectible	(1.4)	(1.3)
Amounts written off during the year as uncollectible	–	1.5
Amounts reversed during the year	1.6	1.3
At 31 December	(3.2)	(3.4)

In determining the recoverability of a trade receivable, the Group considers all currently available and forward-looking information to assess the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Receivables provided for as uncollectible and charged to the Income Statement are included in administrative expenses.

A loss allowance is recognised at an amount equal to the lifetime expected credit losses (ECL) over the life of the contract (lifetime ECL).

22.3. Movement in accrued income

	2023 €m	2022 €m
At 1 January	29.9	25.9
Unbilled performance	23.2	10.7
Transfers to receivables	(16.0)	(9.4)
Impairments through profit or loss	(0.9)	–
Other movements	2.9	2.5
Currency translation	(1.1)	0.2
At 31 December	38.0	29.9

Unbilled performance for the year is €15.0 million (2022: €5.3 million) which further include prepaid price downs of €8.2 million (2022: €5.4 million).

23. Cash and liquid assets

	2023 €m	2022 €m
Cash at bank and in hand	416.7	491.0
Total cash and liquid assets	416.7	491.0

The credit risk on cash and cash equivalents is limited because the balances are predominantly held with financial institutions with investment-grade ratings (BBB or above).

Cash and cash equivalent balances include €110.9 million (2022: €124.5 million) invested in money market funds with three months maturity or less. Cash and cash equivalent balances also include €0.7 million (2022: €1.4 million) held by subsidiaries as collateral primarily for letters of credit and foreign exchange facilities, and €0.5 million (2022: €1.1 million) held by subsidiaries which operate in countries where exchange control restrictions prevent the funds being available for general use by the Group.

24. Share capital

Authorised, issued and fully paid-up	Number of shares	Nominal value of each share	Ordinary shares £m	Ordinary shares €m	Share premium €m	Total €m
At 1 January 2023 and 2022	520,269,141	£0.01	5.2	6.8	2.2	9.0
Shares cancelled	(3,455,086)	£0.01	–	–	–	–
At 31 December 2023	516,814,055	£0.01	5.2	6.8	2.2	9.0

The Group holds shares in the TI Fluid Systems Employee Benefit Trust (EBT) for the purpose of satisfying awards made to employees under the TI Fluid Systems plc Long-Term Incentive Plan and Deferred Bonus Plan. Such shares are purchased on the open market and shown as a deduction to equity in the Statement of Changes in Equity until utilised, without further adjustments to their carrying value. They are utilised to satisfy the awards of equity-settled payments to employees on a first in first out basis.

The movements in ordinary shares held by the EBT in the current and prior year were as follows:

	Number of shares	€m
At 1 January 2022	3,931,173	10.5
Utilised to satisfy vested conditional share awards	(462,291)	(1.0)
Market purchase	4,209,646	11.4
At 31 December 2022	7,678,528	20.9
Utilised to satisfy vested Annual Bonus Plan	(209,792)	(0.7)
Utilised to satisfy vested conditional share awards	(3,748,742)	(10.4)
At 31 December 2023	3,719,994	9.8

The Company purchased 3,803,973 shares for cancellation, with nominal value £38,040 and consideration paid of €6.3 million including direct transaction costs. Of the shares purchased, the Group holds 348,887 own shares held pending cancellation, with value €0.6 million, not ordinarily rank for dividend.

Own shares held pending cancellation, and shares held in the EBT, are not treated as outstanding for the purposes of calculating earnings per share and do not ordinarily rank for dividend.

The Company is a public limited company, which is incorporated and domiciled in the United Kingdom, with registered number 09402231.

Notes to the Group Financial Statements continued

25. Other reserves

	Net investment hedges €m	Currency translation reserve €m	Total €m
At 1 January 2023	(9.1)	(46.3)	(55.4)
Currency translation attributable to owners of the Parent Company	–	(54.1)	(54.1)
Items that may be subsequently reclassified to profit or loss	–	(54.1)	(54.1)
At 31 December 2023	(9.1)	(100.4)	(109.5)

	Net investment hedges €m	Currency translation reserve €m	Total €m
At 1 January 2022	(9.1)	(52.3)	(61.4)
Currency translation attributable to owners of the Parent Company	–	6.0	6.0
Items that may be subsequently reclassified to profit or loss	–	6.0	6.0
At 31 December 2022	(9.1)	(46.3)	(55.4)

Capital redemption reserve

A capital redemption reserve was created on the repurchase and cancellation of ordinary shares of the Company. During the financial year, the aggregate nominal value of shares cancelled and transferred to the capital redemption reserve was €40,000 (2022: €nil).

26. Non-controlling interests

	2023 €m	2022 €m
At 1 January	0.5	0.4
Share of profit and total comprehensive income for the year	0.1	0.1
At 31 December	0.6	0.5

The Group holds a 97% interest in Bundy India Ltd (2022: 97%). Non-controlling interests at 31 December 2023 represent the remaining 3% in Bundy India Ltd (2022: 3%)

27. Trade and other payables

	2023 €m	2022 €m
Trade payables	315.9	306.1
Accrued expenses	211.4	170.5
Contract liabilities – deferred income	62.4	71.2
Social security and other taxes	43.4	39.3
Other payables	14.9	10.5
Total trade and other payables	648.0	597.6
Non-current	15.1	12.8
Current	632.9	584.8

Within accrued expenses is €19.0 million (2022: €nil) relating to amounts committed for future own share purchases for subsequent cancellation.

Other payables include net capital investment grant balances totalling €2.7 million (2022: €2.3 million).

27.1. Movement in contract liabilities – deferred income

	2023 €m	2022 €m
At 1 January	71.2	85.9
Additions	55.0	58.3
Utilisation	(50.7)	(61.6)
Releases	(9.6)	(12.5)
Currency translation	(3.5)	1.1
At 31 December	62.4	71.2

28. Borrowings

	2023 €m	2022 €m
Non-current:		
Unsecured senior notes	594.0	592.9
Secured term loans and facilities	416.2	521.1
Total non-current borrowings	1,010.2	1,114.0
Current:		
Secured term loans and facilities	1.5	1.9
Total current borrowings	1.5	1.9
Total borrowings	1,011.7	1,115.9
Unsecured senior notes	594.0	592.9
Secured term loans and facilities	417.7	523.0
Total borrowings	1,011.7	1,115.9

The main borrowing facilities are shown net of issuance discounts and fees of €13.4 million (2022: €20.6 million). The contracted maturities of borrowings excluding issuance discounts and fees are shown in Note 29.2.

28.1. Movement in total borrowings

	Unsecured senior notes €m	Term loans and facilities €m	Overdrafts €m	Total borrowings €m
At 1 January 2023	592.9	523.0	–	1,115.9
Accrued interest	22.5	37.4	–	59.9
Scheduled payments including interest	(22.5)	(41.4)	–	(63.9)
Scheduled principal repayments of borrowings	–	(4.0)	–	(4.0)
Overdrafts acquired on acquisition of Cascade Engineering Europe (CEE)	–	–	3.2	3.2
Overdrafts repaid on acquisition of Cascade Engineering Europe (CEE)	–	–	(3.2)	(3.2)
Voluntary repayments of borrowings	–	(99.2)	–	(99.2)
Fees expensed	1.1	3.1	–	4.2
Fees expensed on voluntary repayments of borrowings	–	2.8	–	2.8
Currency translation	–	(8.0)	–	(8.0)
31 December 2023	594.0	417.7	–	1,011.7

Accrued interest payable on the borrowings at 31 December 2023 of €4.8 million (31 December 2022: €4.8 million) is included in current trade and other payables. Scheduled principal repayments of borrowings in the year were €4.0 million (2022: €5.5 million) relating to payments on the Group's term loans and facilities.

Notes to the Group Financial Statements continued

28. Borrowings continued

On 15 August 2023, the Group made a voluntary repayment of the US dollar tranche of the main borrowings of \$108.3 million (€99.2 million). The voluntary repayment was treated as a partial extinguishment of the Group's US term loan, and as a result unamortised transaction costs were recognised as a finance expense in the Income Statement of \$3.0 million (€2.8 million), see Note 12.

On 2 November 2023, the Company acquired 'Cascade', which had overdrafts of €3.2 million. As part of the terms of the acquisition the Company settled this indebtedness.

	Unsecured senior notes €m	Term loans and facilities €m	Total borrowings €m
At 1 January 2022	591.7	508.6	1,100.3
Accrued interest	22.5	24.8	47.3
Scheduled payments including interest	(22.5)	(30.3)	(52.8)
Scheduled principal repayments of borrowings	–	(5.5)	(5.5)
Fees expensed	1.2	3.5	4.7
Currency translation	–	16.4	16.4
31 December 2022	592.9	523.0	1,115.9

28.2. Currency denomination of borrowings

	2023 €m	2022 €m
US dollar	163.3	267.1
Euro	848.4	848.8
Total borrowings	1,011.7	1,115.9

The contracted maturities of borrowings excluding issuance discounts and fees are disclosed in Note 29.2.

28.3. Main borrowing facilities

The main borrowing facilities are comprised of unsecured Senior Notes and a package of secured loans consisting of a Euro term loan, a US dollar term loan, and a revolving credit facility (which was undrawn during the year except for letters of credit).

The amounts outstanding under the agreements are:

	2023 €m	2022 €m
Principal outstanding:		
Unsecured senior notes	600.0	600.0
US term loan	167.5	276.2
Euro term loan	257.6	260.3
Total principal outstanding	1,025.1	1,136.5
Issuance discounts and fees	(13.4)	(20.6)
Main borrowings facilities	1,011.7	1,115.9

Unsecured Senior Notes

The unsecured Senior Notes bear an interest rate of 3.75% p.a. and mature on 15 April 2029. Interest on the Notes is payable semi-annually in arrears on 15 April and 15 October of each year.

US term loan

The principal outstanding of the US term loan in US dollars at 31 December 2023 is \$185.0 million (2022: \$294.8 million). On 15 August 2023, the Group made a voluntary repayment of the US dollar tranche of the main borrowings of \$108.3 million (€99.2 million). The amount repayable per quarter on the loan was \$750,000 but following the voluntary repayment, no further repayments of principal are due on the US term loan until the final balance falls due on 16 December 2026.

Benchmark interest rate transition

During the first six months of the year, the US dollar term loan bore interest at US-dollar three-month LIBOR (minimum 0.5% p.a.) +3.25% p.a. On 30 June 2023, the Group's US dollar term loan agreement was amended to replace the interest rate benchmark, previously US dollar three-month LIBOR, with an adjusted Term Secured Overnight Financing Rate (term SOFR). The other terms of the agreement were unchanged. From that date, the Group's US dollar term loan agreement incurs interest at one-month term SOFR + 0.11448% (minimum 0.5% p.a.) +3.25% p.a. The difference in the interest rate between the US dollar LIBOR and one-month term SOFR replacement rate, at the date of transition, was not significant. The Group amended the small number of intercompany loan agreements impacted by the transition to term SOFR in the second half of the year. The Group had no derivative arrangements impacted by the transition, and no changes to the interest rate risk management strategy resulted from the transition.

Euro term loan

The rate on the Euro term loan is unchanged on the prior year at three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a. and the amount repayable per quarter is €662,500 (2022: €662,500 per quarter) until the final balance falls due on 16 December 2026.

Revolving credit facility

The revolving credit agreement provides a facility of up to \$225.0 million (2022: \$225.0 million). Drawings under this facility bear interest in a range of SOFR +3.0% to SOFR + 3.75% p.a. depending on the Group's total net leverage ratio. The facility is available to be used to issue letters of credit on behalf of TI Group Automotive Systems LLC, a subsidiary undertaking. The facility was undrawn at 31 December 2023 and 31 December 2022 (except for letters of credit see below). The revolving credit facility (RCF) expires on 16 July 2026 and the non-utilisation fee is 0.25% p.a. In the event the total net leverage ratio is greater than 3.5:1, the non-utilisation fee will increase to 0.375% p.a.

The net undrawn facilities under the RCF are shown below:

	2023		2022	
	\$m	€m	\$m	€m
RCF Agreement	225.0	203.7	225.0	210.8
Utilisation for letters of credit	(4.7)	(4.2)	(2.0)	(1.9)
Net undrawn revolving credit facility	220.3	199.5	223.0	208.9

Issuance discounts and fees

All capitalised fees are expensed using the effective interest method over the remaining terms of the facilities. Net issuance discounts and fees at 31 December 2023 are €13.4 million (2022: €20.6 million).

28.4. Total undrawn borrowing facilities

	2023 €m	2022 €m
Expiring within one year	11.2	11.1
Expiring after more than one year	199.5	208.9
Total	210.7	220.0

All facilities are at floating rates.

Notes to the Group Financial Statements continued

28. Borrowings continued

28.5. Movements in net debt and lease liabilities

	At 1 January 2023 €m	Cash flows €m	Cascade Net debt and lease liabilities acquired €m	Non-cash changes				At 31 December 2023 €m
				New leases €m	Fees expensed €m	Currency translation €m	Remeasurement and disposals €m	
Cash and cash equivalents	491.0	(58.3)	–	–	–	(16.0)	–	416.7
Borrowings	(1,115.9)	106.4	(3.2)	–	(7.0)	8.0	–	(1,011.7)
Total net debt	(624.9)	48.1	(3.2)	–	(7.0)	(8.0)	–	(595.0)
Lease liabilities	(149.6)	30.0	(0.3)	(14.4)	–	3.7	(1.9)	(132.5)
Net debt and lease liabilities	(774.5)	78.1	(3.5)	(14.4)	(7.0)	(4.3)	(1.9)	(727.5)

	At 1 January 2022 €m	Cash flows €m	New leases €m	Fees expensed €m	Currency translation €m	Remeasurement and disposals €m	At 31 December 2022 €m
Cash and cash equivalents	499.1	(11.5)	–	–	3.4	–	491.0
Financial assets at FVTPL	0.9	(0.9)	–	–	–	–	–
Borrowings	(1,100.3)	5.5	–	(4.7)	(16.4)	–	(1,115.9)
Total net debt	(600.3)	(6.9)	–	(4.7)	(13.0)	–	(624.9)
Lease liabilities	(149.9)	32.9	(42.6)	–	(3.0)	13.0	(149.6)
Net debt and lease liabilities	(750.2)	26.0	(42.6)	(4.7)	(16.0)	13.0	(774.5)

Cash flows from financing activities arising from changes in financial liabilities are analysed below:

	2023 €m	2022 €m
Voluntary repayments of borrowings	99.2	–
Scheduled repayments of borrowings	4.0	5.5
Overdrafts repaid on acquisition of Cascade Engineering Europe (CEE)	3.2	–
Lease principal repayments	30.0	32.9
Cash outflows from financing activities arising from changes in financial liabilities	136.4	38.4
Borrowings cash flows	106.4	5.5
Lease liabilities cash flows	30.0	32.9
Cash outflows from financing activities arising from changes in financial liabilities	136.4	38.4

29. Fair values of financial assets and liabilities

29.1. Financial instruments by category

As at 31 December 2023:

	Note	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
Financial assets				
Cash and cash equivalents	23	416.7	–	416.7
Trade and other receivables excluding prepayments	22	506.5	–	506.5
Derivative financial instruments:				
Forward foreign exchange contracts (cash flow hedges)		–	3.0	3.0
Total at 31 December 2023		923.2	3.0	926.2

	Note	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
Financial liabilities				
Trade and other payables excluding deferred income, social security and other taxes	27	(542.2)	–	(542.2)
Borrowings:				
– Term loans and facilities	28	(417.7)	–	(417.7)
– Unsecured senior notes		(547.1)	–	(547.1)
Lease liabilities	18	(132.5)	–	(132.5)
Derivative financial instruments:				
Forward foreign exchange contracts (cash flow hedges)		–	(0.1)	(0.1)
Total at 31 December 2023		(1,639.5)	(0.1)	(1,639.6)

As at 31 December 2022:

	Note	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
Financial assets				
Cash and cash equivalents	23	491.0	–	491.0
Trade and other receivables excluding prepayments	22	494.4	–	494.4
Derivative financial instruments:				
Forward foreign exchange contracts (cash flow hedges)		–	2.8	2.8
Total at 31 December 2022		985.4	2.8	988.2

	Note	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
Financial liabilities				
Trade and other payables excluding deferred income, social security and other taxes	27	(487.1)	–	(487.1)
Borrowings:				
– Term loans and facilities	28	(523.0)	–	(523.0)
– Unsecured senior notes		(444.0)	–	(444.0)
Lease liabilities	18	(149.6)	–	(149.6)
Derivative financial instruments:				
Forward foreign exchange contracts (cash flow hedges)		–	(0.2)	(0.2)
Total at 31 December 2022		(1,603.7)	(0.2)	(1,603.9)

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments, which are subjective in nature. The fair value of these financial instruments is estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the reporting date, which is a proxy for market price. All derivative items reported are within Level 2 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'; their measurement includes inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The unsecured Senior Notes are quoted instruments and the fair value is calculated based on the market price. The fair value of the notes is within Level 1 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'.

The fair values of other non-derivative amounts are determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis. It is assumed that by their nature their carrying value approximates their fair value. These fair values are within Level 2 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'.

Notes to the Group Financial Statements continued

29. Fair values of financial assets and liabilities continued

29.2. Contracted maturities of financial liabilities

As at 31 December 2023:

	Less than one year €m	Between one and three years €m	Between three and five years €m	Over five years €m	Total €m
Borrowings excluding issuance discounts and fees (discounted)	2.7	422.4	–	600.0	1,025.1
Impact of discounting: interest	55.8	111.0	45.0	6.6	218.4
Undiscounted contracted maturities of borrowings	58.5	533.4	45.0	606.6	1,243.5
Lease liabilities (discounted)	24.9	39.1	24.6	43.9	132.5
Impact of discounting: interest	9.2	13.5	8.5	11.9	43.1
Undiscounted contracted maturities of lease liabilities	34.1	52.6	33.1	55.8	175.6
Trade and other payables excluding deferred income, social security and other taxes	530.5	11.7	–	–	542.2
Total undiscounted contracted maturities of financial liabilities	623.1	597.7	78.1	662.4	1,961.3

As at 31 December 2022:

	Less than one year €m	Between one and three years €m	Between three and five years €m	Over five years €m	Total €m
Borrowings excluding issuance discounts and fees	5.5	10.9	520.1	600.0	1,136.5
Impact of discounting: interest	59.1	117.2	80.5	29.1	285.9
Undiscounted contracted maturities of borrowings	64.6	128.1	600.6	629.1	1,422.4
Lease liabilities (discounted)	28.1	40.9	28.6	52.0	149.6
Impact of discounting: interest	13.0	18.7	8.3	10.7	50.7
Undiscounted contracted maturities of lease liabilities	41.1	59.6	36.9	62.7	200.3
Trade and other payables excluding deferred income	480.3	6.8	–	–	487.1
Total undiscounted contracted maturities of financial liabilities	586.0	194.5	637.5	691.8	2,109.8

30. Retirement benefit obligations

30.1. Defined benefit arrangements

Pension plans

The Group operates funded defined benefit pension plans in the US, Canada and the UK under broadly similar regulatory frameworks. All of the plans provide benefits to members in the form of a guaranteed level of pension payable for life. The level of pensions provided is determined by members' length of service and, for most of these plans, pensionable remuneration. Plan assets are held in trusts from which all benefit payments are made. The plans are governed by local regulations and practice, including the nature of the relationship between their trustees and the Group. Responsibility for governance of the plans, including investment strategy and schedules of contributions, rests primarily with the trustees, some of whom are appointed by the Group and the remainder by the members in accordance with the rules of each plan.

The plans in the US and Canada are closed to both new entrants and future accrual. The active members are not required to make contributions to the plans. Pensions in payment are subject to discretionary inflationary increase. The UK plan is closed to new entrants but remains open to future accrual. Pensions in payment are subject to annual increase based on the UK Retail Prices Index.

The Group is aware of a UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, which decided that certain historic rule amendments were invalid if they were not accompanied by the actuarial certifications. The ruling is subject to appeal and the Group is monitoring developments. Whilst this ruling was in respect of another scheme, any final judgment would need to be reviewed for its relevance to the TI Automotive UK Pension scheme. As yet the TI Automotive UK Pension advisers have not completed any analysis and, as the outcome of the appeal is still unknown, no adjustments have been made to the Consolidated Financial Statements at 31 December 2023.

Independent accounting valuations of all major defined benefit scheme assets and liabilities were carried out as at 31 December 2023.

The US pension plans are subject to annual actuarial valuation, and were most recently valued by independent qualified actuaries as at 1 January 2023. The Canadian pension plan is subject to actuarial valuation at least triennially, and was most recently formally valued as at 30 June 2021. The UK plan is subject to triennial actuarial valuation, and was most recently formally valued as at 6 April 2021. Employer funding contributions to the US and other funded pension plans are agreed at each formal valuation, and for the year ended 31 December 2023 totalled €0.9 million (2022: €2.0 million). Contributions for the 12 months ended 31 December 2024 are expected to amount to €6.6 million.

In this Note, the US plans are shown separately as 'US pensions', and the Canadian and UK plans are aggregated as 'other pensions'.

Post-employment healthcare

The Group operates post-employment medical benefit schemes in a small number of territories, principally the US where the scheme was closed to new entrants in 1992. These schemes are unfunded. The US scheme is subject to annual actuarial valuation, and was most recently valued by independent qualified actuaries as at 1 January 2023. In this note the US scheme is shown separately as 'US healthcare', and the other healthcare liabilities are aggregated within 'other post-employment liabilities'.

Other post-employment arrangements

The Group operates certain other pension and retirement plans primarily in Germany, France, Italy, South Korea, Poland and Belgium, where obligations are either partially funded or unfunded. The funded plans in South Korea are open to both new entrants and future accrual. Such plans are also subject to annual actuarial valuations and were most recently valued by independent qualified actuaries as at 31 December 2023. In this note these plans are aggregated within 'other post-employment liabilities'.

30.2. Defined benefit arrangements in the primary financial statements

The net liability for defined benefit arrangements is as follows:

a. Balance Sheet

	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
Net liability					
Present value of retirement benefit obligations	(141.2)	(72.5)	(22.3)	(88.8)	(324.8)
Fair value of plan assets	116.2	77.1	–	32.2	225.5
Asset ceiling	–	(4.6)	–	–	(4.6)
Net liability at 31 December 2023	(25.0)	–	(22.3)	(56.6)	(103.9)

	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
Net liability					
Present value of retirement benefit obligations	(145.5)	(68.9)	(28.0)	(79.7)	(322.1)
Fair value of plan assets	117.9	77.7	–	31.1	226.7
Asset ceiling	–	(8.8)	–	–	(8.8)
Net liability at 31 December 2022	(27.6)	–	(28.0)	(48.6)	(104.2)

The present value of retirement benefit obligations by member type is as follows:

	2023 €m	2022 €m
Active members	109.2	102.6
Deferred members	54.5	55.8
Retirees	161.1	163.7
Total	324.8	322.1

The expected payments at 31 December 2023 for retirement benefit obligations are as follows:

	Payments expected €m
2024	22.8
2025	24.1
2026	23.1
2027	23.6
2028	24.9
2029 onwards	570.1

The implied weighted average duration at 31 December 2023 of retirement benefit obligations are as follows (in years): US pensions 10.0 (2022: 10.0), Other pensions 16.1 (2022: 16.0) and US healthcare 7.9 (2022: 7.8).

Notes to the Group Financial Statements continued

30. Retirement benefit obligations continued

b. Income Statement

Net (expense)/income recognised in the Income Statement is as follows:

	US pensions €m	Other pensions €m	US healthcare €m	Other post- employment liabilities €m	Total €m
Net (expense)/income					
Current service cost	–	(0.6)	–	(8.0)	(8.6)
Settlement/curtailment (loss)/gain	–	(0.4)	–	0.3	(0.1)
Net interest (expense)/income	(1.4)	0.5	(1.4)	(2.2)	(4.5)
Total expense for the year ended 31 December 2023	(1.4)	(0.5)	(1.4)	(9.9)	(13.2)

Restructuring of the Group's Bramalea Canada facility resulted in a settlement loss of €0.4 million in the year (2022: €0.5 million loss).

	US pensions €m	Other pensions €m	US healthcare €m	Other post- employment liabilities €m	Total €m
Net (expense)/income					
Current service cost	–	(1.5)	–	(6.4)	(7.9)
Past service cost	–	–	–	(0.3)	(0.3)
Settlement/curtailment loss	–	(0.5)	–	–	(0.5)
Net interest (expense)/income	(1.0)	0.2	(0.9)	(1.1)	(2.8)
Total expense for the year ended 31 December 2022	(1.0)	(1.8)	(0.9)	(7.8)	(11.5)

c. Statement of Comprehensive Income

Re-measurements of retirement benefit obligations included in the Statement of Comprehensive Income are as follows:

	US pensions €m	Other pensions €m	US healthcare €m	Other post- employment liabilities €m	Total €m
(Expense)/income					
Return on assets excluding amounts recognised in the Income Statement	7.6	(0.9)	–	(0.2)	6.5
Changes in demographic assumptions	0.8	0.9	0.3	0.1	2.1
Changes in financial assumptions	(4.1)	(3.1)	2.9	(3.7)	(8.0)
Experience gains/(losses)	0.4	(1.4)	0.9	(3.9)	(4.0)
Change in asset ceiling	–	4.2	–	–	4.2
Total net income for the year ended 31 December 2023	4.7	(0.3)	4.1	(7.7)	0.8

	US pensions €m	Other pensions €m	US healthcare €m	Other post- employment liabilities €m	Total €m
(Expense)/income					
Return on assets excluding amounts recognised in the Income Statement	(37.3)	(43.5)	–	–	(80.8)
Changes in demographic assumptions	–	(0.8)	–	0.3	(0.5)
Changes in financial assumptions	46.0	49.1	5.2	13.2	113.5
Experience gains/(losses)	1.3	(3.2)	1.4	(3.9)	(4.4)
Change in asset ceiling	–	0.2	–	–	0.2
Total net income for the year ended 31 December 2022	10.0	1.8	6.6	9.6	28.0

30.3. Composition of plan assets

Plan assets are comprised as follows:

	US pensions €m	Other pensions €m	Other post-employment liabilities €m	Total €m
Investment funds: Credit*	50.0	35.8	–	85.8
Investment funds: Equities*	64.1	5.4	–	69.5
Investment funds: Diversified growth/multi strategy*	–	30.5	–	30.5
Insurance contracts	–	5.1	32.2	37.3
Cash and cash equivalents	2.1	0.3	–	2.4
Plan assets as at 31 December 2023	116.2	77.1	32.2	225.5

	US pensions €m	Other pensions €m	Other post-employment liabilities €m	Total €m
Investment funds: Credit*	48.9	33.1	–	82.0
Investment funds: Equities*	66.4	6.0	–	72.4
Investment funds: Diversified growth/multi strategy*	–	32.8	–	32.8
Insurance contracts	–	5.4	30.9	36.3
Cash and cash equivalents	2.6	0.4	0.2	3.2
Plan assets as at 31 December 2022	117.9	77.7	31.1	226.7

* The majority of assets held by the retirement benefit plans are in investment funds which are not considered quoted. However, the underlying assets within investment funds have quoted market prices as follows:

- 100% of the underlying credit within investment funds: Credit
- 100% of the underlying equities investments within investment funds: Equities
- 66% of the underlying diversified growth investments within investment funds: Diversified growth/multi strategy funds

The remaining assets held by the plan are unquoted insurance policies, principal-interest guaranteed insurance contracts and cash and cash equivalents.

30.4. Net defined benefit obligations

Movements in net defined benefit obligations

	Note	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
At 1 January 2023		(322.1)	226.7	(95.4)	(8.8)	(104.2)
Current service cost	30.2b	(8.6)	–	(8.6)	–	(8.6)
Settlement/curtailment loss	30.2b	(0.1)	–	(0.1)	–	(0.1)
Net interest (expense)/income	30.2b	(15.5)	11.0	(4.5)	–	(4.5)
Re-measurements	30.2c	(9.9)	6.5	(3.4)	4.2	0.8
Employer contributions		–	4.2	4.2	–	4.2
Employee contributions		(0.3)	0.3	–	–	–
Benefits and administration expenses paid		22.8	(17.2)	5.6	–	5.6
Settlements/curtailments		2.5	(2.5)	–	–	–
Currency translation		6.4	(3.5)	2.9	–	2.9
At 31 December 2023		(324.8)	225.5	(99.3)	(4.6)	(103.9)

	Note	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
At 1 January 2022		(423.8)	305.0	(118.8)	(9.3)	(128.1)
Current service cost	30.2b	(7.9)	–	(7.9)	–	(7.9)
Past service cost	30.2b	(0.3)	–	(0.3)	–	(0.3)
Settlement/curtailment loss	30.2b	2.6	(3.1)	(0.5)	–	(0.5)
Net interest (expense)/income	30.2b	(10.4)	7.6	(2.8)	–	(2.8)
Re-measurements	30.2c	108.6	(80.8)	27.8	0.2	28.0
Employer contributions		–	7.6	7.6	–	7.6
Employee contributions		(0.4)	0.4	–	–	–
Benefits and administration expenses paid		21.0	(17.2)	3.8	–	3.8
Currency translation		(11.5)	7.2	(4.3)	0.3	(4.0)
At 31 December 2022		(322.1)	226.7	(95.4)	(8.8)	(104.2)

Notes to the Group Financial Statements continued

30. Retirement benefit obligations continued

a. US pensions

	Present value of obligation €m	Fair value of plan assets €m	Total €m
Movements in net defined benefit obligations			
At 1 January 2023	(145.5)	117.9	(27.6)
Net interest (expense)/income	(7.4)	6.0	(1.4)
Re-measurements	(2.9)	7.6	4.7
Benefits and administration expenses paid	9.6	(11.4)	(1.8)
Currency translation	5.0	(3.9)	1.1
At 31 December 2023	(141.2)	116.2	(25.0)

	Present value of obligation €m	Fair value of plan assets €m	Total €m
Movements in net defined benefit obligations			
At 1 January 2022	(184.5)	150.7	(33.8)
Net interest (expense)/income	(5.4)	4.4	(1.0)
Re-measurements	47.3	(37.3)	10.0
Employer contributions	–	1.2	1.2
Benefits and administration expenses paid	9.8	(11.6)	(1.8)
Currency translation	(12.7)	10.5	(2.2)
At 31 December 2022	(145.5)	117.9	(27.6)

b. Other pensions

	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
Movements in net defined benefit obligations					
At 1 January 2023	(68.9)	77.7	8.8	(8.8)	–
Current service cost	(0.6)	–	(0.6)	–	(0.6)
Settlement/curtailment loss	2.1	(2.5)	(0.4)	–	(0.4)
Net interest (expense)/income	(3.3)	3.8	0.5	–	0.5
Re-measurements	(3.6)	(0.9)	(4.5)	4.2	(0.3)
Employer contributions	–	0.9	0.9	–	0.9
Employee contributions	(0.2)	0.2	–	–	–
Benefits and administration expenses paid	3.2	(3.4)	(0.2)	–	(0.2)
Currency translation	(1.2)	1.3	0.1	–	0.1
At 31 December 2023	(72.5)	77.1	4.6	(4.6)	–

	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
Movements in net defined benefit obligations					
At 1 January 2022	(117.7)	126.5	8.8	(9.3)	(0.5)
Current service cost	(1.5)	–	(1.5)	–	(1.5)
Settlement/curtailment loss	2.6	(3.1)	(0.5)	–	(0.5)
Net interest (expense)/income	(2.5)	2.7	0.2	–	0.2
Re-measurements	45.1	(43.5)	1.6	0.2	1.8
Employer contributions	–	0.8	0.8	–	0.8
Employee contributions	(0.3)	0.3	–	–	–
Benefits and administration expenses paid	2.2	(2.4)	(0.2)	–	(0.2)
Currency translation	3.2	(3.6)	(0.4)	0.3	(0.1)
At 31 December 2022	(68.9)	77.7	8.8	(8.8)	–

c. US healthcare and other post-employment liabilities

	Present value of obligation €m	Fair value of plan assets €m	Total other post-employment liabilities €m	US healthcare €m	Total €m
Movements in net defined benefit obligations					
At 1 January 2023	(79.7)	31.1	(48.6)	(28.0)	(76.6)
Current service cost	(8.0)	–	(8.0)	–	(8.0)
Curtailement gain	0.3	–	0.3	–	0.3
Net interest (expense)/income	(3.4)	1.2	(2.2)	(1.4)	(3.6)
Re-measurements	(7.5)	(0.2)	(7.7)	4.1	(3.6)
Employer contributions	–	3.3	3.3	–	3.3
Employee contributions	(0.1)	0.1	–	–	–
Benefits paid	7.9	(2.5)	5.4	2.1	7.5
Currency translation	1.7	(0.8)	0.9	0.9	1.8
At 31 December 2023	(88.8)	32.2	(56.6)	(22.3)	(78.9)

	Present value of obligation €m	Fair value of plan assets €m	Total other post-employment liabilities €m	US healthcare €m	Total €m
Movements in net defined benefit obligations					
At 1 January 2022	(88.2)	27.8	(60.4)	(33.4)	(93.8)
Current service cost	(6.4)	–	(6.4)	–	(6.4)
Past service cost	(0.3)	–	(0.3)	–	(0.3)
Net interest (expense)/income	(1.6)	0.5	(1.1)	(0.9)	(2.0)
Re-measurements	9.6	–	9.6	6.6	16.2
Employer contributions	–	5.6	5.6	–	5.6
Employee contributions	(0.1)	0.1	–	–	–
Benefits paid	7.0	(3.1)	3.9	2.0	5.9
Currency translation	0.3	0.2	0.5	(2.3)	(1.8)
At 31 December 2022	(79.7)	31.1	(48.6)	(28.0)	(76.6)

d. Other post-employment liabilities

	2023 €m	2022 €m
Unfunded German pension plans	18.3	17.8
Statutory retiring indemnities in France, Italy and South Korea	13.3	9.9
Long-service awards in Germany and Poland	13.2	10.0
Retirement plans in Belgium	1.3	1.0
Unfunded arrangements under the UK pension plans	1.1	1.0
Other liabilities	9.4	8.9
Total other post-employment liabilities at 31 December	56.6	48.6

30.5. Principal assumptions

The principal assumptions in measuring plan liabilities are as follows:

	2023	2022
US Pensions		
Discount rate	5.05%	5.35%
Mortality assumptions: life expectancy from age 65		
Retiring at the end of the current reporting year:		
Males	23	23
Females	24	25
Retiring 20 years after the end of the current reporting year:		
Males	24	24
Females	25	26

Notes to the Group Financial Statements continued

30. Retirement benefit obligations continued

For US pensions, assumptions with regard to life expectancies from retirement at age 65 are based on Pri-2012 collar and gender-specific mortality tables, adjusted and generationally projected using Scale MP-2020.

Other pensions	2023	2022
Discount rate	4.60%	4.95%
Inflation rate	2.86%	2.90%
Salary increases	2.97%	3.03%
Benefit increases	3.10%	3.20%

Mortality assumptions for other pensions: life expectancy from age 65

Retiring at the end of the current reporting year:

Males	22	23
Females	24	25

Retiring 20 years after the end of the current reporting year:

Males	23	24
Females	25	26

US healthcare	2023	2022
Discount rate	4.95%	5.30%
Healthcare cost trend: Initial rate	6.75%	7.00%

Other post-employment liabilities	2023	2022
Discount rate	4.50%	4.80%
Inflation rate	2.01%	2.06%
Salary increases	4.20%	7.13%
Benefit increases	2.21%	2.26%

Changes in the principal assumptions would decrease/(increase) the total defined benefit obligation (DBO) as follows:

Decrease/(increase) in DBO	Change in assumption	2023		2022	
		Increase €m	Decrease €m	Increase €m	Decrease €m
Discount rate	0.5%	15.7	(17.3)	15.7	(17.2)
Inflation rate	0.5%	(5.3)	5.2	(4.9)	4.9
Salary growth rate	0.5%	(2.5)	2.3	(2.2)	2.0
Life expectancy	1 year	(8.3)	8.4	(8.7)	8.8
Healthcare cost trend: Initial rate	0.5%	(0.7)	0.7	(0.9)	0.8

The sensitivity analysis above illustrates the change in each major assumption, whilst holding all others constant. The methods of calculating the defined benefit obligation for this purpose are the same as used for calculating the end-of-year position.

30.6. Pension plans – risk analysis

Asset volatility	Plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets were to underperform this yield, this would create a deficit. All the funded plans hold a proportion of equities, which are expected to outperform bonds in the long term, but which are also likely to experience greater price volatility and, therefore, risk in the short term. As plans mature, the Group's strategy is to reduce the level of investment risk by investing more in assets whose risk profile is a better match for the liabilities.
Changes in bond yields	A decrease in bond yields has the effect of increasing plan liabilities, although this is partially offset by an increase in the value of the plans' bond holdings.
Inflation risk	The Group's pension obligations in Canada, the UK and Germany are inflation linked. Caps on the level of inflationary increases are in place to protect the plans against above normal inflation. The US pension obligations are not inflation indexed. The majority of the plan assets are not directly inflation indexed, meaning that an increase in inflation will tend to increase the deficit.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of each retired member and his/her spouse, so increases in life expectancy result in an increase in the plans' liabilities.

The investments of the funded plans are managed within an asset-liability matching framework that has been developed to achieve long-term investments that align with the obligations of the plans. One objective is to match assets to the pension obligations by investing in annuities and long-term fixed interest securities with maturities that match the benefit payments as they fall due in the appropriate currency.

The plans actively monitor how the duration and the expected yield of the investments match the expected cash outflows arising from the pension obligations. The processes used to manage the risks have not changed from previous years.

Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consist of bonds and equities, although the plans also hold investment funds and liability driven investments. Equities have been shown to offer the best returns over the long term with an acceptable level of risk.

31. Provisions

Movements in provisions are as follows:

	Product warranty €m	Restructuring €m	Other €m	Total €m
At 1 January 2023	5.1	7.8	3.7	16.6
Provisions made during the year	4.5	13.4	3.4	21.3
Provisions reversed during the year	(0.7)	–	(0.1)	(0.8)
Provisions used during the year	(1.7)	(15.9)	(1.1)	(18.7)
Currency translation	–	(0.7)	–	(0.7)
At 31 December 2023	7.2	4.6	5.9	17.7

Total provisions:

	2023 €m	2022 €m
Non-current	2.6	2.6
Current	15.1	14.0
Total provisions	17.7	16.6

Product warranty

The majority of product warranty provisions relate to specific customer issues, and are based upon open negotiations and past customer claims experience. Utilisation of the warranty provision is expected in 2024.

Restructuring

Restructuring provisions comprise announced headcount reductions and similar costs of balancing production capacity with market requirements. Provisions made during the year of €13.4 million (2022: €23.1 million) results in a net charge to the Income Statement of €13.4 million (2022: €22.8 million). A significant portion of the balance is expected to be utilised in 2024 with the remaining residual amount in 2025.

Other provisions

Other provisions at 31 December 2023 comprise provisions for disputed claims for indirect taxes totalling €1.0 million (2022: €0.7 million), asset retirement obligations totalling €1.9 million (2022: €3.0 million) and other supplier, customer and employee claims of €3.0 million (2022: nil). Asset retirement obligations are linked to the useful lives of the underlying assets, with expected utilisation ranging from 2024 to 2026. The indirect tax provisions are expected to be utilised over the next four years. Other claims are expected to be utilised in 2024.

Notes to the Group Financial Statements continued

32. Cash generated from operations

	Note	2023 €m	2022 €m
Profit/(loss) for the year		83.6	(279.0)
Income tax expense before exceptional items		37.5	23.4
Exceptional income tax credit		–	(20.1)
Profit/(loss) before income tax		121.1	(275.7)
Adjustments for:			
Depreciation, amortisation and non-exceptional impairment charges	16/17/18	178.9	207.6
Exceptional impairment charges	9	–	317.4
Net losses on disposal of PP&E, intangible and right of use assets	11	0.2	0.3
Loss on disposal of PP&E in restructuring costs		–	3.7
Share-based expense excluding social security costs	10	8.6	9.6
Net finance expense	12	74.7	58.7
Net foreign exchange losses		0.2	0.7
Changes in working capital:			
– Inventories		(11.6)	(34.0)
– Trade and other receivables		(25.8)	(16.3)
– Trade and other payables		26.3	27.6
Change in provisions		1.8	(14.4)
Change in retirement benefit obligations		(1.1)	(2.7)
Total		373.3	282.5

The changes in working capital (movements in inventories, trade and other receivables and trade and other payables) reflect a number of non-cash transactions. The most significant of these arises from movements due to changes in foreign exchange rates, on translation of the Group's overseas operations into the Group's presentation currency, Euro.

33. Commitments and contingencies

33.1. Capital commitments

Expenditure on non-current assets authorised and contracted for at the end of the year but not yet incurred is as below:

	2023 €m	2022 €m
Intangible assets	4.5	6.9
Property, plant and equipment	40.3	45.4
Total	44.8	52.3

Refer to Note 18 for the Group lease commitments as a lessor and lessee.

33.2. Purchase commitments

As part of its normal business practices, the Group enters into contracts with suppliers for purchases of raw materials, components and services to facilitate adequate supply of these materials and services. These arrangements may contain fixed or minimum quantity purchase requirements. These purchase commitments are off-balance sheet agreements to purchase goods or services that are enforceable and legally binding on the Group.

The table below summarises the contractual purchase commitments as at the end of the year:

	2023 €m	2022 €m
Less than one year	57.0	109.2
Between one year and five years	16.3	6.9
After five years	4.0	2.4
Total	77.3	118.5

Contingencies

The Group has contingent liabilities relating to legal and tax proceedings arising in the normal course of business. Management reviewed known claims and litigation involving the Company and its subsidiaries at the end of the year. Based on the advice of legal counsel, appropriate provisions have been made to cover the related risks. Whilst the outcome of any proceedings in progress cannot be predicted, the Company does not believe they will have a material impact on the Group's financial position.

33.3. Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the UK Companies Act 2006, relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number
Omega Acquisition Bidco Limited	9402426
TI Automotive Korean Won Hedgeco Ltd	9855008
TI Automotive Korean Won Hedgeco II Limited	5633329
TIFS Holdings Limited	7060030
TI Automotive Limited	4097913
TI Automotive Euro Holdings Limited	5265489
TI Automotive USA Holdings Limited	5265459
TI Group Automotive Systems Limited	581742
TI Group Automotive Systems (Deeside) Limited	3061637
TI Automotive Holdings Limited	4174232
TI Automotive Czech Holdings (UK) Limited	6241709
TI Automotive German Holdings (UK) Limited	6243326
TI Group Automotive Systems (UK) Limited	784687
TI Automotive (China) Limited	4081361
Hanil Tube Holdings Limited	6258095
TI Automotive Canada Holdings Limited	5546464
Omega Newco Sub I Limited	9402268
Omega Newco Sub II limited	9402316
TI Automotive Pension Plan Trustee Limited	4310096

TI Fluid Systems plc will guarantee all outstanding liabilities that these subsidiaries are subject to as at 31 December 2023 in accordance with section 479C of the UK Companies Act 2006, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. In addition, TI Fluid Systems plc will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

34. Auditors' remuneration

Services provided by the Company's auditors and its associates

During the year, the Group obtained the following services from PricewaterhouseCoopers LLP, the Company's auditors:

	2023 €m	2022 €m
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and the Group financial statements	3.8	3.5
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	1.1	0.8
Other assurance services	0.2	0.2
Total	5.1	4.5

Other assurance services of €0.2 million (2022: €0.2 million) relate to the review of published half-year interim reports.

Notes to the Group Financial Statements continued

35. Related party transactions

At 31 December 2023, there is no ultimate controlling party of TI Fluid Systems plc.

35.1. Transactions with Group companies

Balances and transactions between Group companies have been eliminated on consolidation, and are not disclosed in this Note except for subsidiaries that are not wholly owned. Transactions with those companies are made on the Group's standard terms of trade.

The Group holds 97% of the shares in Bundy India Ltd. At 31 December 2023, Bundy India Ltd had trade and loan receivables net of payables to other Group undertakings amounting to €1.9 million (2022: €4.3 million) and made sales within the Group during the year of €2.6 million (2022: €3.3 million).

35.2. Transactions with related parties

Alfmeier Prazision SE is an existing supplier of the Group and was acquired by Gentherm Incorporated during the year 2022, a company in which Mr R Hundzinski is a director. For the period for which Gentherm Incorporated was a related party, the Group purchased goods amounting to €4.3 million (2022: €4.9 million). These goods were purchased on an arm's length basis.

During the year, Bain Capital, a significant shareholder of the Company, charged the Company €0.02 million (2022: €0.8 million), which related to passed through costs from a third-party provider.

No related party balances were outstanding at the year end (2022: €0.8 million).

36. Events after the balance sheet date

There have been no events after the balance sheet date which require disclosure, or adjustment, to the Group's year-end financial position.

37. Glossary of terms

Adjusting items

Adjusting items represent transactions, that in management's view, do not form part of the substance of the trading activities of the Group, such as large-scale reorganisations, system implementations, acquisition costs and certain non-cash accounting measures. At the reporting date, Adjusting Items comprise: exceptional items, depreciation and amortisation arising on purchase accounting, net foreign exchange losses/(gains), restructuring costs, customisation and configuration costs of significant software as a service (SaaS) arrangements and costs associated with business acquisitions or disposals.

Adjusted Basic EPS

Adjusted Net Income divided by the weighted average number of shares outstanding.

Adjusted Diluted EPS

Adjusted Net Income divided by the weighted average number of diluted shares outstanding.

Adjusted EBIT

Operating profit excluding adjusting items.

Adjusted EBITDA

Adjusted EBIT plus depreciation, amortisation and non-exceptional impairments on non-purchase accounting.

Adjusted Free Cash Flow

Free Cash Flow adjusted for cash movements in financial assets at fair value through profit or loss, and the net cash flows arising on adjusting items.

Adjusted Net Income

Profit or loss for the period attributable to ordinary shareholders, excluding Adjusting Items, net of their tax effect.

BEV

Battery electric vehicles.

CGU

Cash-generating unit, being the management level of the Group, for example FCS North America.

Constant currency

The remeasurement of prior period results at current exchange rates to eliminate fluctuations in translation rates and achieve a like-for-like comparison.

EBITDA

Profit or loss before tax, net finance expense, depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets.

EV

Electric vehicles including BEV and HEV.

FCS

Fluid Carrying Systems, a division of the Group that supplies brake and fuel lines and thermal products.

FHEV

Full hybrid electric vehicles, includes PHEV and self-charging HEV.

Free Cash Flow

The total of net cash generated from operating activities and net cash used by investing activities.

FTDS

Fuel Tank and Delivery Systems, a division of the Group that supplies fuel tanks, and fuel pumps and modules.

GLVP

Global light vehicle production of light vehicles.

HEV

Hybrid electric vehicles, excluding mild hybrid vehicles.

ICE

Internal combustion engine vehicles.

LVP

Light vehicle production used as a reference when referring to regional data.

MHEV

Mild hybrid electric vehicles, which only have modest electrification.

Net debt

The total of current and non-current borrowings excluding lease liabilities, net of cash and cash equivalents and financial assets at fair value through profit or loss.

Net leverage

Net debt divided by the last 12 months' Adjusted EBITDA.

OEM

Original equipment manufacturer, used to refer to vehicle manufacturers, the main customers of the Group.

PHEV

Plug-in hybrid electric vehicles.

ROCE

Return on Capital Employed is Adjusted EBIT divided by the two-year trailing average of capital employed, which is defined as total equity, excluding taxation balances, derivatives, net debt and lease liabilities, restructuring provisions and balances related to Bain acquisition accounting (goodwill, intangible assets and purchase price allocation adjustments).

Revenue outperformance

The growth in revenue at constant currency compared to the growth in global light vehicle production volumes.

SBTi

Science-based target initiative, which is used to refer to the climate change targets aligned to the Paris Agreement targets.

Company Financial Statements

Company Balance Sheet

At 31 December 2023

	Note	2023 €m	2022 €m
Non-current assets			
Investments in subsidiaries	4	930.7	922.1
		930.7	922.1
Current assets			
Loans due from related parties	5	61.7	1.3
Trade and other receivables	6	0.4	0.2
Cash and cash equivalents		2.0	0.9
		64.1	2.4
Total assets		994.8	924.5
Equity			
Share capital	7	6.8	6.8
Share premium	7	2.2	2.2
Retained earnings		940.8	890.7
Total equity		949.8	899.7
Current liabilities			
Trade and other payables	8	22.2	2.4
Loans due to related parties	9	22.8	22.4
		45.0	24.8
Total liabilities		45.0	24.8
Total equity and liabilities		994.8	924.5

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own Income Statement for the year. The profit for the year was €90.6 million (2022: €19.3 million).

The financial statements of TI Fluid Systems plc, company number 09402231 on pages 196–207 were authorised for issue by the Board of Directors on 11 March 2024 and were signed on its behalf by:

Hans Dieltjens
Chief Executive Officer and President

Alexander De Bock
Chief Financial Officer

Company Statement of Changes in Equity

For the year ended 31 December

	Ordinary shares €m	Share premium €m	Retained earnings €m	Total equity €m
Balance at 1 January 2023	6.8	2.2	890.7	899.7
Profit for the year	–	–	90.6	90.6
Total comprehensive income for the year	–	–	90.6	90.6
Share-based expense	–	–	8.6	8.6
Issue of own shares from Employee Benefit Trust	–	–	11.1	11.1
Vested share awards	–	–	(15.1)	(15.1)
Purchase of own shares for cancellation	–	–	(6.3)	(6.3)
Amounts committed for future own share purchases	–	–	(19.0)	(19.0)
Dividends paid (Note 7)	–	–	(19.8)	(19.8)
Transactions with owners recognised directly in equity	–	–	(40.5)	(40.5)
Balance at 31 December 2023	6.8	2.2	940.8	949.8
	Ordinary shares €m	Share premium €m	Retained earnings €m	Total equity €m
Balance at 1 January 2022	6.8	2.2	886.7	895.7
Profit for the year	–	–	19.3	19.3
Total comprehensive income for the year	–	–	19.3	19.3
Share-based expense	–	–	9.6	9.6
Purchase of own shares	–	–	(11.4)	(11.4)
Issue of own shares from Employee Benefit Trust	–	–	1.0	1.0
Vested share awards	–	–	(1.9)	(1.9)
Dividends paid (Note 7)	–	–	(12.6)	(12.6)
Transactions with owners recognised directly in equity	–	–	(15.3)	(15.3)
Balance at 31 December 2022	6.8	2.2	890.7	899.7

Notes to the Company Financial Statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

TI Fluid Systems plc (the Company) and its subsidiaries design and manufacture thermal and fluid system solutions that improve efficiency, performance and sustainability for vehicle manufacturers worldwide. The financial statements of the Company for the year ended 31 December 2023 have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the UK Companies Act 2006.

Financial Reporting Standard 101 (FRS 101) is a UK standard that sets out a reduced disclosure framework for the financial reporting requirements and disclosure exemptions of qualifying entities, which otherwise apply the requirements of UK-adopted International Accounting Standards. The Company has prepared its financial statements in accordance with FRS 101 to take advantage of the reduced disclosures available as the Company meets the definition of a qualifying entity.

Summary of disclosure exemptions

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) have been applied in the preparation of these financial statements in accordance with FRS 101:

- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 10(f) (statement of financial position as at the beginning of the preceding period)
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B–D (additional comparative information)
 - 40A–D requirements for a third statement of financial position)
 - 111 (cash flow statement information)
 - 134–136 (capital management disclosures)
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' comparative information requirements in respect of paragraph 79 (a) (iv) of IAS 1 'Presentation of Financial Statements'
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 17 and 18A of IAS 24 'Related Party Disclosures' (key management compensation)
- Paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group

The Company is eligible to apply the above exemptions as it is included in the consolidated financial statements of TI Fluid Systems plc who prepare financial statements under UK-adopted International Accounting Standards and include the above disclosures. Where required, equivalent notes are given in the consolidated financial statements of TI Fluid Systems plc.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge, actual results may differ from those estimates.

1.1.1. Going concern

The Group's Going Concern statement is disclosed in the Compliance statements, see pages 66–67, which consider various going concern scenarios. The scenarios do not indicate a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern. Based on these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company has continued to adopt the going concern basis in preparing its own financial statements.

1.1.2. Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional and presentation currency. All financial information presented in Euro has been rounded to the nearest 100,000 except where stated otherwise.

1.2. Foreign currencies

Transactions in foreign currencies are converted to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at that date. Non-monetary items that are measured at historical cost in a foreign currency are converted using the exchange rate at the date of the transaction.

All transactional foreign currency differences are included in the Income Statement.

The average and year-end exchange rates for the Company's principal currencies are disclosed in the consolidated financial statements.

1.3. Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are recorded in the Company's Balance Sheet at cost. The investments are subject to a periodic impairment review, to identify the existence of any indicators of impairment.

Should indicators be identified, the carrying value is subject to an impairment assessment with any resulting diminution of the carrying value recognised in the Income Statement.

Acquisition-related costs are expensed as incurred in accordance with IFRS 3 'Business Combinations'.

1.4. Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at 'fair value through profit or loss' (FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are expensed as incurred.

1.4.1. Financial assets

Financial assets are classified into 'financial assets at amortised cost' and 'financial assets at FVTPL'. The classification is determined at the time of initial recognition and depends on the Company's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the Income Statement. The Company's financial assets at amortised cost comprise 'loans due from related parties', 'other receivables' and 'cash and cash equivalents'.

Financial assets at FVTPL

A financial asset is classified in this category if it does not meet the criteria for recognition as a financial asset at amortised cost.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For loans due from related parties, the Company recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument 'lifetime ECL'. The Company also assesses on a forward-looking basis the expected credit losses associated with the loans due from related parties.

For all other financial instruments, the Company recognises lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that is expected to result from default events on the financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers an actual or expected significant deterioration in the financial instrument's external credit rating where available; significant deterioration in external market indicators of credit risk for a particular financial instrument e.g. a significant increase in the credit spread or the credit default swap prices for the debtor; indications that any debtor is experiencing significant financial difficulty; default or delinquency in payments, an increase in the probability that any debtor will enter bankruptcy, or other financial reorganisation; and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.4.2. Financial liabilities

Financial liabilities are classified as either 'financial liabilities at amortised cost' or 'financial liabilities at FVTPL'. Financial liabilities are recognised initially on the date at which the Company becomes party to the contractual provisions of the instrument.

Financial liabilities at amortised cost

The classification of financial liabilities at amortised cost is determined at the time of initial recognition and depends on the Company's business model for managing the financial liabilities and whether the contractual cash flows represent solely payments of principal and interest. Liabilities at amortised cost, including 'loans due to related parties' and trade and other payables, are measured using the effective interest method, which calculates the amortised cost of a financial liability and allocates interest expense over its term. The effective interest rate discounts estimated cash payments (including all fees, transaction costs and premiums) through the expected life of the financial liability, to the net carrying amount on initial recognition.

Financial liabilities at FVTPL

A financial liability is classified in this category if it does not meet the criteria for recognition as a financial liability at amortised cost.

1.5. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses are recognised when ownership of goods or services has been transferred but not invoiced. Trade and other payables are recognised at amortised cost.

1.6. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

1.7. Share capital

Ordinary shares of the Company are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised in equity as a deduction, net of any tax effects from the proceeds.

Notes to the Company Financial Statements continued

1. Summary of material accounting policies *continued*

1.8. Own shares held

Own shares held represent ordinary shares in TI Fluid Systems plc purchased for cancellation, and are managed within retained earnings. The consideration is distributed from retained earnings, and upon cancellation the nominal value of the shares is transferred from share capital to the capital redemption reserve. Costs directly attributable to the share buyback project are deducted from retained earnings. Where the Group have a contractual obligation to purchase a fixed amount of its own ordinary shares in the future, a financial liability is recognised for the present value of the redemption amount.

1.9. Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income and equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred income tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available, against which those deductible temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. This UK legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under the IAS 12 Paragraph 4A amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

1.10. Dividends

Receivable

Dividends from investments of the Company and dividends receivable by the Company are recognised when the right to receive payment is established.

Payable

Dividends payable to the Company's shareholders are recognised in the Statement of Changes in Equity in the year in which they are approved.

2. Income Statement

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement for the year. The profit for the year was €90.6 million (2022: €19.3 million profit).

3. Directors' remuneration

The Company has no employees (2022: nil). Full information on Directors' remuneration is disclosed in the consolidated financial statements. Non-Executive Director remuneration costs of €1.1 million (2022: €1.0 million) have been borne by the Company. All other costs have been met by other subsidiaries of the Group.

4. Investments in subsidiaries

	2023 €m	2022 €m
At 1 January	922.1	912.5
Share-based expense excluding social security costs	8.6	9.6
At 31 December	930.7	922.1

Investments in subsidiary undertakings are recorded at cost, which was the fair value of the consideration paid. We have considered the carrying value of investment in subsidiaries for potential impairment, given the recent quoted share price and market capitalisation of the Company. The market capitalisation of the Company has been impacted by share price volatility over the last 12 months. The assessment for the Company is based on fair value less cost of disposal of the businesses (as estimated in the Group impairment assessment) which, after adjusting for net debt, results in a recoverable amount that exceeded the carrying value of the investment. We also assessed for other indicators of impairment, with no triggers noted. Therefore, no impairment charge is recognised in the Company.

The grant by the Company of share-based awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received in the year of €8.6 million (2022: €9.6 million) measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. Refer to Note 10 of the consolidated financial statements for more information.

The Company's subsidiary undertakings, including its operating and non-operating subsidiaries, are as follows:

	Country of incorporation	Ownership interest and voting rights held 2023	Ownership interest and voting rights held 2022	Address of registered office
Americas				
TI Group Automotive Systems LLC*	US	100%	100%	2020 Taylor Road, Auburn Hills, MI 48326
TI Automotive LLC*	US	100%	100%	2020 Taylor Road, Auburn Hills, MI 48326
Hanil USA LLC*	US	100%	100%	50 Hanil Drive, Tallassee, Alabama, 36078
Hutchings International Enterprises Inc. (Dormant)	US	100%	100%	2020 Taylor Road, Auburn Hills, MI 48326
Omega Newco Sub Inc.*	US	100%	100%	1209 Orange Street, City of Wilmington, New Castle 19801
TI Automotive Ligonier Corporation*	US	100%	100%	925 North Main Street, Ligonier, IN 46767
TI Automotive Canada Inc.*	Canada	100%	100%	316 Orenda Road, Bramalea, Ontario, Canada, L6T 1G3
TI Group Automotive Systems S de RL de CV	Mexico	100%	100%	Mike Allen S/N, Parque Industrial Reynosa – Seccion Norte, Reynosa, Tamaulipas, Mexico 88780
TI Automotive Reynosa S de RL de CV	Mexico	100%	100%	Mike Allen S/N, Parque Industrial Reynosa – Seccion Norte, Reynosa, Tamaulipas, Mexico 88780
TI-Hanil Mexico S de RL de CV	Mexico	100%	100%	Mike Allen S/N, Parque Industrial Reynosa – Seccion Norte, Reynosa, Tamaulipas, Mexico 88780
Fabricaciones Electromecanicas SA de CV (Dormant)	Mexico	100%	100%	Via Jose Lopez Portillo 8-A, Tultitlan, Estado de Mexico, Mexico 54940
Marwal de Mexico SA de CV	Mexico	100%	100%	Via Jose Lopez Portillo 8-A, Tultitlan, Estado de Mexico, Mexico 54940
TI Brasil Industria e Comercio Ltda	Brazil	100%	100%	Rodovia Presidente Dutra, Km 145,7 Sao Jose dos Campos, SP-Brasil CEP 12220-611
Bundy Colombia SAS	Colombia	100%	100%	Carrera 13A No 6-98 Parque Industrial Montana, Mosquero, Cundinamarca, 34225
TI Automotive Argentina SA (Dormant)	Argentina	100%	100%	Uruguay 4351, Victoria, San Fernando, Buenos Aires, Argentina, B1644 HKO
Europe and Africa				
Omega Acquisition Bidco Limited*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Korean Won Hedgco Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Korean Won Hedgco II Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
Omega Newco Sub I Ltd (Dormant)**	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
Omega Newco Sub II Ltd (Dormant)**	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TIFS Holdings Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU

Notes to the Company Financial Statements continued

4. Investments in subsidiaries continued

	Country of incorporation	Ownership interest and voting rights held 2023	Ownership interest and voting rights held 2022	Address of registered office
TI Automotive Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Holdings Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Euro Holdings Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive USA Holdings Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Group Automotive Systems Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Group Automotive Systems (Deeside) Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Group Automotive Systems (UK) Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Canada Holdings Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive (China) Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Czech Holdings (UK) Ltd	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive German Holdings (UK) Ltd*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
Hanil Tube Holdings Ltd	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Finance plc*	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Automotive Pension Plan Trustee Ltd (Dormant)**	UK	100%	100%	4650 Kingsgate, Cascade Way, Oxford Business Park South, Oxford OX4 2SU
TI Group Automotive Systems (Belgium) SA*	Belgium	100%	100%	Rue Wérihet 61, B-4020 Wandre (Liège)
TI Automotive AC sro	Czech Republic	100%	100%	Belgická 4727/17, Rýnovice, 466 05 Jablonec nad Nisou
TI Group Automotive Systems sro	Czech Republic	100%	100%	Belgická 4727/17, Rýnovice, 466 05 Jablonec nad Nisou
TI Automotive France Holdings SAS	France	100%	100%	1, avenue Ampère, Zone Industrielle, 51000 Châlons-en Champagne, France
TI Automotive Fuel Systems SAS	France	100%	100%	1, avenue Ampère, Zone Industrielle, 51000 Châlons-en Champagne, France
TI Group Automotive Systems SAS	France	100%	100%	Z.I. Bld de l'Industrie 37530 Nazelles-Negrin, France
TI Automotive Holdings GmbH*	Germany	100%	100%	Dischingerstr. 11, 69123 Heidelberg
TI Automotive (Ettlingen) GmbH*	Germany	100%	100%	Lochfeldstraße 31, 76437 Rastatt
TI Automotive (Fuldabruck) GmbH*	Germany	100%	100%	Industriestrasse 3, 34277 Fuldabruck
TI Automotive (Heidelberg) GmbH*	Germany	100%	100%	Dischingerstr. 11, 69123 Heidelberg
TI Automotive Systems Germany GmbH*	Germany	100%	100%	Dischingerstr. 11, 69123 Heidelberg
TI Automotive Engineering Centre (Heidelberg) GmbH* (merged with TI Automotive Technology Center GmbH)	Germany	0%	100%	Dischingerstr. 11, 69123 Heidelberg
TI Automotive Technology Center GmbH*	Germany	100%	100%	Lochfeldstraße 31, 76437 Rastatt
TI Automotive (Hungary) Kft	Hungary	100%	100%	H-9027, Győr, Körtefa utca, 6.ép
TI Fluid Systems Hungary Kft	Hungary	100%	0%	Kisgyár u. 23, Halásztelek 2314 Hungary
TI Automotive Italia Holdings Srl	Italy	100%	100%	Via Mosè Bianchi, 71-20149 Milano
TI Automotive Cislano Srl	Italy	100%	100%	Via Abbiategrasso, 20080 Cislano (MI)
TI Automotive Brindisi Srl	Italy	100%	100%	Via Pinan, 2-16012 Busalla (GE)
TI Group Automotive Systems SpA	Italy	100%	100%	Via Pinan, 2-16012 Busalla (GE)
TI Poland sp.oz.o*	Poland	100%	100%	Bestwin'ska 143 a, Bielsko-Biala, 43-346, Poland
LLC TI Automotive (Dormant)	Russia	100%	100%	Russian Federation 188643, Leningradskaya region, Vsevolozhsk, Vsevolozhskiy prospect, 113
Hanil RUS LLC (Dormant)	Russia	100%	100%	Russian Federation 188643, Leningradskaya region, Vsevolozhsk, Vsevolozhskiy prospect, 113
TI-Hanil Slovakia s.r.o.	Slovakia	100%	100%	Krásno nad Kysucou 2203, 023 02 Krásno nad Kysucou, Slovakia

	Country of incorporation	Ownership interest and voting rights held 2023	Ownership interest and voting rights held 2022	Address of registered office
TI Automotive proizvodnja avtomobilskih delov, d.o.o.	Slovenia	100%	100%	Belokranjska cesta 4, 8000 Novo mesto
TI Automotive Morocco Sarl	Morocco	100%	100%	Zone Franche D'Exportation, Ilot 62, lot 2, PL1, 90090, Tangier, Morocco
TI Group Automotive Systems (South Africa) (Pty) Ltd	South Africa	100%	100%	62 Palmgate Crescent, Southgate Business Park, Umbogintwini, 4026, South Africa
TI Automotive Fuel Systems (South Africa) (Pty) Ltd	South Africa	100%	100%	EW1 Building Zone 1A, Mdubu Road, Sunnyridge, East London 5208, South Africa
TI Automotive Pamplona SL	Spain	100%	100%	Polígono Industrial Comarca 1, calle E, s/n. 31195 Berrioplano (Navarra), Spain
TI Group Automotive Systems SA	Spain	100%	100%	Carretera. San Adrián-La Roca, Km. 15,9, 08170 Montornés del Valles, Barcelona, Spain
TI Group Automotive Systems Spain Holdings S.L.	Spain	100%	100%	Carretera. San Adrián-La Roca, Km. 15,9, 08170 Montornés del Valles, Barcelona, Spain
TI Group Automotive Systems AB	Sweden	100%	100%	PO Box 904, 531 19 Lidköping, Sweden
TI Otomotiv Sanayi ve Ticaret Ltd	Turkey	100%	100%	Nosab Sedir Cad. 203. Sok. No: 6 16140 Nilüfer Bursa
Asia Pacific				
Bundy Fluid Systems Co Ltd	China	100%	100%	No. 57 Longhai Road ETDZ, Qinhuangdao City
Bundy Fluid Systems (Chongqing) Co Ltd	China	100%	100%	Building C1, Zone C, Number 5 Workshop, Standard Workshop Project Phase 1, Huachao Industrial Park, Cuiyun Road, Northern New District, Chongqing
Bundy Fluid Systems (Shanghai) Co Ltd	China	100%	100%	34 Bundy Workshop, 409 Hua Jing Road, Waigaoqiao FTZ, Shanghai
TI Automotive (Tianjin) Co Ltd	China	100%	100%	No.6 Xiang'an Road, TEDA Tianjin
TI Automotive Systems (Changchun) Co Ltd	China	100%	100%	2599 Zi Bo Rd., Economic Technological Development Zone, Changchun
TI Automotive Systems (Shanghai) Co Ltd	China	100%	100%	Bld 1, Bld 2, No 100 Yin Long Road, Jiading District, Shanghai
TI Fluid Systems (Chengdu) Ltd	China	100%	100%	No 1 Building, Aerospace Sega Science & Technology Industrial Park, No 889 Wenbai Avenue, Baihe Subdistrict, Economic & Technological Development Zone (Longquanyi District), Chengdu, Sichuan
TI Fluid Systems (Guangzhou) Ltd	China	100%	0%	No. 19, Qishancun Nan 1 Street, Huagang Boulevard, Huadu District, Guangzhou
TI Fluid Systems (Anhui) Ltd.	China	100%	0%	West 50 meters from Intersection of Science Avenue & Huanglou Road, Shushan Modern Industrial Park, Shou County Huainan, Anhui
Wuhan Bundy Fluid Systems Co Ltd	China	100%	100%	Wuhan Economic & Technological Development Zone
TI Automotive (Hong Kong) Holdings Ltd	Hong Kong	100%	100%	Suite 1B, 8/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong
Bundy India Ltd	India	97%	97%	Plot 2 GIDC Industrial Estate, Makarpura, Baroda, 390010, India
Hanil Tube India Private Ltd	India	100%	100%	B-75, SIPCOT Industrial Area, Chennai 600-058, Tamil Nadu
PT TI Automotive Indonesia	Indonesia	100%	100%	Jl. Cempaka Raya km.37, Jatimulya, Bekasi, Tambun Selatan, Jawa Barat
TI Automotive Japan Ltd	Japan	100%	100%	3-29-1 Tsuruya-Cho, Kanagawa-ku, Yokohama-city, Kanagawa Pref, Japan, 221-0835
Hanil Tube Corporation	South Korea	100%	100%	17, Wonjeon-ro, Seo-gu, Incheon, Korea 22744
TI Automotive Ltd (Korea)	South Korea	100%	100%	708, Baeksuk-Dong, Cheonan City, Chungnam, 330220
TI Automotive (Thailand) Ltd	Thailand	100%	100%	700/652 Moo 1, Amata Nakorn Industrial Estate, Tambon PanThong, Amphur PhanThong, Chonburi, Thailand, 20160
TI Automotive ROH (Thailand) Ltd	Thailand	100%	100%	700/652 Moo 1, Amata Nakorn Industrial Estate, Tambon PanThong, Amphur PhanThong, Chonburi, Thailand, 20160

* Companies identified by an asterisk, together with certain other smaller subsidiaries, are guarantors to the 2015 term loan agreements of TI Group Automotive Systems LLC.

** Companies that are dormant in the UK and are exempt from preparing individual financial statements by virtue of section 394A of Companies Act 2006.

All companies above are incorporated and unless dormant, operate principally in the country indicated. All companies operate in the global automotive component supply sector. Omega Acquisition Bidco Limited is the only immediate subsidiary of the Company.

Notes to the Company Financial Statements continued

5. Loans due from related parties

	2023 €m	2022 €m
Loans due from related parties	61.7	1.3

Loans due from a related party at 31 December 2023 comprised two amounts drawn against Euro-denominated intercompany facility agreements with separate subsidiary undertakings totalling €61.7 million (2022: €1.3 million). The loans are repayable in full on demand and bear interest at a fixed rate of 4.14% (2022: loan bearing interest at a fixed rate of 4.14%) according to the agreed facilities.

6. Trade and other receivables

	2023 €m	2022 €m
Other receivables	0.4	0.2

The Company has paid directly certain PAYE obligations of the CEO and CFO, which are recoverable in full. Details are disclosed in the Remuneration report. See pages 94–117.

7. Issued share capital

	Number of shares	Nominal value of each share	Ordinary shares £m	Ordinary shares €m	Share premium €m	Total €m
Authorised, issued and fully paid-up						
At 31 December 2022	520,269,141	£0.01	5.2	6.8	2.2	9.0
Shares cancelled	(3,455,086)	£0.01	–	–	–	–
At 31 December 2023	516,814,055	£0.01	5.2	6.8	2.2	9.0

The Company holds shares in the TI Fluid Systems Employee Benefit Trust (EBT) for the purpose of satisfying awards made to employees under the TI Fluid Systems plc Long-Term Incentive Plan and Deferred Bonus Plan. Such shares are purchased on the open market and shown as a deduction to equity in the Statement of Changes in Equity until utilised, without further adjustments to their carrying value. They are utilised to satisfy the awards of equity-settled payments to employees on a first-in first-out basis.

The movements in ordinary shares held by the EBT in the current and prior year were as follows:

	Number of shares	€m
At 1 January 2022	3,931,173	10.5
Utilised to satisfy vested conditional share awards	(462,291)	(1.0)
Market purchase	4,209,646	11.4
At 31 December 2022	7,678,528	20.9
Utilised to satisfy vested Annual Bonus Plan	(209,792)	(0.7)
Utilised to satisfy vested conditional share awards	(3,748,742)	(10.4)
At 31 December 2023	3,719,994	9.8

The Company purchased 3,803,973 shares for cancellation, with nominal value £38,040 and consideration paid of €6.3 million including direct transaction costs. Of the shares purchased, the Group holds 348,887 own shares held pending cancellation, with value €0.6 million, not ordinarily rank for dividend.

Own shares held pending cancellation, and shares held in the EBT, are not treated as outstanding for the purposes of calculating earnings per share and do not ordinarily rank for dividend.

The Company is a public limited company, which is incorporated and domiciled in the United Kingdom, with registered number 09402231.

The Group has adopted a progressive dividend policy, and decided to recommend a final dividend of 4.53 Euro cents per share amounting to €23.2 million. Subject to shareholder approval at the Annual General Meeting on 14 May 2024, the final dividend will be paid on 21 June 2024 to those on the register on 24 May 2024, the Dividend Record Date, and will be converted to Sterling at a fixed rate on the same date. The proposed liability has not been recorded as a liability at the balance sheet date in accordance with IAS 10 'Events after the reporting period'.

8. Trade and other payables

	2023 €m	2022 €m
Trade payables	0.8	1.0
Amounts due to related parties	0.7	–
Other payables	0.2	1.1
Accrued expenses	20.5	0.3
Total trade and other payables	22.2	2.4

Within accrued expenses is €19.0 million (2022: €nil) relating to amounts committed for future own share purchases for subsequent cancellation. During the year, Bain Capital, a significant shareholder of the Company, charged the Company €20,000 (2022: €0.8 million) included in other payables above, which related to passed through costs from a third-party provider.

9. Loans due to related parties

	2023 €m	2022 €m
Loans due to related parties	22.8	22.4

Loans due to related parties at 31 December 2023 includes a subsidiary undertaking of the Company, which has loaned funds of €22.8 million to the Company's Employee Benefit Trust (EBT) (2022: €22.4 million), which is consolidated in accordance with Note 1.2 of the consolidated financial statements.

10. Contingent liabilities

The following UK subsidiary undertakings are exempt from the requirements of the UK Companies Act 2006, relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number
Omega Acquisition Bidco Limited	9402426
TI Automotive Korean Won Hedgeco Ltd	9855008
TI Automotive Korean Won Hedgeco II Limited	5633329
TIFS Holdings Limited	7060030
TI Automotive Limited	4097913
TI Automotive Euro Holdings Limited	5265489
TI Automotive USA Holdings Limited	5265459
TI Group Automotive Systems Limited	581742
TI Group Automotive Systems (Deeside) Limited	3061637
TI Automotive Holdings Limited	4174232
TI Automotive Czech Holdings (UK) Limited	6241709
TI Automotive German Holdings (UK) Limited	6243326
TI Group Automotive Systems (UK) Limited	784687
TI Automotive (China) Limited	4081361
Hanil Tube Holdings Limited	6258095
TI Automotive Canada Holdings Limited	5546464
Omega Newco Sub I Limited	9402268
Omega Newco Sub II limited	9402316
TI Automotive Pension Plan Trustee Limited	4310096

TI Fluid Systems plc will guarantee all outstanding liabilities that these subsidiaries are subject to as at 31 December 2023 in accordance with section 479C of the UK Companies Act 2006, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. In addition, TI Fluid Systems plc will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

11. Events after the balance sheet date

There have been no events after the balance sheet date which require disclosure, or adjustment, to the Company's year-end financial position.

Group Financial Record

Consolidated Income Statement

For the year ended 31 December

	2023 €m	2022 €m	Unaudited		2019 €m
			2021 €m	2020 €m	
Revenue	3,516.2	3,268.3	2,956.6	2,814.5	3,411.1
Cost of sales	(3,059.0)	(2,938.0)	(2,626.8)	(2,493.1)	(2,922.7)
<i>Exceptional items</i>	–	(100.3)	–	(120.4)	–
Gross profit	457.2	230.0	329.8	201.0	488.4
Distribution costs	(109.9)	(112.1)	(93.9)	(83.7)	(95.0)
Administrative expenses before exceptional items	(155.9)	(119.0)	(105.8)	(145.1)	(141.7)
<i>Exceptional items</i>	–	(217.1)	–	(184.2)	–
Administrative expenses after exceptional items	(155.9)	(336.1)	(105.8)	(329.3)	(141.7)
Other gains and losses	4.6	1.9	3.6	8.5	6.7
Net foreign exchange (losses)/gains	(0.2)	(0.7)	(6.9)	27.2	0.5
Operating profit/(loss)	195.8	(217.0)	126.8	(176.3)	258.9
Finance income	7.6	5.7	3.1	3.5	15.0
Finance expense before exceptional items	(82.3)	(64.4)	(63.1)	(77.5)	(72.5)
<i>Exceptional items</i>	–	–	(11.8)	–	–
Finance expense after exceptional items	(82.3)	(64.4)	(74.9)	(77.5)	(72.5)
Net finance expense after exceptional items	(74.7)	(58.7)	(71.8)	(74.0)	(57.5)
Share of (loss)/profit of associates	–	–	(0.9)	(3.5)	0.3
Profit/(loss) before income tax	121.1	(275.7)	54.1	(253.8)	201.7
Income tax expense before exceptional items	(37.5)	(23.4)	(40.9)	(28.1)	(57.1)
<i>Exceptional items</i>	–	20.1	2.8	29.7	–
Income tax (expense)/credit after exceptional items	(37.5)	(3.3)	(38.1)	1.6	(57.1)
Profit/(loss) for the year	83.6	(279.0)	16.0	(252.2)	144.6
Profit/(loss) for the year attributable to:					
Owners of the Parent Company	83.5	(279.1)	14.3	(254.1)	141.6
Non-controlling interests	0.1	0.1	1.7	1.9	3.0
	83.6	(279.0)	16.0	(252.2)	144.6

Group Financial Record

Consolidated Balance Sheet

At 31 December

	2023 €m	2022 €m	Unaudited 2021 €m	2020 €m	2019 €m
Non-current assets					
Intangible assets	542.4	603.9	884.8	883.8	1,182.2
Right-of-use assets	97.1	109.3	125.2	124.9	161.4
Property, plant and equipment	546.5	531.4	595.4	590.8	715.0
Investments in associates	–	–	–	14.6	19.2
Deferred income tax assets	126.1	105.2	70.5	62.4	25.1
Trade and other receivables	23.4	20.6	19.2	18.9	21.6
	1,335.5	1,370.4	1,695.1	1,695.4	2,124.5
Current assets					
Inventories	378.4	372.0	332.3	351.4	367.1
Trade and other receivables	551.2	541.9	520.5	534.8	574.5
Current income tax assets	9.0	7.9	11.4	13.7	13.7
Derivative financial instruments	3.0	2.8	0.9	0.4	18.4
Financial assets at fair value through profit or loss	–	–	0.9	0.9	0.9
Cash and cash equivalents	416.7	491.0	499.1	485.8	411.7
	1,358.3	1,415.6	1,365.1	1,387.0	1,386.3
Total assets	2,693.8	2,786.0	3,060.2	3,082.4	3,510.8
Equity					
Share capital	6.8	6.8	6.8	6.8	6.8
Share premium	2.2	2.2	2.2	2.2	2.2
Other reserves	(109.5)	(55.4)	(61.4)	(137.7)	(106.1)
Retained earnings	765.7	722.6	995.9	987.7	1,261.7
Equity attributable to owners of the Parent Company	665.2	676.2	943.5	859.0	1,164.6
Non-controlling interests	0.6	0.5	0.4	25.2	24.5
Total equity	665.8	676.7	943.9	884.2	1,189.1
Non-current liabilities					
Trade and other payables	15.1	12.8	14.6	20.0	12.3
Borrowings	1,010.2	1,114.0	1,098.5	1,069.3	1,148.5
Lease liabilities	107.6	121.5	119.8	122.4	138.0
Deferred income tax liabilities	58.7	80.7	95.8	104.3	128.5
Retirement benefit obligations	103.9	104.2	128.1	160.7	153.7
Provisions	2.6	2.6	2.6	4.9	5.0
	1,298.1	1,435.8	1,459.4	1,481.6	1,586.0
Current liabilities					
Trade and other payables	632.9	584.8	546.1	614.1	611.2
Current income tax liabilities	55.4	44.5	49.9	40.7	48.7
Borrowings	1.5	1.9	1.8	7.4	2.4
Lease liabilities	24.9	28.1	30.1	28.6	28.7
Derivative financial instruments	0.1	0.2	0.3	0.2	25.4
Provisions	15.1	14.0	28.7	25.6	19.3
	729.9	673.5	656.9	716.6	735.7
Total liabilities	2,028.0	2,109.3	2,116.3	2,198.2	2,321.7
Total equity and liabilities	2,693.8	2,786.0	3,060.2	3,082.4	3,510.8

The consolidated financial record presents the financial results for those businesses that were part of the Group for the years ended 31 December 2019 to 31 December 2023 inclusive.

Shareholder information

Company registered number

09402231

Directors

Tim Cobbold

Independent Non-Executive Chair

Hans Dieltjens

Chief Executive Officer and President

Alexander De Bock

Chief Financial Officer

Julie Baddeley

Independent Non-Executive Director

Jane Lodge

Independent Non-Executive Director

Susan Levine

Non-Executive Director

Elaine Sarsynski

Independent Non-Executive Director

Trudy Schoolenberg

Independent Non-Executive Director and Senior Independent Director

John Smith

Independent Non-Executive Director

Stephen Thomas

Non-Executive Director

Janis Acosta

Company Secretary

Registered office

4650 Kingsgate
Cascade Way
Oxford Business Park South
Oxford OX4 2SU
United Kingdom

www.tifluidsystems.com

Corporate offices

2020 Taylor Road
Auburn Hills
Michigan 48326
United States of America

Independent auditors

PricewaterhouseCoopers LLP

One Chamberlain Square
Birmingham B3 3AX

www.pwc.co.uk

Bankers

BNP Paribas

10 Harewood Avenue
London NW1 6AA

www.bnpparibas.co.uk

Legal advisers to the Company

Latham & Watkins (London) LLP

99 Bishopsgate
London EC2M 3XF

www.lw.com

Joint corporate brokers

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU

www.goldmansachs.com

J.P. Morgan Cazenove

25 Bank Street
Canary Wharf
London E14 5JP

www.jpmorgan.com

Peel Hunt LLP

100 Liverpool Street
London EC2M 2AT

www.peelhunt.com

Registrars

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Help and support for shareholders

+44 (0)371 384 2030

www.shareview.co.uk

Corporate calendar

Announcement of Final Results
12 March 2024

Annual General Meeting
14 May 2024

Announcement of Interim Results
8 August 2024

Cautionary statement regarding forward-looking statements

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of TI Fluid Systems plc (the Company). The words 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'forecast', 'project', 'will', 'may', 'should' and similar expressions identify forward-looking statements. Others can be identified from the context in which they are made. By their nature, forward-looking statements involve risks and uncertainties, and such forward-looking statements are made only as of the date of this Annual Report. Accordingly, no assurance can be given that the forward-looking statements will prove to be accurate and you are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty therein. Past performance of the Company cannot be relied on as a guide to future performance. Nothing in this Annual Report should be construed as a profit forecast.

The paper used in this report is elemental chlorine free and is FSC® certified. It is printed to ISO 14001 environmental procedures.

The Forest Stewardship Council® (FSC®) is an international network, which promotes responsible management of the world's forests. Forest certification is combined with a system of product labelling that allows consumers to readily identify timber-based products from certified sources.

The material in this report has been carbon balanced.

Two projects are supported via Carbon Footprint Ltd. Firstly, a tree planting scheme in the UK, which supports a programme of replanting to offset carbon use. Also, a project to support biodiversity within the Amazon, called the Portel-Pará REDD project, which is working to prevent unplanned deforestation in native forests, which has occurred due to logging, squatting and attempts to implement pastures. The project is expected to avoid over 22 million tonnes of carbon dioxide equivalent greenhouse gas emissions over a 40-year period. This will be achieved by managing the land in the form of a 'private conservation reserve', through rigorous monitoring and enforcement.



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

 Consultancy, design and production by jonesandpalmer.co.uk



TI Fluid Systems plc, Corporate Offices

2020 Taylor Road
Auburn Hills, Michigan 48326
United States of America

Tel: +1 248 296 8000

TI Fluid Systems plc, Registered Office

4650 Kingsgate
Cascade Way
Oxford Business Park South
Oxford OX4 2SU
United Kingdom

Tel: +44 (0) 1865 871820

www.tifluidsystems.com

Incorporated and domiciled in the United Kingdom
Registered number 09402231