Greener technologies. Cleaner vehicles. A sustainable future.

TI Fluid Systems

ANNUAL REPORT
& ACCOUNTS 2023

2023
Highlights

Delivering on our commitments and creating value for shareholders

1 Strong financial performance

Constant currency revenue growth
11.1%

Adjusted EBIT margin +190bps
7.4%

Adjusted Free Cash Flow Conversion
36%
of EBITDA

2 Bookings underpin transition to EVs

Total bookings
€3.0bn

BEV bookings
€1.3bn

HEV bookings
€0.8bn

3 Enhancing our position in China

New launches
48

New launches with local OEMs
25

BEV bookings
€0.4bn

4 Executing capital allocation policy

Cascade Engineering Europe acquisition
€26m

Progressive dividend
€35m

Approved €40m share buyback
€6m
by year end

5 A more sustainable business

Scope 1 & 2 emissions
-15%
versus 2021

2030 targets: SBTi approved
Scope 1 & 2: -50%
Scope 3: -30%

Management reporting measures

Revenue[1]
+7.6% (+11.1% constant currency)
€3,516m
2022: €3,268m

Adjusted EBIT
+44.2%
€259.6m
2022: €180.0m

Adjusted Basic EPS (€ cents)[2]
+56.8%
25.76c
2022: 16.43c

ROCE
+ 930 bps
27.6%
2022: 18.3%

Adjusted Free Cash Flow
+79.5%
€140.7m
2022: €78.4m

(1) Adjusted measures are non-IFRS metrics and reconciled in Note 3 and defined in the glossary in Note 37

(2) Adjusted Net Income definition changed to exclude impact of purchase accounting adjustments, consistent with other metrics, see Note 3

Statutory reporting measures

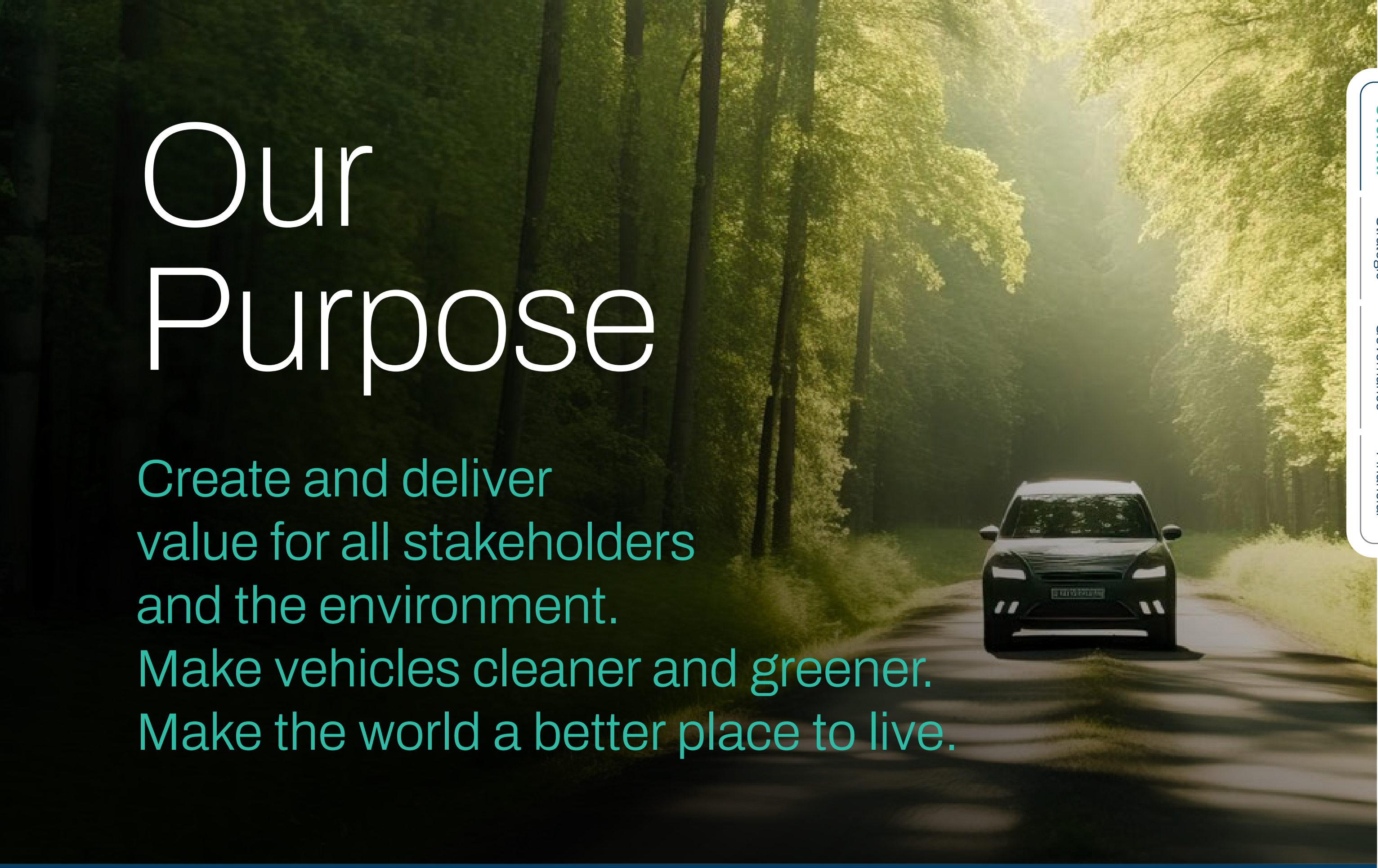
	2023	2022
Operating profit/(loss)	€195.8m	€(217.0)m
Profit/(loss) after tax	€83.6m	€(279.0)m
Basic EPS	16.19c	(54.39)c
Dividend per Share	6.83c	2.54c

Non-financial measures

Customer satisfaction
7.7 PPM
2022: 6.1 PPM

GHG emissions year-on-year reduction (Scope 1 & 2)
-15%
2022: +0.3%

BEV and HEV bookings
€2.1bn
2022: €2.6bn



Our Purpose

Create and deliver value for all stakeholders and the environment. Make vehicles cleaner and greener. Make the world a better place to live.

Contents

Overview

TI Fluid Systems at a glance	02
Our products	04
Our compelling investment proposition	06

Strategic report

Chair's statement	10
Chief Executive Officer's statement	12
Business model	16
A strong position in a market transitioning to electrification	18
Delivering our strategy	20
Strategy in action	22
Key performance indicators	30
Chief Financial Officer's report	32
Section 172 and stakeholder engagement	36
Sustainability	40
Principal risks and uncertainties	42
Task Force on Climate-Related Financial Disclosures (TCFD)	56
Going concern and viability statement	66
Non-financial and sustainability information statement (NFSIS)	68

Governance report

Corporate Governance at a glance	72
Corporate Governance statement	74
Board of Directors	76
Executive Committee	79
Corporate Governance report	80
Nomination Committee report	86
Audit & Risk Committee report	88
Statement by the Chair of the Remuneration Committee	94
Directors' Remuneration policy	97
Implementation of Remuneration policy	106
Annual report on remuneration	108
ESG Committee report	118
Directors' report	120
Statement of Directors' responsibilities in respect of the financial statements	123

Financial statements

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

TI Fluid Systems at a glance

Fluid Thinking, Thermal Innovation

TI Fluid Systems designs and manufactures thermal and fluid system solutions that improve efficiency, performance and sustainability for vehicle manufacturers worldwide.

27,000 people

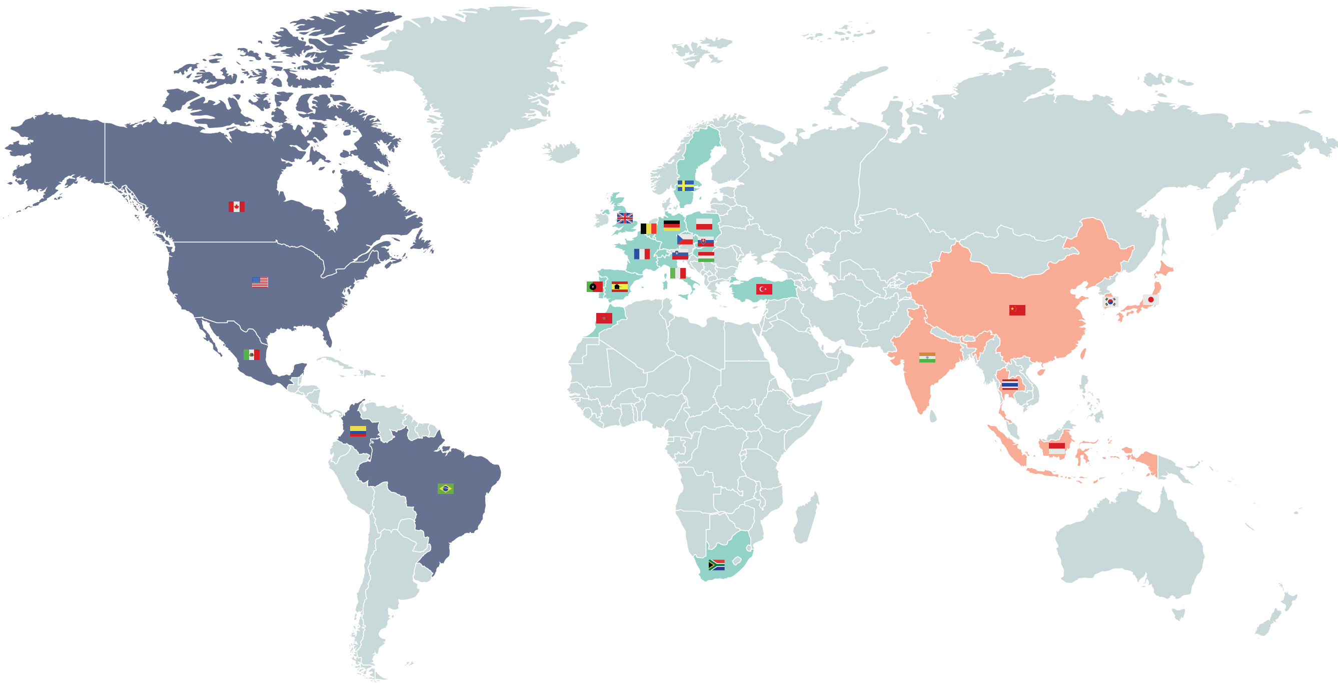
2 segments

€3.5 billion revenue

3 regions

Product portfolio covering all propulsions

Our global reach: a competitive, flexible manufacturing footprint, close to customers.



KEY

	Americas	Europe and Africa	Asia Pacific
Revenue	30%	39%	31%
People	8,600	10,600	7,800
Manufacturing locations	21	49	28
Engineering centres	2	5	6

Diversified customer base, serving all global OEMs

Revenue by customer

- VW Group
- Stellantis Group
- KIA-Hyundai Group
- Mercedes-Benz
- Toyota Group
- Ford
- RNM Alliance
- BMW
- GM
- Great Wall
- Honda
- Other

Two strong segments

Revenue by segment

- Fluid Carrying Systems
- Fuel Tank Delivery Systems

TI supplies…

12
of the top selling vehicle nameplates in North America

19
of the top selling vehicle nameplates in Europe

Source: S&P Global Mobility January 2024 and Company estimates

Strong global market positions

No 1
supplier of brake & fuel lines

No 3
supplier of plastic fuel tanks

Top 5
supplier of thermal management

Our products

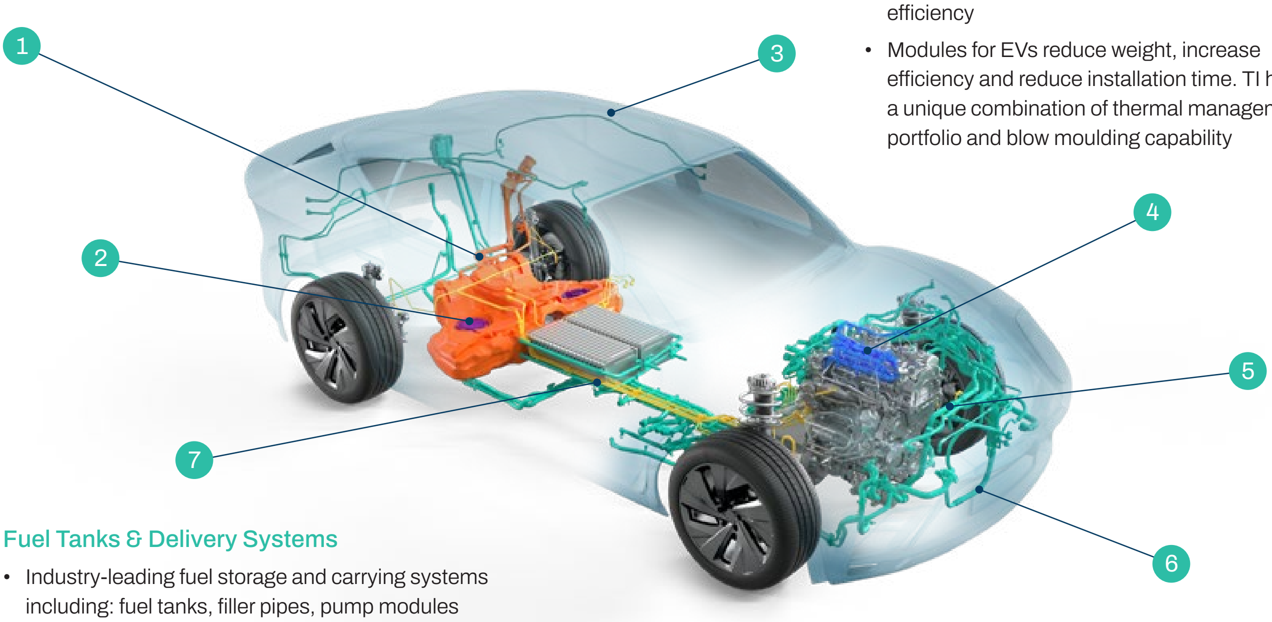
A product portfolio catering to all propulsions

We design, engineer, manufacture and supply highly engineered automotive fluid storage, carrying, delivery and thermal management systems for all vehicle architectures, from internal combustion engines (ICE) to battery electric vehicles (BEV).

KEY

1	Fuel Tank Products	I H
2	Fuel Delivery Products	I H
3	Autonomous Cooling/Cleaning	I H E
4	Powertrain Products	I H
5	Thermal Coolant Products	I H E
6	Thermal Refrigerant Products	I H E
7	Brake & Fuel Lines	I H E

Vehicle Drivetrain Availability:
- I ICE
- H (P)HEV
- E BEV



Thermal Management

- Complete range of refrigerant for cabin comfort and coolant lines for battery performance, connectors and components
- Portfolio ranges from traditional to innovative lightweight multi-layer nylon lines, to increase efficiency
- Modules for EVs reduce weight, increase efficiency and reduce installation time. TI has a unique combination of thermal management portfolio and blow moulding capability

Fuel Tanks & Delivery Systems

- Industry-leading fuel storage and carrying systems including: fuel tanks, filler pipes, pump modules
- Innovative/lightweight solutions reduce evaporative emissions and meet hybrid standards
- Only supplier with a fully integrated design, development, manufacturing and supply capability for fuel tank system to optimise ICE engine efficiency

Brake & Fuel Lines

- A range of complete fluid carrying assemblies for brake and fuel lines, that optimise underbody space, cost and installation speed
- Market-leader offering durable, cost-effective solutions in plastic, rubber, aluminum, and steel to cover all systems and vehicle types

Safety & performance critical

- Safety and performance requirements drive high value-add at a low cost compared to the cost of a vehicle

Innovative

- Award-winning products
- Track record of innovation, often in collaboration with customers

Embedded with customers

- Specifically designed for each customer
- Rigorously designed components designed to customer-specific specifications

Product strategy aligned with customer needs

Reducing emissions for all powertrains

Emissions reduction has been a key driver of product innovation for decades as countries around the world steadily increase legislative requirements for fuel economy and emissions reduction.

Transition to BEV

Megatrend shaping the industry, aimed at zero emission mobility. The electrification of the powertrain represents a seismic shift, with OEMs committed to transitioning to electric vehicles. In 2023, EVs represented 24% of global automotive production – this is forecast to increase to 65% by 2030.

TIFS Technology Roadmap

Product portfolio supporting customer's strategic needs

BEV efficiency challenges

BEV efficiency is the biggest challenge OEMs face – OEMs need to find ways to increase driving range and reduce charging time, whilst being cost competitive. Weight reduction is a key way of reducing energy consumption and increasing driving range.

Sustainable materials

Reshaping product design and a shifting to more sustainable materials, including increasing recycled content. Our innovations require less energy to manufacture, supporting our customers' focus on Scope 3 emissions.

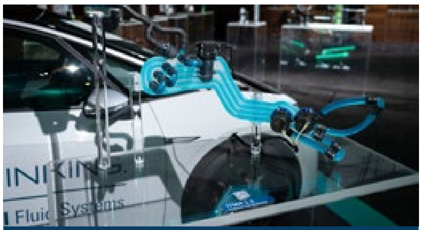
Increasing efficiency, reducing emissions and cost

Growth in thermal management content

- Electrification significantly increases the revenue potential of our existing portfolio of thermal products, consisting of lines and connectors
- BEVs need significantly more lines and connectors due to battery heating and cooling needs. We estimate that BEVs require lines that are 2–4x longer than ICE vehicles. The number of connectors required on an EV is 6–7x higher
- Our multi-layer lines are adapted to fit customer-specific temperature, pressure, emissions, weight and cost requirements

Thermal management innovation

- Managing battery and electric motor temperatures in EVs is critical to vehicle performance, driving range, battery life and system health. This drives significantly higher thermal management requirements for EVs as compared to ICE
- To meet the EV efficiency challenge, we have developed lighter, lower cost thermal products offering efficiency improvements, whilst also being specifically adapted to the unique pressure and temperature requirements of EVs
- Our nylon-plastic-based multi-layer coolant lines are up to 30% lighter, reduce risk of leakage, at a 20% lower cost and are easier to assemble than conventional rubber hoses



ITMA coolant modules

- Our Integrated Thermal Management (ITMA) coolant modules play a key role in increasing EV efficiency. By integrating the functionalities and components into a single, compact unit we can deliver significant weight reduction, increasing efficiency gains at a reduced cost
- Our blow moulding capabilities are a differentiator in designing geometries with significant flexibility and functional integration
- Our modules deliver up to a one-third reduction in weight with 30% fewer sub-components and are 60% faster to install compared to an EV retrofitted with a classic coolant loop

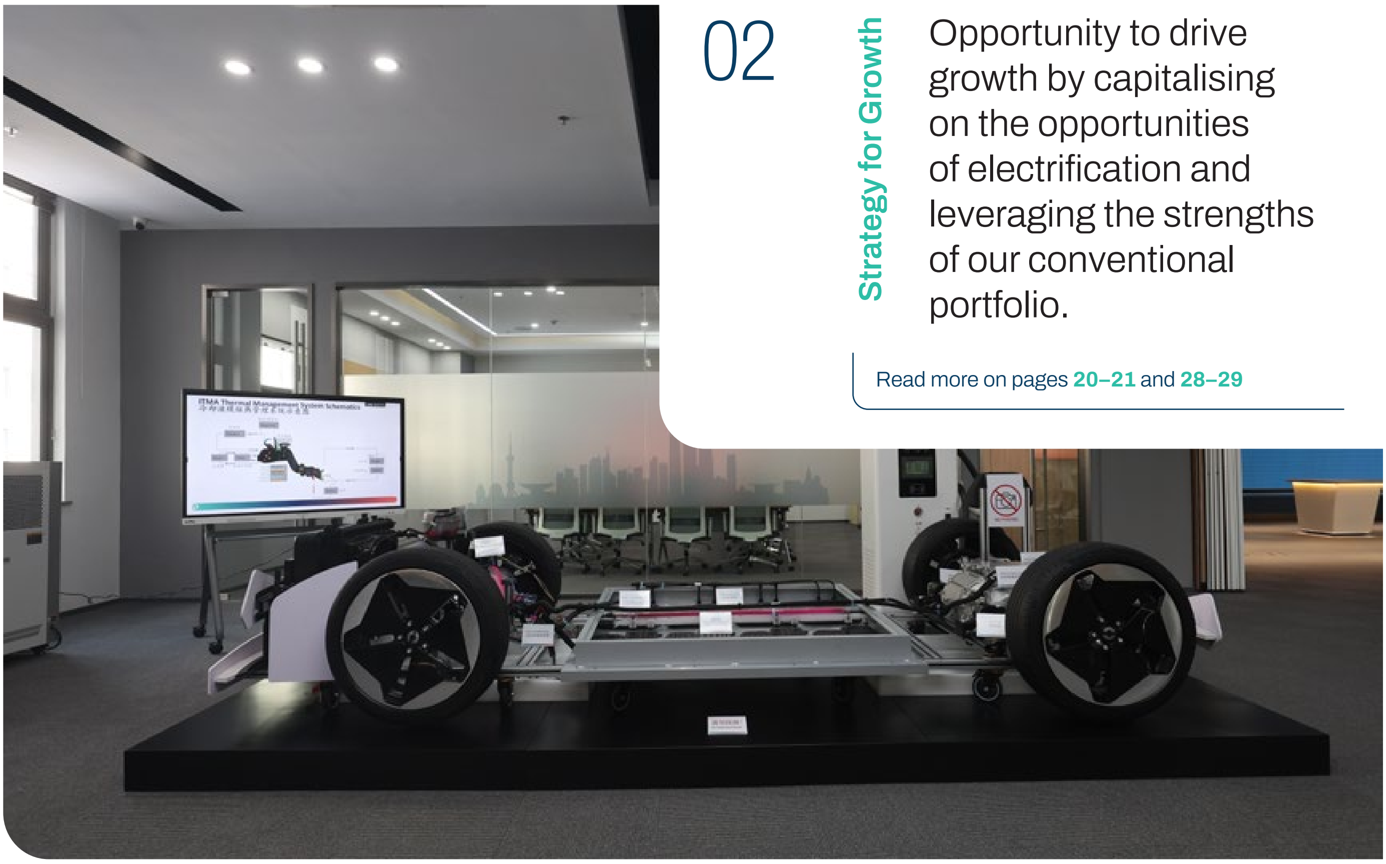
Our compelling investment proposition

01

Market Leading

Powertrain agnostic portfolio with leading market positions, diverse automotive customer base and global presence.

Read more on pages **18–19**



02

Strategy for Growth

Opportunity to drive growth by capitalising on the opportunities of electrification and leveraging the strengths of our conventional portfolio.

Read more on pages **20–21** and **28–29**

03

Double-digit Margins

On track to return to industry-leading profitability with strong cash conversion.

Read more on pages **32–35**

04

Balanced Capital Allocation

Capital allocation focused on shareholder value creation whilst maintaining a strong balance sheet.

Read more on page **32**

05

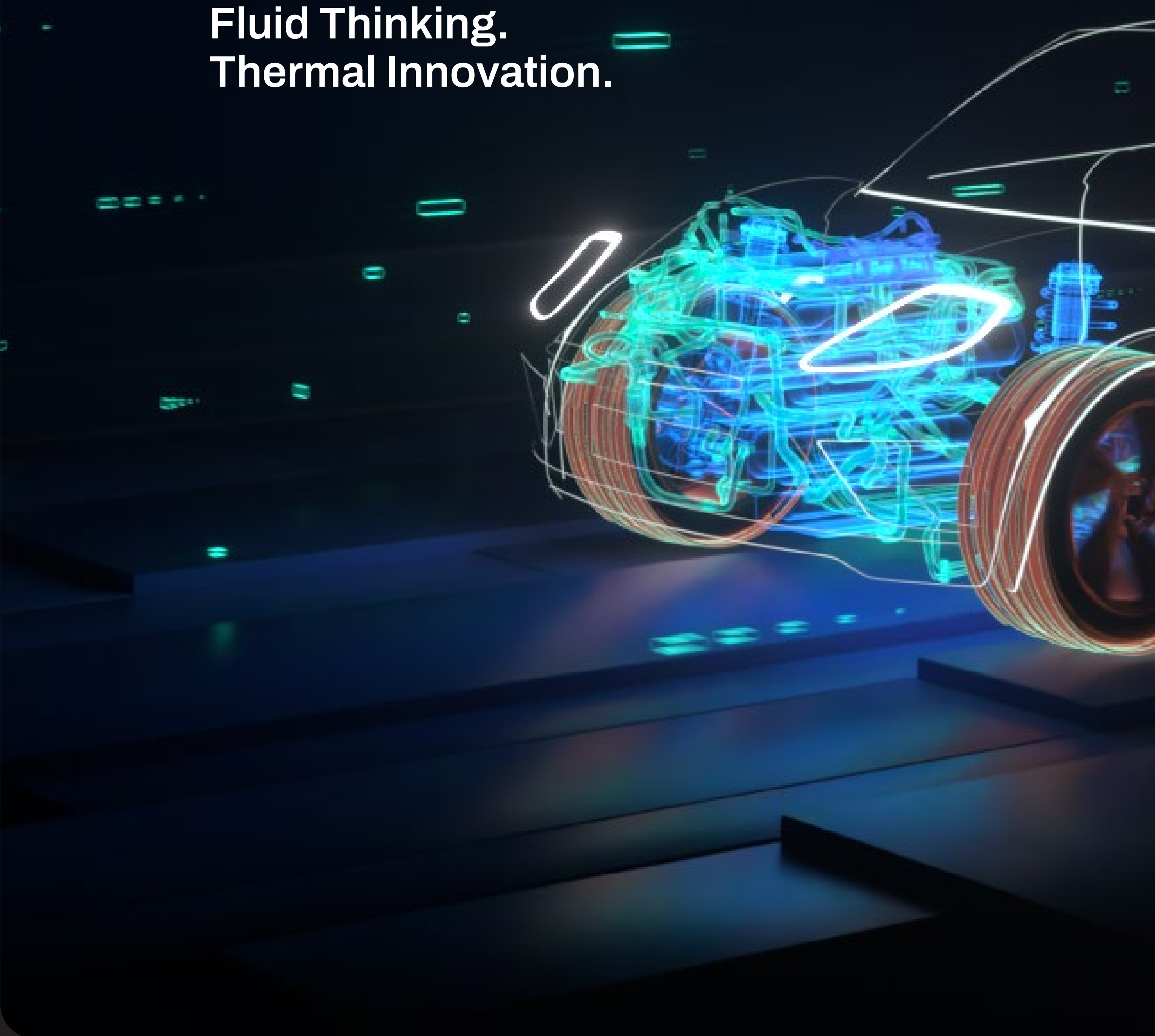
Sustainable Growth

Making a positive impact through our commercial and operational strategy.

Read more on pages **40–41**

Strategic report

**Fluid Thinking.
Thermal Innovation.**



In this section

Chair's statement	10
Chief Executive Officer's statement	12
Business model	16
A strong position in a market transitioning to electrification	18
Delivering our strategy	20
Strategy in action	22
Key performance indicators	30
Chief Financial Officer's report	32
Section 172 and stakeholder engagement	36
Sustainability	40
Principal risks and uncertainties	42
Task Force on Climate-Related Financial Disclosures (TCFD)	56
Going concern and viability statement	66
Non-financial and sustainability information statement (NFSIS)	68

Chair's statement

"TI's performance in 2023 was strong as the Group delivered on its financial commitments and continued to lay the foundation for a successful transition to EVs. The Group entered 2024 well-positioned to deliver continued progress, and I am confident in our prospects."

Tim Cobbold
Chair

Dear Shareholder,

After a difficult 2022, 2023 was a year of considerable progress for TI. The Group delivered a strong financial performance, not least a significant increase in profitability, and made good strategic progress. In doing so, the Group delivered on its financial commitments, whilst continuing to lay the foundations for a successful transition to electric vehicles (EVs consisting of battery electric vehicles, or BEVs, and hybrid electric vehicles, or HEVs).

The Group's financial results should be seen in the context of an improved operating environment compared with 2022. Nonetheless, the industry faced other challenges in 2023 – inflation, the UAW strike and new geopolitical issues. TI's ability to deliver both operationally and strategically in a difficult environment is testament to the resilience and hard work of the entire team. On behalf of the Board, I would like to thank our people for their dedication and continued enthusiasm for embracing change.

Financial performance

2023 financial performance was strong, with double-digit revenue growth at constant currency and a significant expansion of Adjusted EBIT margin. Constant currency revenue growth was 11.1% and the Adjusted EBIT margin expanded by 190 basis points to 7.4%.

The primary drivers of financial performance were cost reduction actions and commercial recoveries from customers in a year in which car production volumes rebounded. These positives were partially offset by cost inflation, which stabilised but at a high level, and foreign exchange headwinds. The 190 basis points increase in Adjusted EBIT margin represents material progress from the low point of 2022 towards the mid-term goal of returning the business to double-digit Adjusted EBIT margins, which we know shareholders value.

Whilst continuing to maximise the returns from ICE-powered vehicles, TI's long-term future depends on successfully navigating the transition to EVs. In 2023, EV bookings were €2.1 billion (2022: €2.6 billion), with BEV bookings in line with the prior year at €1.3 billion. This was a good performance given the broader market, with lower addressable volumes available to quote and a mix shift towards local Chinese OEMs.

It demonstrates how well the commercial organisation balanced a focus on cost recoveries with winning new business for EV platforms from the same customers. It also reflects the value of recent investments in technologies and product development for BEV and HEV platforms. Margins on these EV bookings are normalising towards historic levels.

Strategic progress

At the Capital Markets presentation in September 2023, TI presented its roadmap for the next phase of the Group's Strategy, Taking-the-Turn, together with, for the first time, the associated mid and long-term financial targets. These targets are set out in more detail in the CEO review on pages 12–15. This strategy is focused on delivering sustainable long-term growth by capitalising on the opportunities of electrification, whilst maximising the strengths of our conventional portfolio for ICE vehicles.

The roadmap and related targets, which were well received by investors, now provide shareholders with both clarity as to how TI expects to grow through the transition to EVs and the potential financial returns they can expect.

In 2023, the Group continued to focus on implementing the strategy with EV bookings now running at over 70% of total bookings, an increase of over 30 percentage points since 2019. The focus on the EV market in China, where TI has been strong historically with global OEMs, has been switched to the local OEMs with good early progress being made.

At the Capital Markets Day, the Group also announced a switch to a regional structure to better focus on the EV and other growth opportunities, which vary significantly by geography. This new organisation will position the Group to respond more quickly and more flexibly to the demands of customers as they implement EV technologies. From the start of 2024, the regional structure is in place and operating well at this early stage.

In September 2023, the Group announced the acquisition of Cascade Engineering Europe (Cascade) for €26 million, its first acquisition since 2016. Cascade represents the type of smaller bolt-on acquisition that allows TI to accelerate product and technological development, in line with the strategy.

TI operates in a complex and dynamic industry, and it is clear that the speed of the transition to EV is variable and varies across geographies. The Taking-the-Turn Strategy is designed to ensure that the Group is well-positioned to respond to the transition, whatever its shape or speed.

Sustainability

Sustainability is at the heart of the Group's purpose. It has long been central to product innovation and is key to future commercial success. The aim is that TI's sustainability initiatives are not standalone projects, but rather part of the day-to-day running of the Group – from products that help customers with their EV transition to improving TI's own environmental impact. 2023 has been another year of progress with a double-digit reduction in Scope 1 & 2 emissions compared to a 2021 baseline and the SBTi's approval of the Group's 2030 carbon emission reduction targets.

Recognising its importance, the Board maintains close oversight of sustainability through the ESG Committee, which is chaired by Elaine Sarsynski and consists of both Executive and Non-Executive Directors, as well as members of the Executive Committee. Reflecting a commitment to sustainable value creation, sustainability is a component of TI's long-term incentive scheme, which applies to the Executive Directors, members of the Executive Committee and other senior personnel. More details on our sustainability progress in 2023 can be found on pages 40–41.

People

Our people have demonstrated they are exceptionally resilient and dedicated during the last few years in particular. Whilst the existential challenges of 2020, 2021 and 2022 have diminished, 2023 brought different challenges. The team at TI proved once again its agility and readiness to respond with exceptional levels of commitment. On behalf of the Board, I would like to thank all our people for their hard work and dedication.

Board composition and governance

Strong governance, coupled with diversity of thought, are necessary foundations for long-term growth and success. The current composition of the Board brings considerable diversity of experience and I was proud to lead a Board with 50% female representation in 2023. As discussed in the Nominations Committee report on pages 86–87, the Board is not yet compliant with the new Listing Rule 9.8.6R (9) (a). Doing so remains a key priority for Board succession planning. I remain committed personally to seeking to meet this expectation at every Board appointment going forward, whilst always appointing the person we judge to be the best candidate.

As previously announced, Susan Levine has decided not to stand for re-election at the 2024 Annual General Meeting (AGM) and will step down from the Board at the AGM. My colleagues and I have appreciated Susan's commitment. It has been a great pleasure to work alongside her and we wish her well.

The externally-facilitated Board evaluation undertaken at end of 2022 rated the Board's overall effectiveness highly. However, we are always seeking to improve, and the Board agenda in 2023 was adjusted in response to the evaluation. In addition to maintaining our focus on strategy and product portfolio expansion, additional Board time was allocated to risk management, diversity, IT and cybersecurity, and to supply chain.

Further information on the Board is available in the Governance section starting on page 72 and within the Committee reports on pages 86–118.

Stakeholder engagement

Engaging with stakeholders to understand their needs and requirements plays a key role in ensuring decisions create long-term, sustainable value for all. Over many years, the Group's success and resilience has been supported by strong relationships with the Group's stakeholders.

From a Board perspective, 2023 has been a year of increased direct engagement with employees with multiple touchpoints by multiple Directors. These included plant tours in the US, UK and Morocco for three Directors and skip-level meetings with employees at sites in Germany and the UK. The Board also reviews and discusses the outcomes of the Group's annual Engagement Survey and health & safety performance.

Members of the Board visited the Group's recently expanded facilities in Morocco in mid-October. The Moroccan facilities are focused on supplying to EVs in Europe, so are particularly important strategically going forward. The Group has made considerable investments in these plants and it was rewarding to see the benefits of this from a business perspective as well as the passion, professionalism and commitments of the TI staff in Morocco.

I remain committed to the value of shareholder engagement, and shareholder feedback is shared with the Board regularly throughout the year. In particular, shareholder views, expressed over a number of years were incorporated into the design of the revised capital allocation policy presented in our Interim Results in August.

In the autumn, in line with the usual three-year cycle, we consulted with shareholders on the new Remuneration policy. I would like to thank John Smith, Chair of the Remuneration Committee, for his stewardship of the process, and shareholders for their constructive feedback, which helped shape the new policy.

Early in 2024, following on from my initial consultation with shareholders, which took place shortly after my appointment as Chair, I wrote to all major shareholders repeating the standing invitation to meet with them at their convenience to address any aspect of TI's business. The nature of the discussions and actions taken, if any, will be disclosed in the 2024 Annual Report.

More information about how we, as a Board, have sought to fulfil our duties under Section 172 of the Companies Act 2006, can be found on pages 36–39.

Returns to shareholders

In August, the Group announced a revised capital allocation policy, which sought to improve returns to shareholders. The new policy, which is explained in more detail on page 32 included adopting a progressive dividend policy, to provide more attractive shareholder returns and greater visibility, starting with a dividend of €35 million for 2023 (2022: €13.0 million) and a share buyback programme of up to €40 million.

On 15 September 2023, an interim dividend of €11.8 million or 2.30 Euro cents (1.96 pence), per ordinary share (2022: 1.00 Euro cents or 0.85 pence) was paid. The Board proposes to pay a final dividend in respect of 2023 of 4.53 Euro cents, or pence, per ordinary share (2022: 1.54 Euro cents or 1.34 pence).

In October 2023, we commenced a €40 million share buyback programme and by 31 December 2023, €6 million of the programme had been completed.

Looking ahead

In summary, I am pleased with the progress the Group has made, from both a strategic and financial perspective, in 2023. The Group is in a strong position as it entered 2024, with a clear strategy, Taking-the-Turn, a roadmap through the industry's transition to EVs, a product portfolio that caters to all propulsion types and the continued commitment of the team. I am confident in the Group's prospects and its ability to deliver continued progress in 2024 and beyond.

Tim Cobbold
Chair

11 March 2024

Chief Executive Officer's statement

> **TIFS on Track.**
>
> In 2023, we achieved double-digit revenue growth at constant currency, a significant increase in Adjusted EBIT margin and strong cash generation. We also made important progress on the execution of our 'Taking-the-Turn' strategy, further positioning TI for a successful transition to electrification."

Hans Dieltjens
Chief Executive Officer and President

Strong 2023 performance and progress

In 2023, TI delivered a strong performance, demonstrating the quality, professionalism and commitment of the wider team as the organisation delivered growth in revenue and profitability. This success is a result of the hard work and dedication of our people, and I would like to thank them all for their contribution.

11.1%
constant currency revenue growth

190bps
Adjusted EBIT margin expansion

€1.3 billion
BEV bookings

We have made significant progress towards our mid-term financial targets, with revenue growing at 11.1% at constant currency and our Adjusted EBIT margin increasing by 190 basis points to 7.4% as compared to 2022. Our 36% conversion of Adjusted EBITDA to cash reflects our financial discipline. So all in all, we delivered on our promises, with the full year slightly ahead of expectations, even after upgrading our 2023 financial outlook in August.

We also delivered an improvement in our environmental footprint. TI's success is built on innovating and developing products that reduce vehicle emissions and increase efficiency, and we are committed to manufacturing products in a more sustainable manner. Actions to improve our environmental footprint resulted in a double-digit reduction in our Scope 1 & 2 carbon emissions versus a 2021 baseline and we are on plan for our 50% reduction commitment by 2030.

When I became CEO in late 2021, it was clear that we needed to respond to the accelerating pace of the industry transition to electric vehicles (EV). Since then, our 'Take-the-Turn' strategy has driven a significant step up in EV bookings. As we set out at our Capital Markets Event in September 2023, 'Taking-the-Turn' is the next step to accelerate our strategic execution. We also set mid-term financial targets to grow revenue to €3.8–4.2 billion[1] and return to a double-digit Adjusted EBIT margin. Our Taking-the-Turn strategy and progress towards our financial targets are on track.

Our EV product portfolio leverages our deep expertise in fluid handling and builds on existing technologies, products and strengths. Our product-agnostic portfolio is a key differentiator, particularly brake lines which are truly propulsion-agnostic, and our lines and connectors, which are used in coolant or refrigerant systems, and where we have decades of experience. Additionally, our connectors, lines and Integrated Thermal Modules support the increased heating and cooling requirements of EVs and are expected to translate into higher EV volume growth in the future.

Finally, conventional products are an integral part of our business, particularly fuel tanks and delivery systems for ICE vehicles. We are focused on maximising their profitability and cash flow, and ensuring we capture the opportunities presented by hybrid vehicles.

EVs are clearly the future, but the shape and pace of the transition are more difficult to predict. We are, therefore, disciplined in how we invest in ICE and EV product lines and are successfully managing the transition within our historic levels of restructuring and capital expenditure.

Our industry

TI operates in a dynamic and rapidly changing industry. In 2023, we again demonstrated our agility by responding to significant industry growth, whilst maintaining our focus on execution. Global light vehicle production volumes recovered sharply, increasing by 9.4% year-on-year to 90.1 million units, driven by strong demand, inventory restocking and easing supply chain shortages.

However, the operating environment was not without its challenges, including persistently high inflation, volatility in customer production schedules, and the UAW strike. Despite this, all regions and propulsion types experienced growth, with EV volumes increasing 36% year on year, resulting in EVs accounting for 24% of global light vehicle production. BEV production increased 33% to 13% of global light vehicle production. Production volumes from the local Chinese OEMs increased 21%, well ahead of overall growth in Chinese light vehicle production of 9.4%.

2023 performance: double-digit revenue growth and significant margin recovery

In 2023, TI achieved 11.1% revenue growth at constant currency, with revenue of €3,516.2 million. This growth was driven by the recovery in industry volumes, inflationary cost recoveries, and the successful launch of new products.

We successfully completed launches across a broad mix of product lines, customers and powertrains across all regions which will drive future growth.

Revenue growth was strongest in Europe & Africa and North America, with constant currency growth rates of 14.2% and 14.3% respectively. In both regions we outperformed light vehicle production (by 300 basis points in Europe & Africa, and by 480 basis points in North America). In Asia Pacific, constant currency revenue growth was 4.5%, again reflecting industry volume growth, inflationary recoveries and launches. We underperformed light vehicle production in the region by 450 basis points due to China where we have lower share with the local OEMs, creating a negative mix effect. As discussed below, we expect launches in 2023 and plans for 2024 will improve our position with local OEMs.

The key financial highlight of the year was the significant recovery in Adjusted EBIT margin to 7.4%, 190 basis points higher year-on-year. Adjusted EBIT increased by 44.2% to €259.6 million from €180.0 million in 2022. This was due to a strong commercial performance and cost actions.

Despite the working capital investment needs of growth, Adjusted Free Cash Flow conversion was 36% of Adjusted EBITDA, better than our historic track record and prior outlook.

Delivering on our priorities

At our Capital Markets Event last September, we outlined our strategy for sustainable and profitable growth. We set clear financial targets based on delivering revenue growth and a return to double-digit Adjusted EBIT margins:

- Revenue: 2026 target of €3.8–4.2 billion; 2030 target of >€4.5 billion[1]
- Adjusted EBIT margin: mid-term target to return to double digits
- Adjusted Free Cash Flow conversion of circa 30% of Adjusted EBITDA
- Carbon emissions: re-affirmed 2030 targets for a 50% reduction in Scope 1 & 2, and a 30% reduction in Scope 3 versus 2021

The key strategic drivers for delivering on these targets are set out on pages 20–21. We made substantial progress towards achieving these targets in 2023, but the entire team recognises that more work remains to be done.

(1) Future revenue stated at constant currency – 2022 average rates.

Chief Executive Officer's statement
continued

Sustainable, long-term revenue growth

TI has a clear strategy for achieving sustainable revenue growth. The key strategic building blocks include expanding our fluid handling business for EVs, strengthening our position in Modules & Systems for EVs, enhancing our position in China and maximising the profitability of our conventional portfolio for ICE vehicles.

Expanding our fluid handling business – lines & connectors

- EVs present a tremendous growth opportunity for fluid handling products, particularly lines and connectors. We estimate that BEVs require 4–5x as many connectors and 2–4x as many coolant lines versus a comparable ICE vehicle. In 2023, over 40% of our bookings related to Thermal products largely in this product field.
- Our e-Mobility Innovation Centres (eMICs) are a differentiator in winning new thermal management business for EVs. These centres bring critical design, engineering, and testing capabilities under one roof to drive innovation and enable more effective collaboration with customers. They also provide customers with one-stop shops to tackle their thermal management challenges and accelerate speed to market.
- A key component of our strategy is to further develop our technologies and capabilities for EVs. We can drive this development organically, but there are also inorganic opportunities. A good example is the acquisition of Cascade Engineering Europe (Cascade), which increases our market share in thermal connectors, broadens our speciality connectors offering, and increases our vertical integration. The business was acquired for a base purchase price of approximately €26.2 million.

Strengthening our position in Modules & Systems

- Towards the end of 2023, we announced a collaboration with Sanden, a leader in refrigerant and e-compressors. This co-operation accelerates development of our next generation Thermal Refrigerant Modules (ITMrs or Integrated Thermal Module refrigerant) as we can now offer system solutions including the compressor, a critical component. We also secured our first bookings for our ITMas or Integrated Thermal Manifolds for coolant applications with programme awards in Europe and China.

Enhancing our position in China

- TI has a long history of operating successfully in China, with strong market positions with global OEMs. We are leveraging this position to increase share with the local OEMs who have had strong growth momentum in the last two years. Our actions in 2023, including the decision to move to a regional model and the opening of an eMIC in Jiading, Shanghai, are already showing results and increased traction. Both improve the agility of the local team to respond quickly to specific local market needs in a region where speed is a critical factor. This progress can be seen in new launches – 48 in 2023, over half with local OEMs, and a further 81 planned for 2024. BEV bookings amounted to €0.4 billion (2022: €0.4 billion) with a number of strategic wins. These include an entry point with the largest local OEM with brake lines and PHEV tanks.

Maximising our conventional portfolio

- The majority of TI's conventional products are used in ICE vehicles where TI is well-positioned to be the natural choice for platform extensions. This is reflected in bookings, which include extensions for a number of ICE programmes. We are also delivering strong profitability – in 2023, our Fuel Tank Delivery Systems segment grew revenue 10.5% at constant currency, well ahead of growth in its addressable markets (estimated at 6.6%), and generated an Adjusted EBIT margin of 8.8%.

Finally, in 2023 we maintained our focus on bookings, which are a key priority and underpin our future success. We successfully maintained our BEV awards at the same level as 2022 at €1.3 billion (2022: €1.3 billion) of which China represented 33% or €0.4 billion (2022: 35% and €0.4 billion respectively). HEV awards were €0.8 billion (2022: €1.3 billion). This was a good performance, particularly given the commercial organisation's focus on inflationary cost recoveries. Moreover, our bookings demonstrate that our Taking-the-Turn strategy is delivering with important wins in Thermal Management, Modules & Systems and in China.

Returning to double-digit Adjusted EBIT margins

In 2023, we took an important step towards achieving our targeted double-digit Adjusted EBIT margin. This was driven by commercial actions, volume growth and productivity measures. Productivity included actions taken to optimise our footprint, headcount and purchasing with a less volatile trading environment helping to drive efficiency gains. During the year, we invested €13.4 million (2022: €22.8 million) in restructuring, largely related to headcount reductions and footprint optimisation. Cost recoveries also played an important role as we secured compensation for a fair share of inflation borne by TI.

Looking ahead, the three building blocks of our path to a double-digit Adjusted EBIT margin remain unchanged. Conversion of volume growth and mix, recovering costs and driving productivity remain the key three components, combined with launching and winning new EV product lines at historic margins.

Delivering on our sustainability agenda

Sustainability is at the heart of our purpose, commercial strategy and how we run our business. This starts with our products and a focus on new, cleaner technologies to support customers in producing greener vehicles. In 2023, TI revenues related to BEVs and HEVs are broadly in line with the industry, and EV bookings represented over two-thirds of total bookings.

Secondly, we improved our own environmental footprint. Greater use of renewable energy and increasing energy efficiency have delivered a double-digit reduction in our Scope 1 & 2 emissions in 2023 compared to a 2021 baseline. We are on track to deliver a planned 50% reduction by 2030.

Thirdly, in 2023, we significantly expanded our safety management system to an additional 27 manufacturing locations. This is building awareness, driving better reporting and improving our health & safety culture.

And finally, there are lots of great examples of how our team has engaged with the communities in which they operate in this report, and particularly on pages 36–39.

People and shift to a regional organisation

The regional organisation announced last September improves alignment with customers and industry developments. It is also a better fit with the wider geopolitical environment, including deglobalisation. Our regional leaders are better placed to adapt to changes in their individual markets, particularly the EV transition, which is moving at different speeds in different regions. The regional structure allows a more effective shift in resources between product lines and captures synergies as we transition our portfolio for electrification.

Talent remains a key priority. This starts with developing, retaining and promoting talent from within. At the same time, we seek to bring valuable new skills into the Group through select external appointments. As a result, we have a well-balanced leadership team, with a mix of experienced TI leaders and external appointees with a broad range of skills and diversity of experience.

We continue to embed the 'Six Mindsets for Success' into our culture through consistent reinforcement at internal presentations and alignment with our day-to-day activities. By embracing our Six Mindsets, we will instill a winning culture that is agile and able to adapt in order to ensure success through the industry transition.

Improving returns to shareholders

Our revised capital allocation strategy seeks to optimise shareholder value creation by balancing investment in growth with shareholder returns. By moving to a progressive dividend, starting with €35 million per annum, we aim to improve returns and visibility. We are also making progress with the €40 million share buyback announced in August.

More detail on our revised capital allocation policy can be found on page 32.

Confident in our prospects

Looking ahead, we expect to make further progress in 2024 towards our mid-term financial targets as we continue to execute our strategy. Our flexible business model, committed workforce and propulsion agnostic product portfolio mean we are well-positioned to continue to create value for shareholders.

Hans Dieltjens
Chief Executive Officer and President

11 March 2024

Business model

Our business model leverages our expertise in fluid handling, market-leading positions in safety and performance critical products, and global footprint to help customers meet their efficiency and emissions challenges. It is driven by our purpose, underpinned by our values and supported by a disciplined financial framework.

Our key resources

Product portfolio for all propulsions

Award-winning product portfolio and technologies with strong market positions, catering to all propulsions and well-aligned with automotive megatrends

People

Global workforce of 27,000 employees – committed, resilient and agile

Customer relationships

Trusted relationships built on a track record of delivery

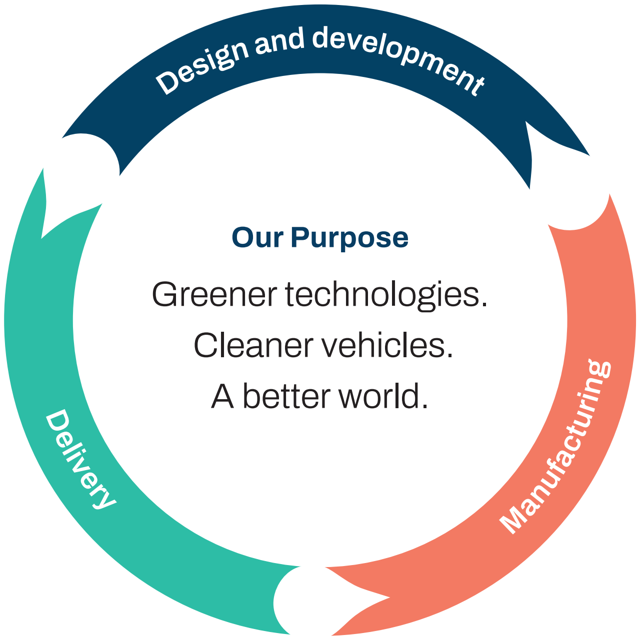
Global footprint

We support our customers globally with 98 manufacturing locations in 27 countries

Financial strength

Track record of profitability, cash conversion and a strong balance sheet

What we do



We design, develop, manufacture and deliver cost competitive solutions to OEM customers' efficiency and emissions challenges

Underpinned by

Culture and values

Our differentiators

Design and development

Deep expertise in highly engineered automotive fluid systems

Knowledge of OEM-specific approach to engineering, design and development built over 100 years and long-term customer relationships

Collaborative, working with customers to innovate

eMICs provide a unique, one-stop shop to work with customers to develop, design, test and prototype innovative products and accelerate development cycles

Manufacturing

Global manufacturing capabilities with economies of scale and a low cost footprint

Vertical integration contributes to a cost competitive structure and provides differentiated knowledge of key components

Facilities located close to customers, builds strong relationships at a local level

Delivery

Efficient just-in-time delivery

Customer proximity creates significant transportation savings, whilst optimising logistics, reducing supply disruption risk and minimising environmental impacts

Value created for all stakeholders

Customers

We design, develop and deliver high-quality products critical to customers' performance and safety needs. We collaborate with customers to innovate and develop solutions to support cleaner and greener vehicles.

Employees

We strive to provide our employees with an inclusive and diverse working environment, as well as opportunities to grow and develop through a culture of collaborative learning.

Suppliers

We collaborate and support our supply base so they can provide high-quality products that meet our advanced technology requirements in a cost efficient manner.

Communities

We are committed to creating a positive legacy in our communities and for the next generation.

Environment

Our products play a key role in cleaner, greener vehicles, enabling our customers' transition to electrification. We are also committed to improving our own environmental footprint.

Shareholders

We are focused on creating value for shareholders through our financial performance and returns, including a progressive dividend and share buyback programme.

Six Mindsets for Success

Financial discipline

A strong position in a market transitioning to electrification

Global Light Vehicle Production (GLVP) in 2023

GLVP

90.1 million units

+9.4% yoy

2022: 82.3 million units

By region

Europe & Africa:

+11.2%

North America:

+9.5%

Asia Pacific:

+9.0%

By propulsion

Total EV 21.5 million units:

+36%

BEV 11.6 million units:

+33%

HEV 9.9 million units:

+40%

TI Fluid Systems: 170 basis points outperformance in 2023

Performance by region

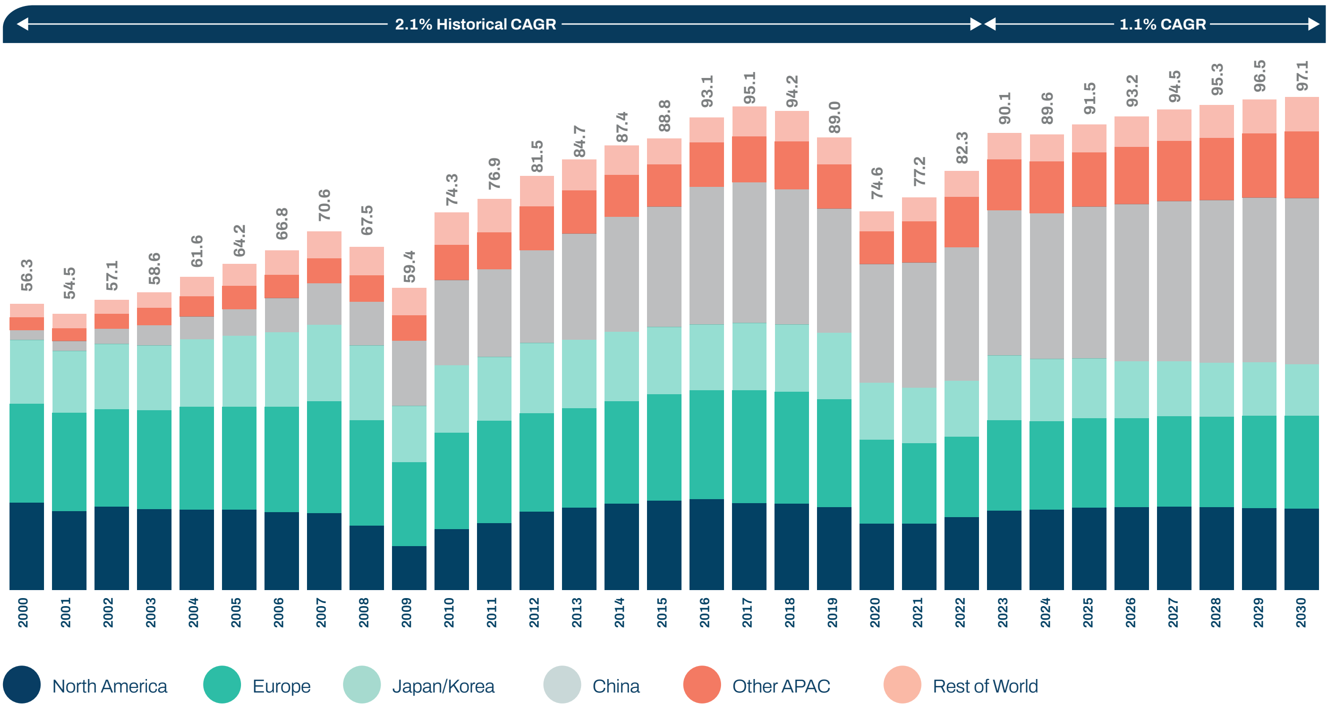
	TI constant currency revenue growth	Light vehicle production growth
Europe & Africa	14.2%	11.2%
North America	14.3%	9.5%
Asia Pacific	4.5%	9.0%
Latin America	16.4%	3.1%
Group	11.1%	9.4%

In 2023, Global Light Vehicle Production (GLVP) recovered sharply, up 9.4% to 90.1 million units driven by strong demand and restocking as supply chain shortages eased and production volatility substantially reduced. Global EV production increased 36% to 21.5 million units. In China, Light Vehicle Production (LVP) increased 9.4% year-on-year with the local OEMs continuing to take share and BEVs further increasing to 25% of production (2022: 22%).

Industry growth was broad-based across all key regions and, with 90.1 million units produced, the industry as a whole surpassed pre-pandemic production (2019: 89.0 million units). However, the recovery has been uneven and production in Europe in particular remains 16% below pre-pandemic volumes.

Outperformance was 480 basis points in North America and 300 basis points in Europe & Africa. Both segments outperformed in North America, particularly Fuel Tank Delivery Systems (FTDS). In Europe & Africa, both segments delivered double digit growth, but Fluid Carrying Systems (FCS) was particularly strong as a result of thermal volumes. The Group underperformed LVP in Asia Pacific by 450 basis points, largely due to negative mix in China and under-representation with the local OEMs. The Group as a whole outperformed GLVP by 170 basis points.

Global Light Vehicle Production – long-term growth outlook (millions)



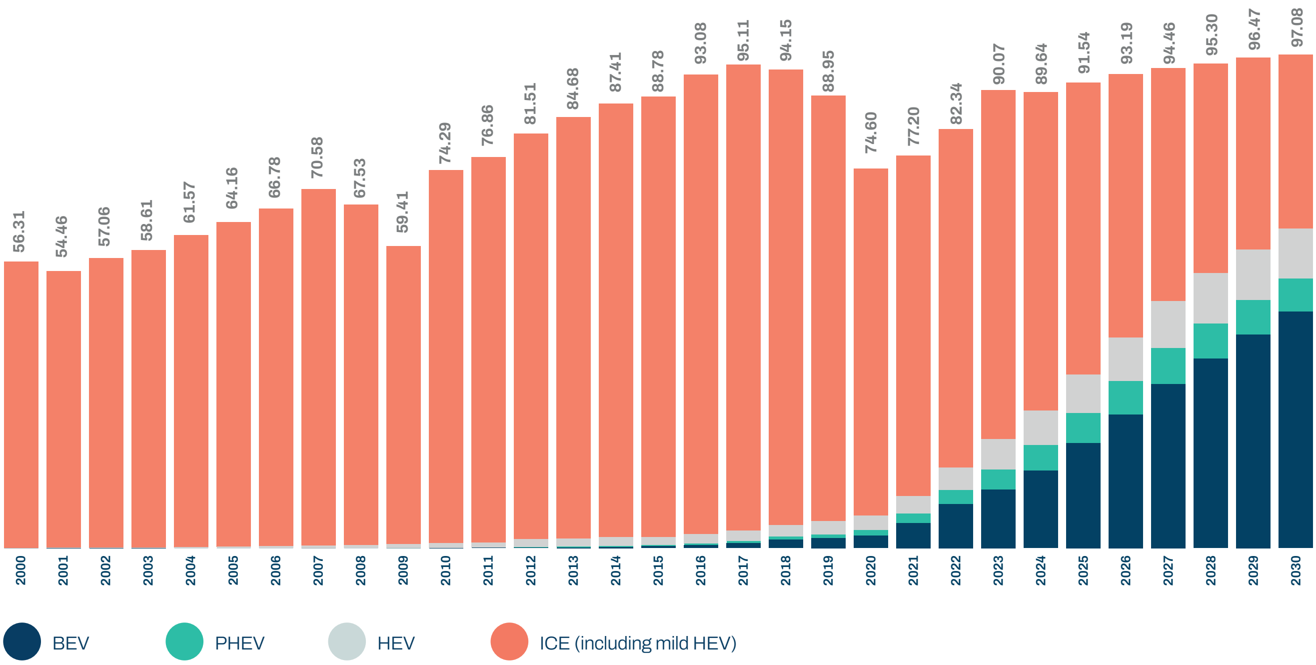
Source: S&P Global Mobility January 2024 and Company estimates

Transition to electrification accelerating

By 2030: % of GLVP

EVs:	BEVs:	HEVs:
65%	48%	17%
2023: 24%	2023: 13%	2023: 11%

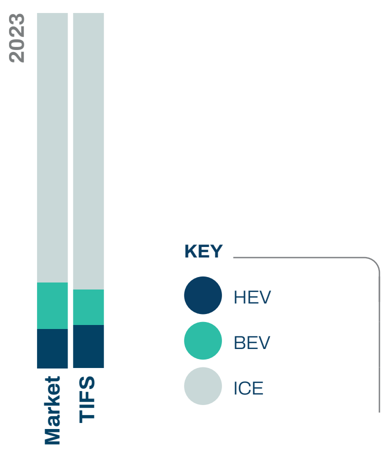
Global Light Vehicle Production – by propulsion (millions)



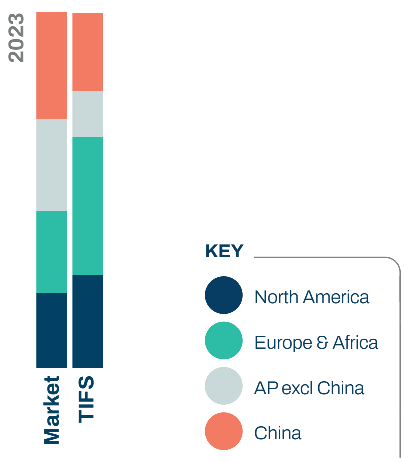
Source: S&P Global Mobility January 2024 and Company estimates

TI Fluid Systems aligned with a market in transition

By propulsion



By region



We operate in a dynamic, growing market. Our resilience is underpinned by geographic diversification and a propulsion agnostic portfolio. This has served the Group well during the last decade and a half, during which time global car market has undergone notable changes. Most notably, the emergence of China as the largest single car producer in the world and the acceleration of EV penetration. TIFS' revenue composition is broadly in line with the market, testament to the Group's ongoing agility and ability to adapt.

Delivering our strategy
Taking-the-Turn

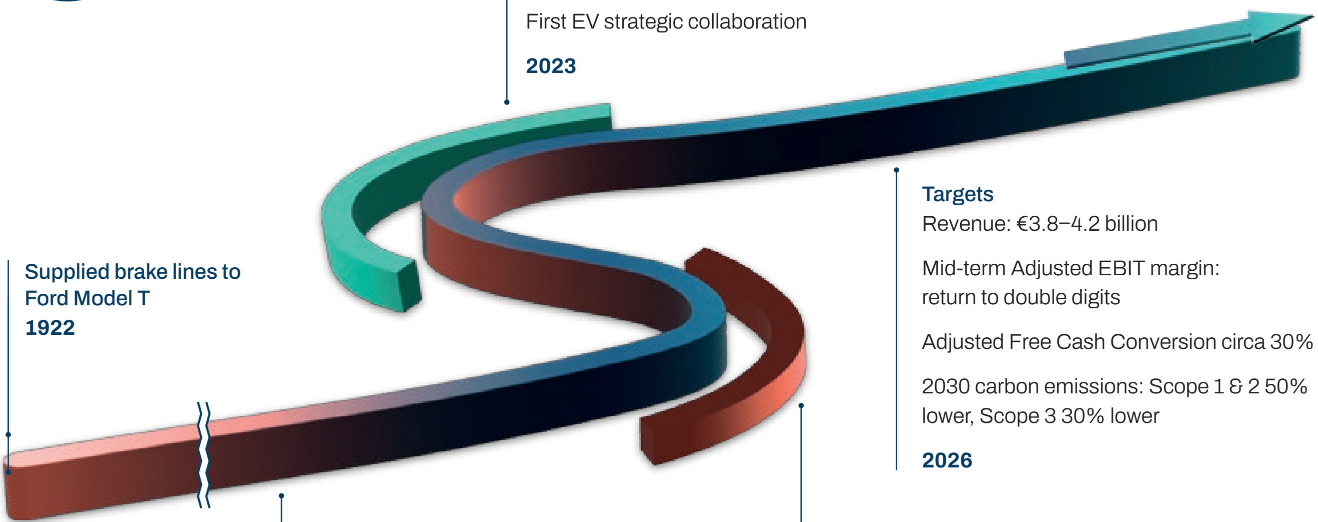
Our strategy for sustainable and profitable growth

Our purpose is at the heart of our strategy. By making vehicles cleaner and greener, we will create value for all our stakeholders – customers, supply chain partners, people, shareholders and the environment.

TI is in a strong position, with a propulsion agnostic product portfolio. Our transition is built on existing products, capabilities and expertise.

By capitalising on the opportunities of electrification and maximising the strengths of our conventional portfolio, we will drive attractive revenue growth and return to industry-leading, double-digit Adjusted EBIT margins.

T3
Technology
Transformation
Talent



Notes: EV comprises BEV (Electric and Fuel Cell) and HEV (Full Hybrids); EV Bookings shown include lifetime revenue. Future revenue stated at constant exchange rates.

> "Our plans are ambitious, and our 'Take the Turn' strategy has evolved to 'Taking-the-Turn' as we accelerate our execution. I believe we have the right strategy, the right people, the right assets and the enthusiasm to deliver."

Hans Dieltjens
Chief Executive Officer and President

Taking-the-Turn

T3
Technology
Transformation
Talent

	Strategic objectives	Targets
Revenue growth	• Fluid handling for EVs • Modules & Systems • China • Capitalise on conventional portfolio	**Revenue[1]** • By 2026: €3.8–4.2 billion • By 2030: >€4.5 billion
Return to double-digit adjusted EBIT margins	• Convert volume growth • Productivity and commercial effectiveness • Transform ICE business	**Adjusted EBIT margin** • Mid term: double-digit
Attractive shareholder value creation	• Strong cash generation • Maintain strong balance sheet • Attractive shareholder returns	• 30% cash conversion • Progressive dividend • Leverage 1.5x
A more sustainable business	• Emission reduction technologies • People strategy • Improving our operational footprint	**2030 emissions reduction targets (versus 2021 baseline)** • Scope 1 & 2: -50% • Scope 3: -30%

(1) Future revenue stated at constant currency – 2022 average rates.

Strategy in action

Electrification increases the revenue potential of our core thermal products

The opportunity

Our existing thermal management portfolio of lines and connectors is the foundation of our future growth. EVs require significantly more cooling and heating capability to control the temperature of the battery and electric motor – which are critical to performance, driving range, battery life and system health.

We estimate that the length of coolant and refrigerant lines required for BEVs increases by a factor of 2–4x, and the number of connectors can be 6–7x more than for a traditional ICE vehicle.

Increased content combined with growth in EV penetration creates an exciting growth opportunity. TI is ideally positioned – with our market leading positions in thermal management, we can leverage existing know-how, existing operations and existing customer relationships to drive revenue growth.

How TI Fluid Systems is responding

Innovation

We are innovating new solutions to our EV customers' challenges aimed at delivering the highest thermal management performance at the lowest energy consumption. Weight reduction is key. For example, our nylon-based multi-layer refrigerant lines replace much heavier aluminium and rubber lines, reducing weight by as much as 30–60% depending on the application. Our lightweight multi-layer plastic coolant lines also offer up to 30% weight reduction versus traditional rubber lines, whilst also reducing the risk of leakage and increasing ease of assembly.

eMICs fostering collaboration

Our eMICs also have an important role to play in driving thermal management growth with EV customers. During 2023, we opened three additional eMICs in Japan, South Korea and China. Our eMICs provide a one-stop shop where we collaborate with customers to address their thermal management challenges and accelerate speed to market.

Acquisitions

Inorganic growth is also furthering our strategic development, with the acquisition of Cascade we have increased our market share in thermal connectors. This broadens our speciality connectors offering and increases vertical integration in a rapidly growing product line for EVs.

Strategy in action
continued

Modules & Systems: an exciting EV opportunity

Our Modules & Systems provide a solution to the efficiency challenges faced by BEV manufacturers. By integrating functionalities and components, such as lines, connectors, valves and reservoirs in a single compact unit, we can deliver significant weight reduction and greater efficiency at a lower cost. Our blow moulding capabilities also mean we have the ability to design different geometries with significant flexibility. We expect the market for Modules & Systems to increase materially to approximately €10 billion by 2030.

How TI Fluid Systems is responding

We estimate that our coolant modules deliver up to a one-third weight reduction with 30% less sub-components compared to an EV retrofitted with a classic coolant loop. Our coolant modules are also over 60% faster to install.

During 2023, we continued to develop our Modules & Systems product portfolio, including through a collaboration with Sanden. Sanden is a leader in refrigerant and e-compressors. By partnering with them, we can accelerate development of our next generation Thermal Refrigerant Modules.

Commercial successes including bookings for our ITMA 1.0 and 1.2 coolant module for two OEMs for programmes in Europe and China. We also have many collaborations underway across our portfolio of Modules & Systems, working with OEMs globally.

Strategy in action
continued

China: a dynamic market leading the EV transition

Over the last 25 years, the Chinese market has grown from two million light vehicles produced in 2000 to almost 29 million in 2023, making China the single largest car producer in the world. China also leads in the production of EVs, with a BEV penetration rate of 25% in 2023, which is expected to more than double by 2028. More recently, much of China's growth has been driven by local OEMs, especially in BEVs. These local OEMs require faster development cycles and competitive pricing through competitive designs, specifications and local sources.

How TI Fluid Systems is responding

With almost 40 years of local knowledge and relationships, our Chinese operations are wholly-owned, enabling quick decision making. We have 20 plants close to customers and a new facility near Heifei, a major EV production hub. Growing our share with local Chinese OEMs is a key component of our growth strategy, focusing on local specifications, local suppliers and local development.

During 2023, we opened our latest eMIC in Jiading, Shanghai, which will accelerate our development speed. We are also developing products to local specifications, including new brake line solutions, which are an important entry point with a large, local Chinese OEM. Our move to a regional structure in 2024 further empowers our strong and stable local team.

In 2023, and our revenue with local Chinese OEMs grew significantly. With 48 launches in 2023, and a further 81 planned for 2024, we are enhancing our position in China.

Strategy in action
continued

Maximising our conventional portfolio

Our conventional products remain highly profitable and cash generative. Whilst ICE vehicle production volumes will decline in the coming years, we are focused on generating the maximum value from our conventional portfolio.

How TI Fluid Systems is responding

Driving profit and cash

Our market-leading positions mean we are well-placed to be the natural choice for platform extensions – with most OEMs no longer investing in new platforms, customers come to TI to extend existing programmes, and our bookings for 2023 reflect this.

Our strong results in Fuel Tank Delivery Systems also demonstrates that we are growing well ahead of our addressable markets, with constant currency growth of 10.5% (versus estimated addressable market growth of 6.6%). The business also delivered an Adjusted EBIT margin of 8.3%, and is highly cash generative.

We are constantly optimising our footprint and cost base to adapt to changing customer demands to retain long-term cost competitiveness.

Key performance indicators

The key performance indicators (KPIs) set out below are used to measure our performance against financial and non-financial measures, which reflect how we are delivering against our strategic objectives (as set out on pages 20–21).

Financial

Revenue €3,516m

2019	3,411	-4%
2020	2,815	-16%
2021	2,957	+6%
2022	3,268	+5%
2023	3,516	+11%

Why is this a KPI?

We have market-leading positions and a strong product portfolio, which we will leverage to drive attractive revenue growth.

Definition

Constant currency growth to exclude the effects of foreign exchange movements.

2023 performance and target

Very strong growth, +11% at constant currency. Our target is to grow revenue to €3.8–4.2 billion by 2026 and to >€4.5 billion by 2030.

Adjusted EBIT €259.6m

2019	340	10.0%
2020	173	6.2%
2021	213	7.2%
2022	180	5.5%
2023	260	7.4%

Why is this a KPI?

The primary measure of improving the profitability of our business and the quality of our revenue growth.

Definition

Adjusted EBIT margin is Adjusted EBIT (defined in Note 3) as a percentage of revenue.

2023 performance and target

A 190 basis point improvement, significant progress towards our mid-term double-digit target.

Adjusted Basic EPS 25.76 Euro cents

2019	39.39
2020	10.68
2021	18.78
2022	16.43
2023	25.76

Why is this a KPI?

Reflects consistent, long-term growth and value creation for shareholders.

Definition

Adjusted net income divided by the weighted average number of shares. Adjusted net income is the profit or loss for the period adjusted for exceptional items, principally, but not wholly, non-cash depreciation and amortisation on purchase accounting and restructuring charges.

2023 performance and target

Material growth, +57% reflecting significantly higher profit and a lower effective tax rate.

Adjusted Free Cash Flow €140.7m

2019	180
2020	148
2021	117
2022	78
2023	141

Why is this a KPI?

Cash generation enables us to invest in growth and provide returns to shareholders. Strong cash generation is also a measure of the quality of earnings.

Definition

Cash generated from operating activities less cash used in investing activities and adjusted for restructuring, derivatives, the impact of business acquisitions and disposals and cash movements in financial assets.

2023 performance and target

Adjusted free cash flow of €140.7 million, or conversion of 36% of Adjusted EBITDA (see Note 3), ahead of our targeted 30% due to disciplined working capital management.

ROCE

27.6%

2019	30.8%
2020	16.2%
2021	21.9%
2022	18.3%
2023	27.6%

Why is this a KPI?

We have introduced ROCE as a KPI in 2023 as it provides an indication of our ability to deploy capital effectively to create value.

Definition

Adjusted EBIT divided by average capital employed. Capital employed is defined in Note 37 on page 197.

2023 performance and target

Significant year on year improvement reflecting higher profitability.

Non-financial

BEV and HEV Bookings

€2.1bn

2019	1.2
2020	1.4
2021	1.7
2022	2.6
2023	2.1

Why is this a KPI?

BEV and HEV bookings are a key indicator of our success in transitioning to electrification and future growth.

Definition

New business awards in the year on BEVs and HEVs (BEV, PHEV and self-charging HEV) measured as the amount of the award over the vehicle production lifetime based on current expected production volume.

2023 performance and target

€2.1 billion of awards, with BEV awards of €1.3 billion (2022: €1.3 billion) and HEV awards of €0.8 billion (2022: €1.3 billion).

Customer Satisfaction

7.7 PPM

2019	3.8
2020	7.7
2021	5.0
2022	6.1
2023	7.7

Why is this a KPI?

Quality is key to customer satisfaction and drives repeat business in a consolidated industry.

Definition

The quantity of non-conforming pieces rejected by external customers versus pieces sold, measured in parts per million (PPM).

2023 performance and target

The global external quality rating for 2023 remains at a very low level and is broadly in-line with our benchmark global target of 7 PPM.

Scope 1 & 2 Emissions

220,208 tonnes CO_2e

2019	307,083
2020	266,627
2021	258,868
2022	259,568
2023	220,208

Why is this a KPI?

We have updated this KPI (previously Energy Intensity) to a more relevant measure of emissions reduction, in-line with the Group's SBTi approved targets.

Definition

Scope 1 & 2 emissions are measured according to the greenhouse gas protocol and are presented in metric tonnes.

2023 performance and target

A 15% reduction (versus a 2021) baseline due to increasing use of renewable energy and improved energy efficiency. Our 2030 target is to reduce Scope 1 & 2 emissions by 50% (versus 2021) by 2030.

Chief Financial Officer's report

"2023 has been a year of double-digit growth, significant margin expansion and strong cash conversion."

Alexander De Bock
Chief Financial Officer

+190 basis points to 7.4%
Adjusted EBIT margin

€141 million
Adjusted Free Cash flow
Conversion 36% of Adjusted EBITDA

1.5x
Net debt/Adjusted EBITDA

Strong financial performance, disciplined delivery

Our financial performance demonstrates that we are successfully executing the strategy set out in September. We have achieved double-digit revenue growth at constant currency, a 190 basis point Adjusted EBIT margin expansion, a significant reduction in our tax rate and excellent cash conversion, ahead of target. This ultimately results in an industry-leading return on capital employed of 27.6%.

Additionally, we have advanced strategically through M&A and collaborations. Our balance sheet is strong, with leverage reducing to 1.5x Adjusted EBITDA and our updated capital allocation policy will ensure we provide more attractive returns whilst maintaining our resilience and flexibility to invest in growth.

With our well-defined strategy, we have a significant opportunity to further create value for shareholders by delivering profitable growth. We have made good progress towards our targets through disciplined execution, and I am confident that we will continue to build on this in 2024.

Capital allocation policy

In August 2023, we announced our revised capital allocation policy. This will optimise shareholder value creation through balancing investment in the business and returns to shareholders, and is underpinned by a strong balance sheet.

Capex/ Capitalised R&D	Inorganic growth	Dividends	Deleveraging	Share buyback
Continued to invest ~4–5% of revenue to support organic growth prioritising thermal	A key driver of value creation through technology and market share gains	Progressive growth Start at €35 million for 2023	Term loan prepayment in H2 2023	Up to €40 million starting in 2023
✓ 3.5% invested in 2023	✓ Cascade	✓ Interim paid, final proposed	✓ Repaid €99.2m August	✓ On track

Targeting net leverage of ~1.5x Adjusted EBITDA, retaining a strong financial position

Key financial highlights

	Adjusted				Statutory		
	2023	2022	Change	Change at constant currency	2023	2022	Change
Revenue	€3,516.2m	€3,268.3m	7.6%	11.1%	€3,516.2m	€3,268.3m	7.6%
EBITDA	€393.0m	€333.3m	17.9%	23.1%	€374.7m	€(9.4)m	
EBIT/Operating profit/(loss)	€259.6m	€180.0m	44.2%	52.3%	€195.8m	€(217.0)m	
EBIT margin	7.4%	5.5%	+190bps				
Net Income	€132.8m	€84.3m	57.5%		€83.6m	€(279.0)m	
Basic EPS	25.8c	16.4c	56.8%		16.2c	(54.4)c	
Dividend per share	6.83c	2.54c	168.9%		6.83c	2.54c	168.9%
Free Cash Flow	€140.7m	€78.4m	79.5%		€104.2m	€ 50.9	104.7%
ROCE	27.6%	18.3%	+930bps				
Net debt: Adjusted EBITDA	1.5x	1.9x	-0.4x				

Double-digit revenue growth

Revenue for the year increased 11.1% at constant currency to €3,516.2 million, driven by industry volume growth, higher prices to compensate for cost inflation and new launches. Growth was broad-based across both segments and all regions. Reported revenue growth was 7.6% due to a foreign exchange headwind from the strengthening of the Euro against key currencies, particularly in the second half.

Revenue by segment and by region €m

	2023	2022	Change	Constant currency	Light vehicle production growth
Total Group revenue	3,516.2	3,268.3	7.6%	11.1%	9.4%
By segment					
FCS	2,018.1	1,869.7	7.9%	11.6%	9.4%
FTDS	1,498.1	1,398.6	7.1%	10.5%	9.4%
By region					
Europe & Africa	1,375.3	1,207.1	13.9%	14.2%	11.2%
Asia Pacific	1,087.5	1,114.3	(2.4)%	4.5%	9.0%
North America	997.9	895.8	11.4%	14.3%	9.5%
Latin America	55.5	51.1	8.6%	16.5%	3.1%

Revenue by segment: Fluid Carrying Systems (FCS) revenue increased 11.6% at constant currency as a result of industry volume growth, inflationary cost recoveries and successful launches of thermal management programmes for hybrid and battery electric vehicles. Fuel Tanks & Delivery Systems (FTDS) revenue increased 10.5% at constant currency, well ahead of the 6.6% growth in addressable markets. This was driven by inflationary cost recoveries, and our success on hybrid vehicle platforms.

Revenue by region: in Europe & Africa and North America we delivered mid-teens revenue growth at constant currency. In both regions, growth was a result of industry volume growth, inflationary cost recoveries and launches. These more than offset volatility in customer production schedules, particularly for EVs in Europe towards the end of the year. The impact of the UAW strike on our business in the second half was limited. Both regions outperformed LVP.

In Asia Pacific, revenue growth at constant currency was 4.5%, below light vehicle production growth due to negative mix effects, specifically market share gains by local Chinese OEMs with whom we are under-represented.

Foreign exchange reduced reported revenue growth by 350 basis points. This is largely related to the strengthening of the Euro against the US dollar, Korean won and Chinese renminbi. Over half of the Group's revenues are denominated in these currencies.

Significant Adjusted EBIT margin recovery

The Group uses several financial measures to manage the business, including Adjusted EBIT, which is a non-IFRS measure, but which has been consistently used by the Group to monitor and measure the underlying operating performance of the business, and to ensure that decisions taken align with the Group's long-term interests. The metrics are also used in certain of our compensation plans and to communicate to our investors. A reconciliation between the reported and adjusted measures is shown in Note 4.

One of the key financial highlights of the year was the significant recovery of the Group's Adjusted EBIT margin, which increased 190 basis points to 7.4% (2022: 5.5%). Adjusted EBIT increased 44.2% to €259.6 million (2022: €180.0 million) with strong operating leverage, converting 32% of incremental revenue into Adjusted EBIT.

Chief Financial Officer's report

continued

The Group benefited from volume growth, inflationary cost recovery agreements with customers in order to recover a fair share of the cost increases borne by TI since 2021, efficiencies in operations, purchasing and restructuring benefits. These were only partially offset by other factors, including foreign exchange movements.

2023 represents significant progress towards our mid-term goal of returning to a double-digit Adjusted EBIT margin. We entered 2024 with a strong focus on productivity and a pipeline of initiatives in areas such as purchasing and fixed costs.

Statutory Operating Profit was €195.8 million (2022: €217.0 million loss), with a material year-on-year improvement due to the non-recurrence of a €317.4 million exceptional impairment charge and improved underlying profitability compared to 2022. Key adjusting items excluded from Adjusted EBIT but included in Statutory Operating Profit are below.

Reconciliation of Adjusted EBIT to Statutory Operating Profit

	2023 €m	2022 €m
Statutory Operating Profit/(Loss)	195.8	(217.0)
Depreciation and amortisation on purchase accounting	45.5	54.3
Restructuring costs	13.4	22.8
Exceptional impairment charge	–	317.4
Other	4.9	2.5
Adjusted EBIT	259.6	180.0

The largest adjusting item relates to non-cash depreciation and amortisation on purchase accounting, mainly relating to Bain's acquisition of the Group in 2015. In order to improve our cost structure and address the constantly evolving needs of our customers, we incurred restructuring costs of €13.4 million (2022: €22.8 million). These costs are in line with historic levels and the majority are cash related.

In 2022, the Group realised an exceptional impairment charge of €317.4 million relating to the impairment of goodwill arising from the Bain acquisition and other assets, including property, plant and equipment, other intangibles and right-of-use assets. There are no material impairment charges relating to 2023.

Higher net finance expense

Net finance expense was higher year on year at €74.7 million (2022: €58.7 million). This was due to increased interest rates on the Group's term loans, retirement obligations and leases, partially offset by higher interest income.

In August 2023, we repaid €99.2 million of term loan debt. This reduced term loan interest costs and crystallised an accelerated fee write-off of €2.8 million.

Reducing effective tax rate

The adjusted income tax expense was €52.0 million (2022: €36.9 million), with the adjusted effective tax rate reducing to 28.1% (2022: 30.4%) on Adjusted profit before tax of €184.9 million (2022: €121.3 million). Historical one-off factors that have resulted in a higher effective tax rate have largely been addressed. This combined with significantly higher profitability has resulted in an adjusted effective tax rate reducing towards the average of the countries in which we operate. The Group's statutory income tax expense was €37.5 million (2022: €3.3 million).

Earnings per share significantly higher

During 2023, we updated our definition of Adjusted Net Income to include an adjustment 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 consistency within the adjusted performance measures and provides increased transparency into the performance of the Company. The adjustment to the comparative data for 2022 is an increase of €40 million, and the data is presented including this adjustment.

On this basis, Adjusted Net Income and Adjusted Basic EPS increased 57.5% and 56.8% to €132.8 million and 25.8 Euro cents respectively (2022 restated: €84.3 million and 16.4 Euro cents). The weighted average number of shares for 2023 was 515.6 million (2022: 513.1 million).

On a statutory basis, the Group's Profit for the Year was €83.6 million (2022: loss €279.0 million), resulting in Basic Earnings per Share (EPS) of 16.2 Euro cents for the year (2022: loss of 54.4 Euro cents).

Maintaining cash discipline: 36% Adjusted Free Cash Flow conversion

	2023 €m	2022 €m
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 subsidiary net of cash acquired	18.6	–
Tax paid on the gain on disposal of associated undertakings	–	3.0
Costs associated with business acquisitions or disposals	2.4	1.8
Costs associated with 'SaaS' arrangements	1.2	–
Adjusted Free Cash Flow	140.7	78.4

The Group uses Adjusted Free Cash Flow as its primary operating measure of cash flow performance. Strong cash discipline resulted in Adjusted Free Cash Flow conversion of 36% of Adjusted EBITDA, ahead of the Group's circa 30% target.

Adjusted Free Cash Flow increased 79% to €140.7 million (2022: €78.4 million), reflecting strong profitability and excellent working capital management. Our working capital ratio improved significantly to 8.7% (2022: 10.3%) due to receivables and inventory management. As a result, the Group's working capital outflow was only €10.9 million (2022: €22.7 million outflow) despite double-digit revenue growth. Group tax payments increased to €66.5 million (2022: €58.3 million).

Our capex needs are modest, at 3.5% of revenue in 2023, with €124.4 million (2022: €117.9 million) invested, largely consisting of maintenance capex and thermal growth investments. The net cash outflow on restructuring was €14.3 million (2022: €23.6 million), predominantly related to severance payments.

Free cash flows of €104.2 million (2022: €50.9 million) were offset by financing cash outflows of €162.5 million, the largest item being the €99.2 million prepayment of our USD term loan. The €18.6 million cash outflow for acquisitions relates to Cascade including payment of an existing trading balance with Cascade). Other financing cash flows include total dividend cash outflow of €19.8 million (2022: €12.6 million) and a further €6.3 million outflow as part of the ongoing share buyback programme announced in August 2023.

Very strong return on capital employed (ROCE)

The Group's ROCE increased to an industry-leading level of 27.6% (2022: 18.3%). This demonstrates our discipline in deploying capital effectively to maximise value creation.

Improving returns for shareholders: progressive dividend and share buyback

Under the Group's revised capital allocation policy, TI has adopted a progressive dividend policy. This seeks to improve the quantum and visibility of shareholder returns, starting with a dividend of €35.0 million for 2023 (2022: €13.1 million). An interim dividend of 2.30 Euro cents per share, or €11.8 million, was paid in September 2023. The Board intends to recommend a final dividend of 4.53 Euro cents per share, or €23.2 million.

The Group has also made good progress with its €40 million share buyback programme. As at 31 December 2023, 3.8 million shares had been purchased for a total of €5.8 million and cancelled.

Composition of net debt

			2023		2022	
	Currency	Interest rate exposure	Amount	€ equivalent	Amount	€ equivalent
Borrowings						
Secured US term loan (2026)	USD	1mth term SOFR +3.25%	$185.0m	€167.5m	$294.8m	€276.2m
Secured Euro term loan (2026)	Euro	Euribor +3.25%	€257.6m	€257.6m	€260.3m	€260.3m
Unsecured Senior Notes (2029)	Euro	Fixed at 3.75%	€600.0m	€600.0m	€600.0m	€600.0m
Unamortised fees				€(13.4)m		€(20.6)m
Total gross debt drawn at year end				€1,011.7m		€1,115.9m
Cash and cash equivalents at year end				€(416.7)m		€(491.0)m
Net debt				€595.0m		€624.9m

Additionally, the Group has a revolving credit facility of up to €203.7 million expiring in July 2026. This was largely undrawn at year end apart from €4.2 million used to issue letters of credit.

Strong balance sheet and liquidity

Net debt at 31 December 2023 was €595.0 million (2022: €624.9 million), with the reduction versus the prior year reflecting cash generation. At year end, the Group's net leverage ratio reduced to 1.5x Adjusted EBITDA (2022: 1.9x), driven by higher adjusted EBITDA and lower net debt.

The Group's debt is on attractive terms, secured until 2026 and 2029, and with almost 60% of drawn facilities at a fixed rate of 3.75%. The prepayment of €99.2 million of USD term loan using available cash has reduced gross leverage. The Group's strong balance sheet provides flexibility to invest in growth in combination with attractive shareholder returns.

Total available liquidity (cash plus available facilities) on 31 December 2023 was €616.2 million (2022: €699.9 million) with the reduction due primarily to the €99.2 million term loan repayment.

The Group excludes IFRS 16 lease liabilities from its net debt and leverage ratio – if these were included, net debt would be €727.5 million (2022: €774.5 million) and net leverage would be 1.9x Adjusted EBITDA (2022: 2.3x).

The Group operates funded and unfunded defined benefit schemes across multiple territories. All major plans are closed to new entrants, but a few allow for future accrual. Schemes are subject to periodic actuarial valuations. As at 31 December 2023, the Group's net liability position was €103.9 million (2022: €104.2 million) with asset performance offsetting lower discount rates.

Outlook

Our 2024 planning assumptions are based on a modest year-on-year industry volume decline. Automotive production volumes for 2024 are forecast to be slightly higher in North America, flat in China and slightly negative in Europe.

For 2024, we expect flat to low-single digit constant currency revenue growth. Through productivity and efficiency initiatives, we expect to further increase our Adjusted EBIT margin above the 7.4% achieved in 2023. We are targeting strong Adjusted Free Cash Flow conversion of approximately 30% of Adjusted EBITDA.

Building on the significant strides made in 2023, we expect 2024 to be another year of progress towards our goal of achieving revenue of €3.8–4.2 billion by 2026 and returning to a double-digit Adjusted EBIT margin in the mid term.

Alexander De Bock
Chief Financial Officer

11 March 2024

Section 172
and stakeholder engagement

Engaging with, and considering the interests of, our stakeholders is crucial for the long-term success and sustainability of our business

Stakeholder engagement

How we engage with, and consider, our key stakeholders

Section 172(1) statement

The Board recognises that considering our stakeholders in key business decisions is crucial and will allow for the long-term sustainability of the Group. Board Directors are bound by their duties under the Companies Act 2006 (the Act) to promote the success of the Group for the benefit of members as a whole. Section 172 requires that Directors act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its stakeholders as a whole. Our shareholders, together with our customers, employees, suppliers and community, represent our key stakeholders. Engaging with, and giving consideration to, these stakeholders is central to our corporate purpose and strategy to achieve the long-term success and sustainability of our business. In doing so, the Directors consider the likely consequences of any decision in the long term: the interests of employees; the need to foster sound relationships with suppliers, customers, and others; the impact of our operations on the community and the environment; the desirability of maintaining our reputation for high standards of business conduct and; the need to act fairly. Throughout the year, the Board's decision making is required to take into consideration the interests of these wider stakeholders within the framework set out in Section 172(1) of the Act. The following table summarises how our Directors have, and how the Group as a whole has, engaged with, and considered the interests of, stakeholders and some of the outcomes and actions arising from such engagement and consideration.

Shareholders

In addition to our largest shareholder, BC Omega Holdco, Ltd., (Bain Shareholder) who is controlled by Bain Capital Fund XI, LP and its affiliates, our shares are held by both institutional and retail investors throughout the world, with a range of investment styles.

Why we engage

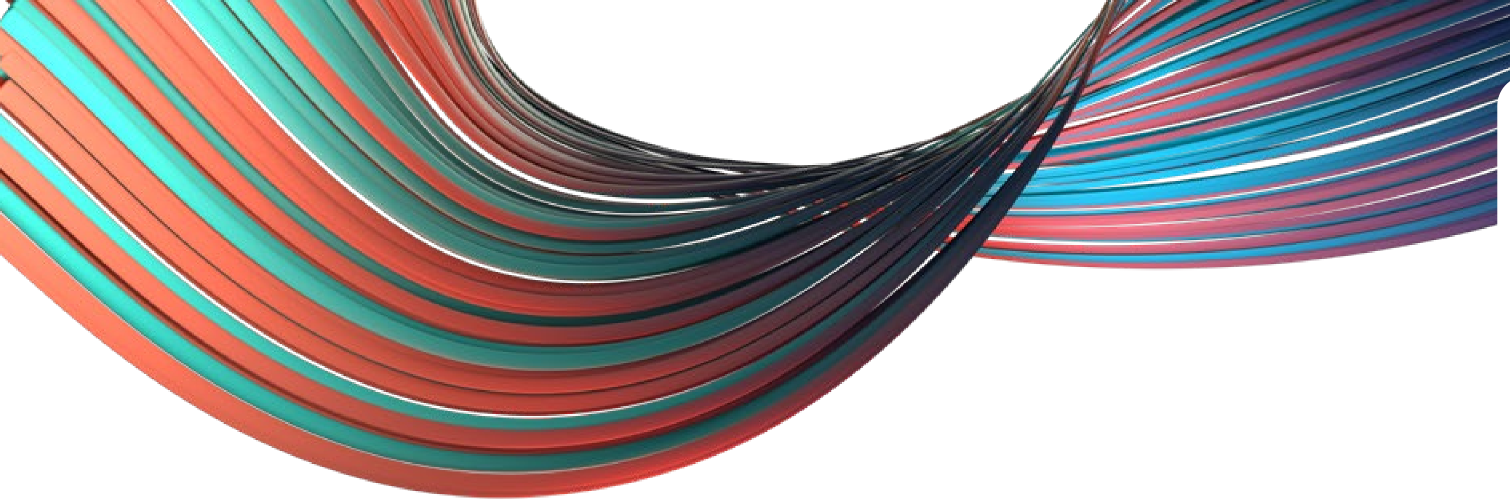
- Quality of governance
- Effectiveness of the Board and management
- Growth potential and profitability
- Share price appreciation
- Dividends

How we engage

- Executive Directors, supported by our investor relations team, had numerous one-on-one and group meetings and calls, engaging with shareholders representing over 80% of our current shareholders (by shareholding value)
- The Company held a Capital Markets Day in September 2023, to provide an in-depth review of our business model, strategy and product portfolio to all shareholders
- Our Remuneration Chair and members of the Executive Committee met with a significant number of our top 20 shareholders to gain their input on our remuneration practices and policies
- Shareholder feedback was a key consideration in shaping the Group's revised capital allocation policy, which included a €40 million share buyback. In order to allow the Company to exercise its Buy Back Authority, shareholder approval of a Rule 9 Waiver was sought at a General Meeting in September. Approval was granted, with 62.45% of Independent shareholders present and voting at the General Meeting in September voting in favour. Following this, the Company actively engaged with shareholders representing over two thirds of votes cast against. Feedback received indicates that votes cast against did not reflect shareholders' views on the buyback, but rather their adherence to their internal policies on voting on Rule 9 waivers in general. Whilst the Company acknowledges that certain of its shareholders will be obliged to follow their internal voting guidelines, the Company considers that it remains in the best interest of shareholders to seek shareholder approval of a Rule 9 waiver at its 2024 AGM
- All shareholders are kept informed of the performance of the business on a regular basis through trading updates in January, May and November, the half and full-year announcements and conference calls in August and March, and our full Annual Report in April

Outcomes and actions

- Regular updates to the Board by Executive Directors, advisers and brokers on share performance, shareholder register and shareholder views and sentiment
- The Board continued to review the development and implementation of the Company's strategy, with particular emphasis on sustainable and profitable long-term growth based on delivering revenue growth through the industry's transition to electrification and a return to double-digit adjusted EBIT margins
- Trading updates and results announcements included additional information and reporting on strategic progress
- Changes to the manner by which the Company implements our remuneration policy based on shareholder feedback
- Making Investor Presentations and recordings of Investor Q&A and other presentations available on our website
- Improve and adjust the focus of investor communications based on feedback



Employees

We have a global workforce made up of 27,600 employees and contractors, including, approximately, 4,200 salaried employees, who work in 27 countries.

Why we engage

- To improve motivation, morale and productivity through good communication
- To foster retention and reduce employee turnover
- To identify issues and solutions quickly
- To identify needs for resources and support

How we engage

- Conducted an Ethics Sentiment Survey
- Held 'All Employee' meetings and calls throughout the year to provide updates on our Taking-the-Turn strategy, financial performance, leadership changes, and environmental and safety initiatives
- Our designated Non-Executive Director for workforce engagement attended an All Employee meeting and reviewed our survey results, employee feedback and whistleblower reports
- Several of our non-executive directors participated in site visits and skip level fire side chats at our manufacturing locations throughout the year
- Held several top management meetings to review the evolution of our Taking-the-Turn strategy to Taking-the-Turn, including the review and report on progress and results

Outcomes and actions

- Continued to evolve our 'Six Mindsets for Success' to enhance Group culture and focus on strategic objectives (more details can be seen on page 40)
- Our corporate purpose and business strategy is established and monitored by the Board
- Continued the roll out of our intelligent learning platform to allow employees to increase their knowledge, learn new skills and develop their career path
- Conducted ongoing inclusivity education for the Top 300 management
- Monitored the implementation of the Diversity and Inclusion policy at all locations based on university graduation rates as well as updated HR procedures to eliminate hiring bias and promote diversity
- Supported the implementation of work from home and hybrid work arrangements
- Reviewed succession planning

Customers

Our primary customers are multinational and local automotive OEMs (original equipment manufacturers).

Why we engage

- To drive revenue growth and business success
- To identify sourcing opportunities
- To align product and technology development with customer needs
- To effectively and efficiently address any supply or quality issues

How we engage

- We have extensive and regular contact with our OEM customers at all organisational levels, and in all regions, regarding sourcing, commercial matters, product performance and quality, programme launches and the development and planning of new products
- With respect to significant commercial matters and strategic initiatives, our Executive Vice Presidents, CCO and CEO communicate directly with senior executives and our customers

Outcomes and actions

- The Board receives regular updates from the Executive Directors and members of the Executive Committee on commercial matters and customer relationships, including new business awards and strategic development programmes
- In response to ongoing inflationary cost increases, successfully negotiated and finalised multiple price adjustment and cost-recovery arrangements with customers in all regions
- Implemented a network of five e-Mobility Innovation Centres (eMICs) in each major global automotive market, including the opening of three additional eMICs in Japan (Nagoya), South Korea (Incheon) and China (Jiading, Shanghai), to support collaboration with customers to design, prototype, and test integrated thermal management products and systems necessary to support the transition to EVs
- The Board reviews and approves major capital investment and product development strategies to promote manufacturing footprint and technology alignment with our customers, including supporting new business and development activities focused on EV platforms
- The annual budget and Medium-Term Plan approved by the Board incorporates our strategic growth with our customers, including through medium-term product development and technology alignment
- Approved ongoing restructuring plans that align with customer manufacturing footprint and promote efficient supply arrangements
- Support the achievement of a range of greenhouse gas reduction initiatives in line with expectations and similar programmes of our OEM customers

Section 172
and stakeholder engagement continued

Community

As a global Company, our community encompasses our wider society and environment, as well as the local communities in the countries around the world in which we operate.

Why we engage

- To promote our reputation as a responsible and ethical business
- To attract, motivate and retain employees
- To conserve resources and reduce our impact on the environment to ensure we are a sustainable business

How we engage

- Consistent with our Mindsets, each of our facilities around the world seeks to be a responsible member of its local community
- Strive to consistently operate our business in a manner that minimises our impact on the environment through energy efficiency, waste reduction and conservation of resources
- The expansion of our EHS group has improved our processes to measure, report and assess our greenhouse gas emissions and the environmental impact that our operations have on the wider community
- Our Code of Business Conduct includes policies and principles to promote our reputation in our community for high standards of business conduct, including anti-corruption, anti-bribery, fair competition (anti-trust), and positive work environment and inclusion (anti-discrimination and anti-harassment)

Outcomes and actions

- Submitted our Scope 1 & 2 and our Scope 3 emissions targets to SBTi for approval. SBTi granted approval in Q4 2023
- Developed and launched the production of advanced products, such as thermal systems and ITMAs
- Established scholarships at leading universities in China, Germany, Poland, Mexico, and The United States. Over 40 scholarships awarded
- Participated in a variety of humanitarian related charitable projects including earthquake relief in Turkey and Morocco, and supported a variety of breast cancer awareness and research

Suppliers

Our suppliers are located around the world and provide us with raw materials, including resin, steel and aluminium, as well as sub-components.

Why we engage

- To build strong, collaborative and strategic relationships to obtain competitive pricing, quality, reliability of supply, and logistics efficiency
- To ensure we have access to advanced materials and components that meet our technical requirements
- To ensure responsible sourcing and ethical business practices and conduct by our supply base

How we engage

- Our purchasing organisation has extensive and regular contact with our suppliers regarding specific quoting and sourcing opportunities, delivery logistics and quality controls and testing
- Our engineering organisation works closely with suppliers on development activities, validation testing and cost-reduction initiatives (value engineering)
- We communicate our compliance expectations and how to do business with us through our Global Supplier Requirements Manual, our dedicated Supplier Portal on our website and our purchasing terms and conditions

Outcomes and actions

- The Audit & Risk Committee was updated on supply chain risk and ethics and compliance
- Coordinated closely with suppliers to manage supply shortages and disruptions to ensure continued production
- Addressed requests for price increases in a fair and consistent manner
- Managed supplier payments consistent with contractual terms to avoid negative impact on our supply base
- Ongoing coordination with key suppliers to develop and engineer their materials and components in order to allow, in turn, the Group to provide products and systems that meet the requirements for HEVs and BEVs

Case study

TIFS Asia-Pacific e-Mobility Innovation Centers opened in 2023

In June, TI opened two state-of-the-art e-Mobility Innovation Centers (eMICs) in Incheon, South Korea, and Nagoya, Japan, building on the earlier success of eMICs in Rastatt, Germany. Customers, national media and local government officials were invited to see the facilities.

The events clearly struck a chord with the media, delivering significant print, online and broadcast coverage before and after the openings. In the lead up to both events, journalists from both countries wrote about the significance of the new eMICs, with 23 stories hitting the press in South Korea, and 31 articles being published in Japan.

TI's eMICs are a competitive differentiator for TI, enabling the Group to fast-track the development of innovative thermal management solutions for electric vehicles (EVs). Our facilities in Asia are strategically located to allow close working with our customers in the key regions in the EV market.

All eMICs offer a unique combination of six core competencies – virtual engineering, design, processing, prototyping, product testing, and vehicle testing which are brought together in each facility. Engineers at both sites work with customers to shorten product development cycles for our customers, enabling products to be brought quickly to the market.

Towards the end of 2023, a further eMIC was opened in China, the fifth and final eMIC in North America in mid-2024. Through our five eMICs, we will deepen our collaboration and relationships with customers in all of the regions in which we operate.

Sustainability

"Our commitment to running a sustainable business for employees, shareholders and the communities where we operate has taken the turn to action and achievement in 2023. This year, the Group reduced its Scope 1 & 2 CO_2eT emissions by 15% year on year as compared to the previous year, as compared to our 2021 baseline."

Elaine Sarsynski
Chair, ESG Committee

Our approach to sustainability

We are committed to enabling a sustainable future and improving the environmental and social wellbeing of the communities where we operate. Our approach to sustainability is focused on the areas where we have the most positive and negative impact, as determined by our internal and external stakeholders. We believe in executing our sustainability strategy holistically throughout the entire organisation, this includes both financial and non-financial impacts on the environment, communities, employees, products, and our business.

Our Taking-the-Turn strategy reflects three main pillars that combine to drive sustainable growth throughout the business: Technology (Electrification), Transformation (Environmental and Social Initiatives), and Talent (Learning).

Technology	At the heart of our Taking-the-Turn strategy is product development and engineering, which supports both the greening and the electrification of the automotive industry simultaneously. To meet the unique requirements of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), the Group is capitalising on our extensive knowledge of fluid components, lighter-weight materials, systems architecture and manufacturing processes to provide our OEM customers with advanced designs and products, especially thermal management systems, which are efficient and cost effective.
Transformation	Climate change is a significant issue, and the need to decarbonise our industry is crucial. The Group is committed to reduce greenhouse gas emissions and build a more sustainable future. Whilst it is important that our technology and advanced products support the automotive industry's transition to cleaner and greener electric vehicles, we recognise that we must transform our business in line with new standards and expectations of environmental responsibility to deliver sustainable value to our stakeholders – investors, customers, suppliers, employees and the communities where we operate.
Talent	In 2023, we introduced our six mindsets for success. Our human capital strategy is built on attracting, developing and retaining the talent required to position the Group for the future of our industry. We provided over 12,000 hours of key product and process knowledge training and over 5,000 hours of skill development training through our Fluid Learning platform, including training on each of the six mindsets.

Embrace Change
In order to succeed, we can't keep doing things the same way we used to. Change is necessary.

Become the Expert
Be dedicated to your own technical and professional development to be the best you can be in your career.

Be a Continuous Learner
Go out and seek opportunities to learn every day. Do not wait for someone to tell you to learn.

Innovate
Find ways to be innovative in your work, team, and function.

Win as a Team
The only way to win as a company is by winning together. There is no 'us' versus 'them', just "we".

Own Inclusion & Engagement
Understand and live the idea that inclusion and engagement 'Starts with Me'.

Pursuant to UK regulation, we are providing the following information:

Greenhouse gas emissions

Global: Scope 1 & 2 in tonnes total carbon dioxide equivalent (CO_2eT) emissions

We are providing our Scope 1 & 2 emissions using the GHG Protocol for market-based emissions. In 2023, we achieved a 15% decrease in emissions with an 11.1% increase in revenue compared to the previous year. As we execute our renewable energy procurement strategy and our energy conservation programmes, we expect to see year-over-year decreases in GHG emissions and anticipate meeting our SBTi approved 50% emissions reduction target in 2030.

UK Total: Scope 1 & 2 emissions (CO_2eT)

Our UK emissions have remained very low in part due to the purchase of renewable electricity by our operations. In 2023, we recorded our second consecutive year of zero Scope 2 manufacturing emissions in the UK. Additionally, our Scope 1 emissions have continued to decline from our 2021 baseline year, with 2023 culminating in more than a 50% reduction from the baseline.

Intensity factor (CO_2eT per million Euro revenue)

The Group's energy intensity factor is based on CO_2(e) emissions divided by revenue for the corresponding year. The increase from 2019 to 2020 in our CO_2(e) intensity factor is a direct result of the temporary facility shutdowns due to the COVID-19 pandemic. During these shutdowns, our operations were using some baseline level of electricity and/or fuel for heat and/or air conditioning to protect our facilities and equipment. This baseline use of electricity and/or fuel, coupled with lower sales volumes, slightly increased our intensity factor. We have seen a two-year decrease (2022-2023). In 2023, the significant decrease in our energy intensity factor was directly related to the execution of programmes related to renewable energy purchase. We expect to see this trend continue as we work on energy efficiency projects and increase procurement of renewable energy in the future.

The Group has officially adopted our SBTi-approved CO_2(e) emissions reduction target that calls for a 50% reduction of Scope 1 and 2 emissions and a 30% reduction of Scope 3 emissions, in each case by 2030 on an absolute basis from a 2021 baseline.

Diversity and inclusion

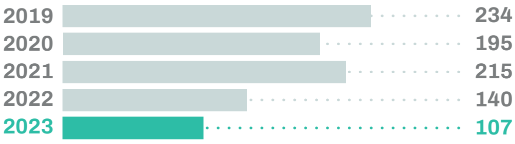
Women represented approximately 32% of the Group's total salaried workforce, including 14% of senior management.

At 31 December 2023	M	Percent Men	F	Percent Female	Grand Total
CEO	1	100%	–	–	1
Executive Committee	6	86%	1	14%	7
Direct reports to Executive Committee	42	75%	14	25%	56
Other salaried	2,859	68%	1,331	32%	4,190
Grand total	2,908	68%	1,346	32%	4,254

Scope 1 emissions

Global (Tonnes CO_2e)

UK (Tonnes CO_2e)

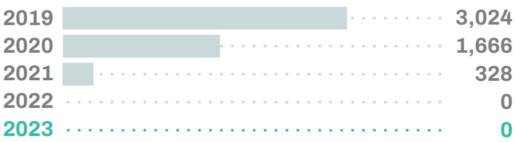


Scope 2 emissions

Global (Tonnes CO_2e)

* 2021 global Scope 2 emissions data was adjusted from prior reporting on account of minor corrections made as part of our continued efforts to improve validation and reconciliation of data. Changes in Scope 2 emissions in 2021 were related to a steam reporting error. This resulted in the addition of 826 tonnes of Scope 2 emissions.

UK (Tonnes CO_2e)



Energy intensity

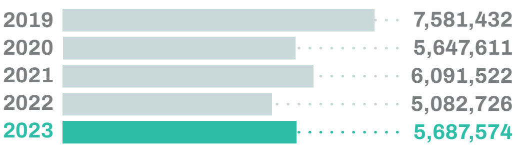
(Tonnes CO_2e/€m revenue)

* 2021 energy intensity factor increased by 0.28 tonnes CO_2e/€m revenue. This change is due to the increase in Scope 2 emissions reported for 2021.

Electricity consumption

Global (kWh)

UK (kWh)



Principal risks and uncertainties

Operating in an increasingly risky and uncertain environment, the Group's global operations continue to be exposed to a number of risks, which could, either on their own, or in combination with others, have an adverse impact on the Group's results, strategy, business performance and reputation, which, in turn, could impact upon shareholder returns and the wider stakeholders. The following section highlights the most significant risks that may affect the Group's ability to deliver the strategy, as set out on pages 20–21.

The management and mitigation strategy, described in the principal risks section below, seeks to reduce the impact or likelihood of a major risk occurring. The Board also recognises there could be risks that may be unknown, or that may be judged to be insignificant at present but may later prove to be significant.

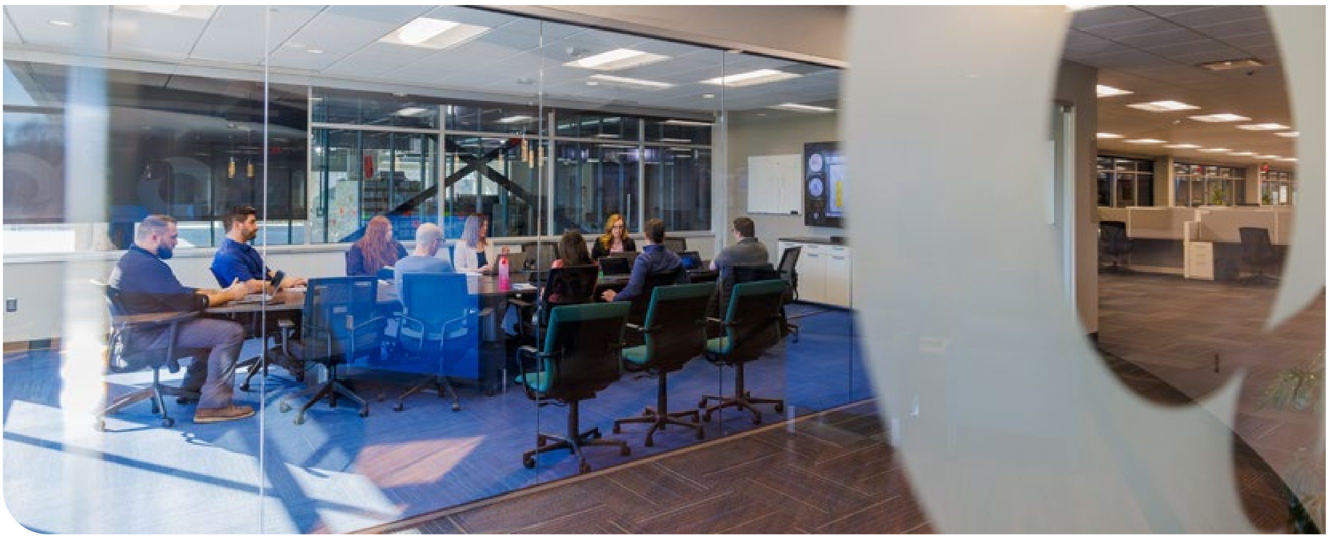
2023 has seen a confluence of significant challenges that threaten to disrupt the macro environment. These challenges are multifaceted, stemming from a complex interplay of global and geopolitical events, economic headwinds, and technological shifts. These, which include the ongoing war in Ukraine and other geopolitical events, continuing supply chain challenges, and evolution in the trends of electrification, have created a volatile and uncertain environment for the automotive ecosystem. Navigating inflationary pressures, resource shortages, and evolving dynamics amongst the market players further complicates the landscape.

The recent conflict in the Middle East reinforces the increasing prominence of risk relating to geopolitical tensions and its increasing potential impact on the global economy. The growing economic and trade tensions between countries could also have significant ramifications for the automotive industry in relation to access to market, supply chain and regulatory environment.

The risk of economic challenges, and even slowdown in major economies, will have a direct impact on demand for vehicles, putting pressure on automotive manufacturers and suppliers alike. 2023 has seen the changes in economic environment of China impacting many sectors. Continuing regulatory change further complicates the risk landscape, and is now a business constant that arises across all aspects of the environmental, social and governance spectrum.

The automotive supplier industry faces a complex and challenging landscape in 2024, whilst the increasing demand for electrified vehicles and the growing adoption of advanced technologies such as autonomous driving and connectivity offer significant growth potential. Navigating this uncertain landscape will require agility, resilience, and a clear strategic vision in order to adapt to changing market conditions and new technologies.

The Group remains vigilant to development in the macro environment, and the management of resilience (such as our liquidity and pivoting to electrification) is an important focus area during this time of heightening volatility and uncertainty. With significant inflationary pressure across all aspects of our operations, our ability to manage the impact of cost increases, and to recover through pricing and efficiency, is critical. Furthermore, climate change continues to drive the pace and potential severity of many of the principal risks that are already being managed. Specifically, climate change affects our technology and product-development risk as vehicle electrification continues across the industry, broadening our business continuity risk as we seek to transition to lower-carbon, more efficient manufacturing operations and address physical risks to our facilities. As we respond by actioning our Taking-the-Turn strategy, our technological agility to develop and adapt our product offerings to meet the EV requirements of our customers is critical. Vehicle electrification also results in a significant impact on human resource management, as we need to ensure that the Group has sufficient human resources with the appropriate skillset, such as product design and development.



Risk management framework and structure

Governance	Role	Outputs
Board oversight	• Responsible for the Group's system of risk management and internal controls	Guidance and direction
Audit & Risk Committee	• Supports the Board • Advises on the Group's risk appetite, tolerance and strategy, risk exposures and risk mitigation strategy	Guidance and direction
Executive Risk Committee	• Group's risk governance body • Establishes formal procedures and structure to manage risk • Oversees the risk management and control framework • Determines the nature and extent of principal and other risks as well as risk appetite	Group risk register Regular risk reviews Reporting to Board
Group Risk & Controls Function	• Maintains an enterprise risk management (ERM) framework that ensures consistency across the Company • Guides the integration of ERM with other organisational and strategic planning activities • Monitors risk landscape to understand and interpret changes to enable the business to respond proactively • Analyses risk data and provide insights on risk to the wider business	Guidance and direction Risk framework reporting
Functional, Operational and Executive Risk Owners and Champions	• Identify and manage risks • Design and implement controls • Implement guidance • Report to Executive Committee • Supported by operational and functional teams	Functional risk registers

Risk management process

The Group Risk and Internal Controls Team maintains the enterprise risk management (ERM) framework and coordinates risk management activities across the Group, working closely with a network of risk champions embedded within functional management.

Risks are identified by our people across the business operations and functions at multiple layers of the organisation, by considering what could prevent us from achieving our strategic objectives or impact the success of our business model.

Our functional and operational risk owners and champions use a standard framework based on qualitative and quantitative indicators to determine a risk score for each risk identified, based on its likelihood and impact on the business, taking into account current mitigating control activities, in order to identify where additional activities may be needed to manage the risk within our risk appetite. Risks identified and assessed through the bottom-up process are aggregated at the Group level to arrive at an overall view of the Group's operational risks, which feeds into the assessment of principal risks. This process allows risks to be identified, assessed and monitored at the risk owner level, and that management controls are embedded in the businesses. Functional risk registers are a key tool for this bottom-up process, and they are reviewed at least half-yearly.

A top-down approach also takes place with a focus on reviewing our principal risks and emerging risks, taking into account the results of the bottom-up risk assessment, as well as setting the risk appetite and tolerances. The assessment of the principal risks, risk appetite, mitigating actions, and the evaluation of potential emerging risks are reviewed and approved by the Executive Risk Committee (ERC) and the Board of Directors. The Audit & Risk Committee reviews the effectiveness of the process, whilst the whole Board reviews and approves the principal risk assessment and the risk appetite, and evaluates whether principal risks are appropriately managed in accordance with the respective risk appetite.

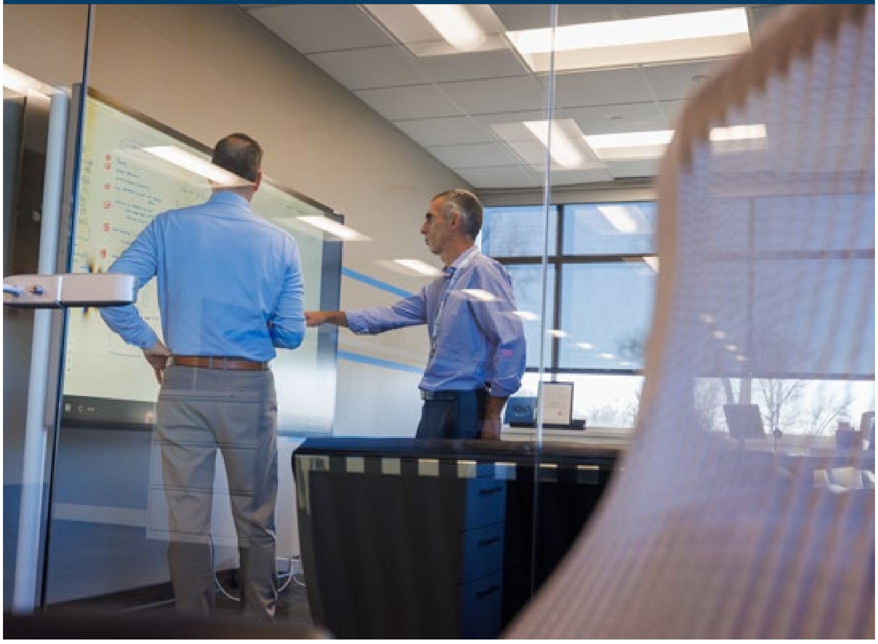
During the year, deep-dive risk analyses are performed on specific areas to assist the Executive Committee and/or Board in their review of business and strategic decision making. These areas included specific elements of emerging and principal risks, such as China market dynamics, cybersecurity risk management, and warranty risk procedures.

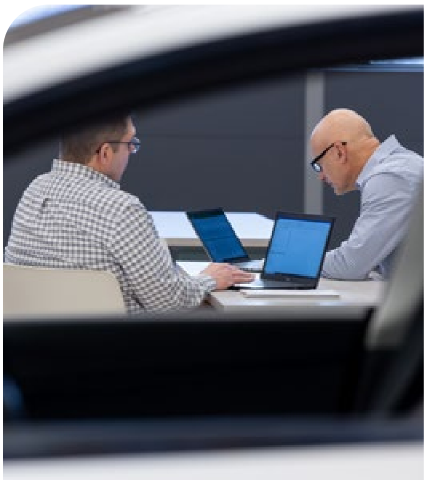
The governance process within the framework ensures that the completeness of identified risks, and adequacy of mitigating actions, are appropriately reviewed by the ERC and are reported to the Board on a regular basis.

Principal risks and uncertainties
continued

Key developments in 2023

- The ERC was established, which comprises of the members of the Executive Committee, as well as a number of key functional and operational leaders within the business. The ERC meets quarterly, with an explicit focus on risk management and reporting, and is sponsored and chaired by the Chief Executive Officer & President
- The Group's risk management framework and approach was reconsidered and significantly enhanced, including the design and implementation of a formal operating model and establishment of a clearer structure to ensure a robust, embedded, consistent and repeatable risk management processes across the business. This also included a re-evaluation of risk categorisation and risk appetite
- A Group-wide refresh of the functional risk registers was undertaken, including the establishment of a risk champion network involving various functions
- The Group's adoption of a regional organisational structure from 2024 reinforces the focus on managing risks and opportunities relating to each region, allowing greater agility, market focus and integrated product offering and management specific to each region
- Functional management furthered the definition of a centralised structure to achieve a global overview of risks associated with each function, and to drive sharing of resources and expertise across the global operations in managing risks within each function
- Further work was carried out, with input from external advisers to further identify risks and opportunities arising from climate change, and to consider the various possible measures to meet the Group's sustainability targets
- Enhancement of IT infrastructure and systems for managing sales-related information and customer relationships, as well as programme management, is currently underway
- A comprehensive review of entity-level controls was undertaken, and the enhancement and remediation actions identified have largely been implemented during the year. Associated with this was a comprehensive review and update of the matters reserved for the Board and delegation of authority to enable a more robust and efficient review and approval process for business decisions, in conjunction with the change in organisational structure





Priorities for 2024 and 2025

The Board and the ERC have set out plans to further strengthen the Group's enterprise risk management (ERM) processes during 2024 and 2025. The Group sets out the following improvement priorities:

- Risk culture: Further strengthening risk culture to embed key risk management principles into operations, and initiation of role-appropriate risk management training and education
- Infrastructure: Deployment of key risk indicators and alignment to key performance indicators, formalisation of process to assign ownership of risks, and embedding of an integrated risk-reporting process
- Governance: Increased scope of deep-dive reviews by the Board or its Committees and the ERC on key risk areas
- Process: Ensure the risk management process established in 2023 is fully embedded in the business and repeatable, broadening the use of a consistent approach to risk assessment, embedding the periodic review of risk registers, further enhancing the process to identify emerging risks on an ongoing basis and deploying risk management functionality within the Group's governance, risk and compliance (GRC) tool for an integrated approach in managing risk, controls and assurance

Principal risks

The Group considered its risks in the following risk categories:

- **Strategic and external risks:** Risks that threaten the Group's ability to deliver expected strategic goals, including those arising from the broader macroeconomic and political climate, or emerging from the realisation of our strategy, competitive pressures or regulatory matters
- **Operational risks:** Risks that impact the day-to-day operations arising from inadequate or failed internal procedures
- **Financial and reporting risks:** Risks that relate to our mandatory and regulatory reporting activities, such as our financial reporting process
- **Compliance risks:** Risks that relate to the risk of our regulatory and/or contractual obligations not being met. This may result in financial penalties for the organisation, sanctions from regulators and damage to our reputation

The Board has the ultimate responsibility to approve and ensure a robust system of internal controls and risk management processes to manage the principal risks identified by the Group. A robust assessment has been undertaken to assess the relevance and appropriateness of the Group's principal risks. The assessment was performed against the risk categories above.

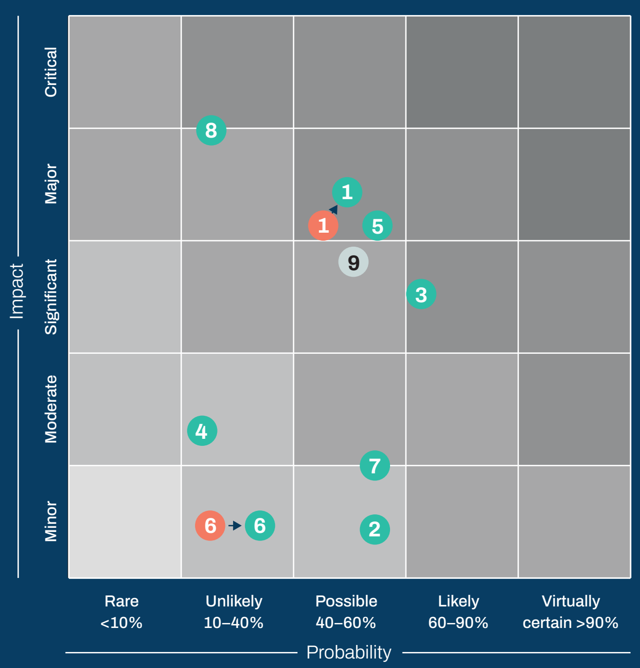
Members of the ERC, divisional and corporate function leadership teams have undertaken reviews of this risk portfolio. As part of our top-down process, a review of the principal risks and risk appetite was performed by the Board, which led to further refinement by the ERC. This process was coordinated by the Group Risk and Controls function led by the Vice President Risk & Global Controller, with input from the Internal Audit function. This assessment required each risk owner to evaluate material changes in the risk they manage, including changes in the impact during the course of the year.

These individual responses were consolidated, and the ERC then discussed and reached a consensus regarding the likely principal risks that could significantly affect the performance, future prospects, or reputation of the Group. The outputs from the assessments were then presented to the Board for approval along with the recommendation of principal risks to be included in the assessment of the Group's long-term viability.

In the light of the ongoing major conflicts globally, including the continued war in Ukraine and the conflict in the Middle East, as well as economic tension between major economies, geopolitical events could have a potentially significant impact on business operations, markets, sales volumes, supply and the overall macro-economic environment. In the 2023 assessment, the Board and the ERC recognised the increasing profile and impact of geopolitical risks, and concluded on the inclusion of a new principal risk related to geopolitical conditions.

In addition, as part of the 2023 assessment, the Board and the ERC further refined the definition of the principal risk associated with cyber events, to represent the risk of a single, highly sophisticated cyberattack (such as ransomware attack) with significant operational and financial consequences on the business, instead of low-impact cyberthreats that the business faces regularly. This focuses management attention, at the principal risk level, on the critical risk. The heat map below shows, among other risks, management's assessment of likelihood and potential impact of a critical cyberattack.

The following chart shows the principal risk movement from the 2022 Annual Report:



KEY

1. Global light vehicle production volumes
2. Product quality
3. Competition and customer pricing pressure
4. Business continuity
5. Product development and changes in technology
6. Regulatory compliance
7. Talent attraction and retention
8. Critical cyber event
9. Geopolitical conditions

- 2022
- 2023
- New principal risk in 2023

Principal risks and uncertainties

continued

Risk appetite

Risk appetite (the level of risk that the Board is willing to take in pursuing the Group's objectives) is set, separately, for each principal risk and varies for different types of risk. The Group has a low appetite for compliance-related risks, whilst it has a higher appetite for strategic risks. Risk appetite is assessed on a periodic basis, in consideration of changes in conditions and circumstances, as well as the impact of emerging and other risks.

With significant changes facing the automotive industry, the Group operates in markets with high growth potential, particularly in the space of electric vehicles, which is continuously evolving and developing. In the context of high risks of volatility associated with potentially high rewards, the Group is willing to accept a certain level of risk in pursuing our strategic goals. With respect to product development and technological advancement to enable the pivot towards electrification, the Group aspires to excel in this area, and, therefore, commits to invest into research and development, and potential non-organic approaches, to expand our product offering, and to secure the future commercial viability through next-generation products that meet the electrification agenda and the ESG criteria. As the industry is at the formative stage of electrification, product design, layout and specification are subject to innovation and change. Our risk appetite in this area is, therefore, set as high.

In relation to operational risks, our aim is to ensure the Group's ability to provide the required service level to our customers, as well as to protect our assets and employees. We carefully assess the right balance between the costs of implementing and maintaining internal control systems against the corresponding benefits.

For compliance and external reporting matters, our appetite for risk is low as we regard it imperative to ensure that the content of our financial and non-financial reporting is fair, balanced and understandable. The Group has no tolerance for breaches of regulatory requirements or internal policies and procedures, including delegation of authority.

Emerging risks

In the environment of fast-paced changes in the risk landscape, the Board recognises that an essential part of risk management is the ability to monitor and respond to new and emerging risks. Alongside the principal risks, emerging risks are identified and considered by the Board and the ERC.

As the Board continues to review and refine the Group's approach to vehicle electrification, operational sustainability and talent development (all of which are embodied in the Taking-the-Turn strategy) it has been conscious of developments in strategic risks that may need to be considered, in addition to those already identified as principal risks. For example, if the Group chooses to address the need to enhance the Group's product capabilities other than organically (for instance through significant mergers and acquisitions or joint venture arrangements), this may necessitate additional resources and expertise, and would naturally entail risks relating to management, execution and value delivery.

The Board remains acutely aware of the changing market dynamics that will continue to arise from climate change and the growing demand for EVs. The Board feels that the Taking-the-Turn strategy will position the Group well to respond positively to these market changes. The main direct impact of climate change is incorporated within the principal risks, particularly the impact of climate change regulation leading to electrification, and increasing complexity of reporting requirements. However, it is recognised that increased frequency of future climate-related risk events (severe storms, floods, rising sea levels, etc.), and the transition to a low carbon economy, may also adversely impact asset values and financial performance over time and, as such, will continue to be monitored and mitigated where practical to do so. Conversely the potential for delays in regulatory changes mandating electrification of vehicles may extend the timelines for return on investments in new technology, but expand opportunities for conventional ICE vehicles.

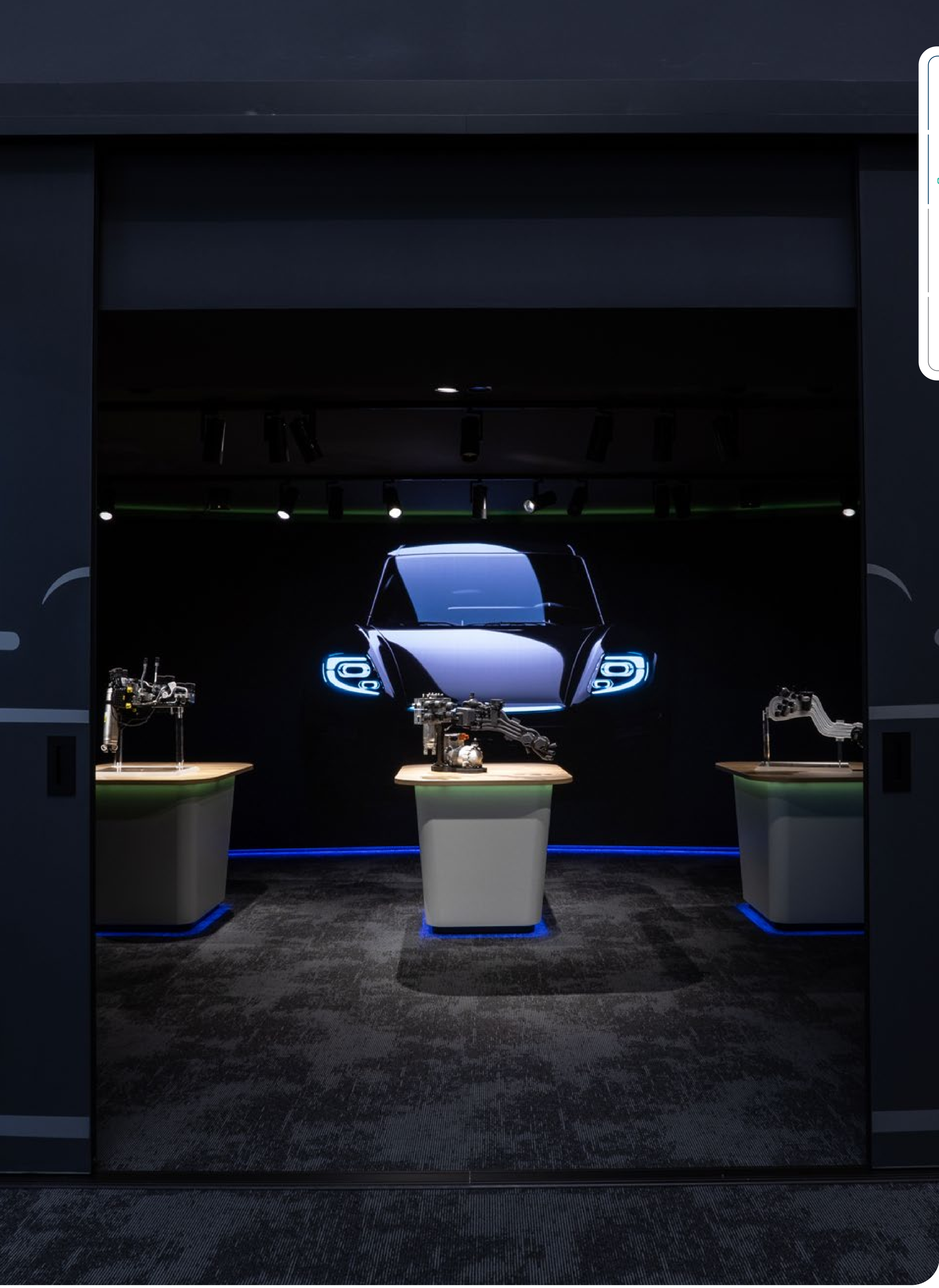
Climate change and sustainability issues also prompted increasing levels of regulations and requirements, especially for listed companies. The use of plastic within the Group's operation and increasing trend towards sustainable supply chains are likely to become an area of increasing focus that will be addressed as part of the Group's sustainability strategy.

The potential for further disruptive technologies, which may impact demand for our products, trends toward in-housing of supply chain by customers and the increasing global share of Chinese car manufacturers, may pose challenges as well as opportunities for maintaining or deepening market penetration.

Management is cognisant of the potential impact generative artificial intelligence may have on the labour force, as well as the need for enhanced governance within operations and the IT infrastructure with regards to protection of data, information and intellectual property.

Furthermore, with the challenging economic climate, the higher cost of financing and the degree of investment in technology required to meet market demand, management is carefully managing liquidity and monitoring changes in refinancing requirements. The Group currently has a strong level of liquidity and resilience in terms of long-term viability.

In the light of the process undertaken, the Board is satisfied that the current year risk assessment has been sufficiently robust, and is of the view that other than those reported below, there are no distinct risks that are material to the Group at the date of this report.



Principal risks and uncertainties
continued

Principal risks	Description	Impact
1 **Global light vehicle production volumes**	The Group has 98 manufacturing locations globally and a substantial amount of its revenue is closely linked to the economic cycle, the general macroeconomic environment and the trends in product offerings from vehicle manufacturers.	Historically, there has been close correlation between economic growth and global light vehicle production volumes. The cost structure of the business, operating across manufacturing facilities with generally high levels of operational gearing, means that a large reduction in revenue will have an impact on profitability. The transition from ICE as the predominant vehicle powertrain towards EVs, will continue to necessitate changes in our product portfolio offering. In the light of increasing uncertainty in the macro environment, and economic challenges in the China economy, the risk is assessed to have increased since the prior year.
2 **Product quality**	The Group's business is based on the repeatable supply and delivery of components and parts to an agreed specification and time.	Failure to meet customer requirements or specifications can have adverse financial consequences, such as the loss of a customer, warranty claims and product liability, and could, potentially, cause long-term damage to the Group's reputation.

KEY

Technology Transformation Talent

Increased Decreased No change

Controls and mitigation	Ownership
• The Group's global presence, supplying a wide range of customers, acts as a hedge to mitigate localised economic volatility • The Group has an extensive manufacturing presence in emerging and other low-cost markets, which currently have relatively low rates of light vehicle penetration per head of population and are believed to have strong growth potential • Although the Group's products are primarily for light vehicles, it operates across both a broad geographic footprint and a diversified range of vehicle platforms, brands and models • A proportion of the Group's workforce in a number of local markets are employed on temporary contracts, which provides some flexibility in the cost base • The Group monitors closely, and responds to any changes in, customer demand on a local or Group-wide basis. Active development of new and enhanced products, in response to the transition to full electrification, remains a major focus. More detail is given in the principal risk relating to product development and changes in technology • The Group's product offering covers the range from ICE vehicles to EVs, which shelters the mix impact arising from any change in the pace of electrification	Regional Presidents, Chief Commercial Officer **Link to strategy:** Revenue growth **Change in risk level:** ↑ **Risk appetite:** High
• The Group operates rigorous quality control systems designed to ensure a high-quality standard for all products, including testing and validation during the design and production phases • The Group collaborates with key customers to evaluate and improve quality control standards and to confirm the compliance of its manufacturing processes with customers' quality standards • Quality systems and processes, operated at the local manufacturing level, are subject to oversight by regional quality teams. The Group's quality management function is integrated into a central function to ensure more robust procedures for identifying and managing product quality concerns • Where necessary, the Group's manufacturing facilities maintain relevant industry accreditations, such as TS 16949 • The Group monitors the field performance of its products in order to seek to continuously improve product quality • The Group has formal procedures for identifying and reviewing all warranty issues, with regular reporting to the Board and senior management. Rigorous analysis and testing are performed for all warranty concerns raised by the customers	Chief Operating Officer (supported by Vice President Quality) **Link to strategy:** Revenue growth; Return to double-digit adjusted EBIT margins **Change in risk level:** ↔ **Risk appetite:** Low

For linkages to our strategy, refer to the strategic objectives outlined on page 21 under the four key areas below:

- Revenue growth
- Return to double-digit adjusted EBIT margins
- Attractive shareholder value creation
- A more sustainable business

Principal risks and uncertainties

continued

Principal risks	Description	Impact
3 **Competition and customer pricing pressure**	This risk encompasses a number of identified global trends in the markets in which the Group operates. The Group operates in a dynamic competitive environment and faces competition from other manufacturers and suppliers of automotive components in each of the market segments in which it operates. The Group may be subject to pressure from customers to reduce costs (and hence prices) on contracts.	The Group's customers face constant pressure to lower selling and production costs to remain competitive, and may require reductions in the selling price of the Group's systems and components over the term of a vehicle platform or model. Commercial activity by competitors, or changes in products or technologies, could impact the Group's market share and profitability. The environment for bidding and securing new contract awards from customers is competitive, with the increasing need to balance the economics of recovering current inflationary impacts with securing increased penetration in new EV businesses, whilst maintaining strong customer relationships. Therefore, in facing inflationary input costs, the Group's ability to maintain margin could be limited by competitive pressure and contractual price reductions.
4 **Business continuity**	The Group's business is based upon reliable, high-volume manufacturing across all its locations in order to supply products to customers, often on a just-in-time basis. Business continuity encompasses a number of risk areas to the Group, including force majeure events (such as fire, flood and climate change-related events), equipment breakdown, key supplier failure or supply chain disruptions, disruptions from events such as pandemic shutdowns, maintaining stable labour relations, and ensuring the reliability of the Group's business management systems and IT infrastructure. In addition, the Group is exposed to risks from accidents and incidents arising from health and safety failures.	A loss of production capability at a facility could lead to an inability to supply customers, reduce volumes and/or increase claims made against the Group. In periods of high demand, or in the event of supply chain difficulties, availability of raw materials and components may be constrained, which could interrupt production and/or result in cost increases, all of which could have an impact on the profitability of the Group's operations. In certain circumstances, the loss of a supplier, or supplier quality failing, could lead to an inability to obtain materials and sub-components necessary to supply products in a timely or efficient manner. As our product portfolio pivots in response to the electrification trend, the capability and capacity of our current supply base to respond may heighten risk. The loss or instability of systems capability at a Group facility could impact the Group's ability to operate one or more plants and supply its customers. Injuries arising from health and safety incidents could result in lost time, reduced employee morale and possible changes in working practices. Serious incidents can have a detrimental impact on the Group's reputation.

KEY

Technology
Transformation
Talent

Increased
Decreased
No change

Controls and mitigation	Ownership
• The Group seeks to offset pricing pressure by achieving improved operating efficiencies and cost reductions. Continuous operational improvements to drive higher process and cost efficiency is constantly management's priority • A growing trend by some customers to standardise and globalise vehicle platforms has the potential to minimise the Group's exposure to the cancellation of any single vehicle platform or model • The Group has a strong reputation and industry-leading technology, which supports its status as a key supplier to its customers. The Group is considered to be a key supplier, by many of its customers • The Group engages in extensive and regular dialogue, and has strong commercial and engineering relationships with key customers. The effective management of customer relationships and commercial activities is a significant focus area of management, which will be underpinned by implementation of a robust customer relationship management solution in 2024 • The Group uses market intelligence and competitor analysis to support its market activities and inform investment decisions. The Group also leverages a robust screening process to evaluate new business proposals • The Group implemented a centralised Commercial and Business Development functional structure to strengthen its ability to deploy cross-regional development and growth opportunities • Across the Group, there is an emphasis on research and development and improving the technical content of products • The Group develops robust internal procedures to identify and evaluate the impact of inflationary cost increases and cost recovery approach on a timely basis. The Group increasingly seeks greater flexibility and agility in the pricing structure to more effectively react to cost pressures in an inflationary environment	Chief Commercial Officer **Link to strategy:** Revenue growth; Return to double-digit adjusted EBIT margins; Attractive shareholder value creation **Change in risk level:** ↔ **Risk appetite:** Medium
• The Group implemented business continuity planning (BCP) at key locations to enhance the localised continuity planning strategy operated at the facilities • The wide geographic spread of operations, purchasing and supply chain functions allows the Group to use a range of techniques to address potential supply disruption, such as long-term purchase contracts, dual sourcing, and ongoing research and development into alternative materials and solutions. The Group's global network of facilities also provides a degree of back-up capacity • The Group maintains a scheduled programme of maintenance and inspection of all equipment • In certain markets, the Group uses preferred suppliers for key components and materials • The Group maintains casualty, property and business interruption insurance • The Group participates in a number of works councils and other represented employee forums, and seeks to establish and maintain good relationships with its employees and unions • The Group's decentralised IT systems worldwide provide some resilience against the loss of production or systems capability to the Group as a whole. Furthermore, the Group IT function maintains a formal disruption recovery plan for the organisation • The Group has an embedded health and safety culture and operates a global health and safety policy, with local health and safety operations in place at each manufacturing facility. Our health and safety protocols were enhanced in response to the COVID-19 pandemic to ensure a safer work environment and safeguards against significant infection risk. Health and safety performance is monitored regularly by each division and by the Group • The Group's Global Operations Committee, with representation from different functions, identifies and discusses operational issues on a timely basis • Further details of mitigation against risks associated with climate change are outlined in the Task Force on Climate-Related Financial Disclosures on page 62	Regional Presidents, Chief Operating Officer **Link to strategy:** Revenue growth; Return to double-digit adjusted EBIT margins; Attractive shareholder value creation; A more sustainable business **Change in risk level:** ↔ **Risk appetite:** Low

Principal risks and uncertainties
continued

Principal risks	Description	Impact
5 **Product development and changes in technology**	The automotive industry is subject to changes in technology, and the Group's products are subject to changes in regulatory requirements to reduce emissions and increase fuel economy. Operating across numerous markets and territories requires compliance with a wide variety of regulations. Changes in consumer demand, e.g. the popularity of a particular vehicle type, model, platform or technology, such as HEVs and BEVs, may also impact demand for the Group's products. In addition, the Group's products have performance-critical applications and high levels of technical content and know-how. Product development in this evolving environment naturally entails the risk of changes in product design, specification and range.	Failure to keep current with changes in technology in the light vehicle automotive industry, or in competitive technologies, may render certain existing products obsolete or less attractive, as well as damage the Group's market position and reputational strength. Product development has a direct impact on the Group's next generation product offerings, which significantly impacts the Group's future commercial viability. Changing environmental regulations could affect demand for, and/or changes in, the specifications of certain products. Failure to comply with all relevant regulatory requirements could affect the Group's reputation and/or its ability to operate in certain markets or territories. The Group's technologies and intellectual property rights also need to be kept current through continuous improvement and research and development, and are susceptible to theft, infringement, loss and/or replication by competitors.
6 **Regulatory compliance**	The Group has global operations. The markets in which the Group operates are covered by a range of different regulatory systems and complex compliance requirements, and may be subject to cycles, structural changes and other external factors, such as changes in tariffs, customs arrangements and other regulations. As a listed company, TI Fluid Systems plc is also subject to increasing regulatory requirements.	Significant changes to the different regulatory systems and compliance requirements, in and between the countries and regions in which the Group operates, may have a negative impact on the Group's operations in a particular country or market. The accelerating pace of change towards full electrification of vehicles is expected to continue to bring tightening legislative requirements. In the light of increasing volume and complexity in reporting and governance requirements, particularly in relation to sustainability and ESG reporting, management assessed that this risk has increased in their 2023 risk assessment.

KEY

Technology | Transformation | Talent

Increased | Decreased | No change

Controls and mitigation

- The Group operates in the automotive industry in which performance-critical technology evolves and is adopted in a deliberate and measured manner. The Group's products, materials and processes are continually developed and enhanced through research and development and technical input
- The Group continues its commitment to invest significantly in alternative engineering solutions and the development of more advanced designs and innovative products to ensure compliance with changes to environmental regulations and customer demand
- The Group has developed, and is implementing, an engineering skills transition plan to ensure our engineering resource has the necessary skills to support an enhanced EV product offering
- Since 2023, the Group deployed its strategy to construct a global footprint of eMIC, which established an international network of technical centres focusing on research and development. In addition, the Group has established regional application centres, which focus on application engineering worldwide
- The Group developed formal product technology and development roadmaps in relation to thermal management (coolant and refrigerant), to clearly outline the Group's product development strategy in the forthcoming years
- The Group seeks to maintain close relationships and technical partnerships with key customers and other parties, and enters into joint development agreements with customers. In addition, the Group continues to explore non-organic options to expand the Group's technology platform and product offering
- The Group actively registers, manages and enforces its intellectual property rights
- During 2023, the Group implemented a specific focus on Modules & Systems (MAS) as a product line, with dedicated technical and engineering resources to develop the next generation product offering

Ownership

Chief Technology Officer

Link to strategy:

Revenue growth; Return to double-digit adjusted EBIT margins; Attractive shareholder value creation; A more sustainable business

Change in risk level:

↔

Risk appetite:

High

Controls and mitigation

- The markets, and any changes to the regulatory environment in which the Group operates, including tariffs and trade policies, are continually monitored and assessed
- Changes to the Group's investment strategy and cross-border relocation might result from a significant change in the regulatory environment in a particular country or region
- The Board actively monitors the opportunities and threats posed by climate change, to both the Group's product offering and its operations, and proactively refocusing development and engineering work in this area. The Board receives regular updates on changes in regulatory requirements in relation to ESG (particularly reporting requirements), and ensures that appropriate measures are in place to comply with new and forthcoming requirements
- Where relevant or necessary, the Group obtains assistance from external experts and advisers in considering and responding to new requirements
- Focus throughout the Group on adherence to our Code of Business Conduct (COBC), including ongoing training and the review of policies and procedures
- The Group has a separate Group Risk & Controls function led by the Vice President Risk & Global Controller, and has implemented a formal three lines of defence structure for risk management and controls. The Group Risk and Controls function is implementing an internal control optimisation programme to further strengthen the Group's internal control environment, paving the way to meet the forthcoming requirements on internal control reporting under the new UK Corporate Governance Code 2024

Ownership

Chief Legal & ESG Officer and Company Secretary, Vice President Risk & Global Controller

Link to strategy:

A more sustainable business

Change in risk level:

↑

Risk appetite:

Low

Principal risks and uncertainties
continued

Principal risks	Description	Impact
7 **Talent attraction and retention**	The future success of the Group is dependent upon the continued services of key personnel and the acquisition of new talent to address the skills gap as our end markets and product offerings change over time. Succession and change management planning is a routine consideration given some of the Group's key global positions at all levels, including business unit, region and Group.	The Group competes globally to attract and retain personnel in a number of key roles. A lack of new talent with new skills, the inability to retain and develop existing talent, replace retiring senior management or effectively manage leadership transitions, could hinder the Group's operations and strategy delivery. A loss of key personnel, with associated intellectual property and expertise, could disrupt our business and strategy. In a number of local markets, the Group may experience a shortage of skilled and experienced personnel for certain key roles. Global social trends and events may focus current and potential employees on the desirability of our businesses as a place of employment.
8 **Critical cyber event**	The Group is dependent on the robustness and reliability of its internal and external IT systems for day-to-day operations. Critical, disruptive cyber events (including ransomware attack, malware attack, phishing and password attack) remain a serious threat to the smooth running of the business. The level of cyberattack faced by businesses has been increasing. Following the COVID-19 pandemic, our operational dynamic has evolved, with a higher level of remote working becoming an established practice. If uncontrolled, exposure through unprotected mobile devices and remote access can be critical.	Should the Group, or its key cloud service suppliers, be affected by a critical cyberattack (denial of service, data breach and compromise) resulting from an external or internal threat, this could result in suspension of critical business services and loss of sensitive data. Subsequently, the Group could receive fines and contractual claims, suffer reputational damage, and be unable to meet customer expectations (leading to a loss of customer confidence). Prolonged outages could further erode trust in the business, resulting in long-term reputational damage.
9 **Geopolitical conditions**	Geopolitical factors that lead to an unfavourable business climate and significant tensions between major economies or blocs could adversely impact the Group's operations and markets. Examples include changes in political relationships between countries in which the Group operates, increasing trade protectionism measures, differing tax or regulatory regimes, potential changes in economic policies and sanction requirements. This risk remains elevated in certain geographies due to geopolitical events such as the war in Ukraine and the conflict in the Middle East, and tensions in trade relations between major economies.	Failure to anticipate or adapt to geopolitical changes in time could result in deterioration of financial performance and reduced access to certain markets financial performance, with an impact on the carrying value of assets. The fragility of international relations carries a consequential adverse impact on the automotive supply chain and world financial markets, such as the availability of energy and other resources required for operations.

KEY

Technology · Transformation · Talent

Increased · Decreased · No change

Controls and mitigation	Ownership
• The Group has in place competitive incentive arrangements, including bonuses, pensions and long-term incentive plans • The Group continues to enhance its activities to further embrace diversity and inclusion across its operations. Cultural awareness training is ongoing across our organisation • The Group operates a skills-focused training and development programme across the Group • The Group operates established recruitment and development programmes • Succession plans continue to be reviewed for relevant key positions • The wide organisation structure across the organisation's geography provides some resilience to labour issues in each location, as leadership and specialists travel to areas of need to provide support	Chief IT, HR & Communications Officer **Link to strategy:** Revenue growth; Attractive shareholder value creation; A more sustainable business **Change in risk level:** **Risk appetite:** Medium
The Company has an established cybersecurity programme, which aims to mitigate the risks and operational disruption caused by cyber events. The programme is continually updated and tested, and includes: • Backup processes, endpoint protection, encryption of data, enhanced cloud-based security tooling and protection, web and email content protection • Use of cyber software to enhance protection • Identity and access management and multi-factor authentication • Continued cybersecurity awareness training for all employees • Vulnerability and penetration testing for external and internal IT services and websites • Data security audits and external assessment	Chief IT, HR & Communications Officer **Link to strategy:** A more sustainable business **Change in risk level:** **Risk appetite:** Low
• Regular monitoring and assessment of emerging trends and potential risks and opportunities relating to economic or geopolitical uncertainties • Monitoring of end market exposure and changes in key end markets due to macroeconomic factors • Financial warning signs could give earlier indications of potential problems, and half-yearly assessments of the carrying value of goodwill and other assets are performed • We continue to diversify and localise our supply base and adapt development of our product range to mitigate exposure to any single market or region	Chief Executive Officer & President, Regional Presidents **Link to strategy:** Revenue growth; Return to double-digit adjusted EBIT margins; Attractive shareholder value creation; A more sustainable business **Change in risk level:** New principal risk in 2023 **Risk appetite:** Medium

Task Force on Climate-Related Financial Disclosures (TCFD)

The following pages detail the Group's 2023 annual disclosure with respect to the TCFD.

The Group has complied with the TCFD recommendations and recommendations disclosures around governance, strategy, risk management, and metrics and targets.

In accordance with Listing Rule 9.8.6 R(8), the table maps the Group's climate-related financial disclosures in the following section to the specific recommendations and recommended disclosures of the Task Force on Climate-Related Financial Disclosure. The Group has reviewed the Task Force on Climate-related Financial Disclosures – Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, published in October 2021. There is specific guidance for the automotive sector, as such, we have reviewed and considered the transportation group and all sector guidance contained in the document as we developed our disclosures.

The Group's disclosures are consistent with the TCFD Recommendations and Recommended Disclosures.

	TCFD recommended disclosures	Reference pages	Consistent
Governance	Describe the Board's oversight of climate-related risks and opportunities	See Governance – Board of Directors on pages 76–78	Consistent
	Describe management's role in assessing and managing climate-related risks and opportunities	See Governance – Management on page 63	Consistent
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	See Background and Framework and Strategy and Financial Planning on pages 57–59	Consistent
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	See Strategy and Financial Planning on pages 58–59	Consistent
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See Strategy and Financial Planning on pages 58–59	Consistent
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks	See Risk Management on pages 62–64	Consistent
	Describe the organisation's processes for managing climate-related risks	See Risk Management on pages 62–64	Consistent
	Describe how processes for managing climate-related risks are integrated into the organisation's overall risk management	See Risk Management on pages 62–64	Consistent
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See Metrics and Targets on page 64–65	Consistent
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See Metrics and Targets on pages 64–65 and Sustainability on page 41	Consistent
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See Metrics and Targets on pages 64–65	Consistent

Climate-related risks, opportunities, and financial impacts

Background and framework

Governments, investors, and industry have come to realise that urgent and impactful action to address climate change is needed. Automotive manufacturers in every major market have announced ambitious plans to address climate change through the electrification of the vehicle fleet and significant decarbonisation of their own manufacturing operations and supply bases. In addition to public announcements and press coverage, the Group's commercial and engineering teams are in regular contact with our customers. Over the last several years, we have seen, first hand, the growing investment, activity and momentum around both powertrain electrification and supplier sustainability in the form of advanced development activities and quoting for BEV and HEV programmes as well as business awards that include supplier commitments to reduce greenhouse gas emissions. Likewise, investors, regulators and consumers have clearly communicated the expectation that all businesses must take demonstrable actions to improve environmental sustainability as well as climate-related analysis and disclosures.

As a global supplier and leader in the automotive industry, The Group is committed to supporting vehicle electrification with its advanced products and to reducing CO_2(e) emissions from its operations. The financial impact of climate change on the Group can be viewed as falling into the following broad categories of risks and opportunities:

- **Vehicle electrification.** The Group will have market and technology risks and opportunities as our OEM customers shift to a lower carbon economy by increasing the electrification of vehicles (i.e. HEVs and BEVs replacing ICEs).
- **Changes in operating expenses.** The Group will have operational risks and opportunities highlighted by transitional cost changes for plastics and metals, as it strives to manufacture its products in a more environmentally responsible and sustainable manner.
- **Changes in policy related to carbon price.** The Group may experience operational risks as emerging and expanding carbon price legislation comes into effect. This is likely to represent a risk from increases in energy, raw materials, and operations costs (from GHG emissions). Consequently, costs across the supply chain could be affected (e.g., from increased material and service costs, when carbon price is passed on from suppliers).
- **Direct climate impact.** The Group will have physical risks from climate change. As the world continues to warm up, we will be exposed to increases in heat stress and to a lesser extent other perils, such as flooding, sea level rise, and changing water availability and quality, which could affect some of the Group's global locations.

As part of its overall decarbonisation strategy, the Group is committed to disclosing its potential climate-related risks and opportunities in line with the TCFD recommendations. To enhance this analysis and quantify the financial impacts of its climate risks and opportunities, the Group engaged a global consulting firm that assists companies on their sustainability journeys. The consultant and its supporting partner who specialises in physical risk modelling assisted the Group in developing two fully compliant scenarios for this report. The data analysis and work completed on the two scenarios was started in early 2023. The Group chose to use the most complete and fully vetted data we had available which was generally from the 2022 calendar year. Using 2022 full year data sets results with many of the data points referenced to calendar year 2022 in this disclosure.

The main objectives of the work that was completed in 2023 for these TCFD disclosures are related to better identifying and quantifying key transition and physical climate risks and opportunities over the short term (until 2025), medium term (2030), and long term (2050), across different climate scenarios. Please note that our TCFD time periods for short, medium and long term do not directly align to our financial time periods. The Group elected to align our timing for TCFD to our SBTi near term dates and a more commonly aligned climate long-term target date of 2050 consistent with the Paris Agreement. Based on the Group's previous sustainability and climate risk initiatives, peer benchmarking, TCFD guidance, and the consultant's expertise, the Group identified a long list of potential climate risks and opportunities and shortlisted the top six based on the Group's vulnerability and exposure to the different risks and opportunities. We addressed these key risks and opportunities using two climate scenarios. The two scenarios selected were the Business As Usual (BAU) and Low Carbon (LC) scenarios. The Group then developed quantification approaches, performed desktop research, and collected the data needed to estimate the unmitigated potential financial impact of the six key risks and opportunities, across the short, medium and long term in both the BAU and LC scenarios. The six key risks and opportunities fall into the following four groups of risks and opportunities: vehicle electrification, changes in operating expense related to plastic and metal pricing, changes in policy related to carbon pricing, and direct climate impact.

For the purposes of these disclosures the BAU scenario represents a scenario where minimal additional climate action is taken by governments. It incorporates the policies of governments as currently stated. It aligns with ~2.7°C warming by 2100. The LC scenario assumes that governments will meet their announced climate commitments in full and on time. It aligns with <2°C warming by 2100. It should be noted that the quantification of the six key risks across the two scenarios is not a forecast, and is simply an indication of the potential outcome that could occur, based on the available data. These risks and opportunities are modelled as unmitigated elements; once mitigative measures are taken the level of potential risk and/or opportunity would be subject to change. There are many factors that cannot be accurately modelled that could drastically affect these outcomes.

In line with the disclosure framework recommended by the TCFD, the following discussion of climate-related financial impact will be organised around four elements: strategy and financial planning, governance, risk management, and metrics and targets.

Task Force on Climate-Related Financial Disclosures (TCFD) continued

Strategy

The impacts of climate-related risks and opportunities on the Group's strategy, business and financial planning

Vehicle electrification

The automotive industry is responding to climate change, primarily, through the electrification of vehicle powertrains. Over the next decade, HEV and BEV platforms are forecasted to grow dramatically, whilst ICE platforms will decline. See our markets section on pages 18–19. This transition in the market represents the most significant risk and the largest opportunity for the Group.

Electrification is at the heart of the Group's strategy. We recognise the risk of a declining addressable market for our ICE products (primarily the FTDS division) and the opportunity of an increasing addressable market for our thermal products (primarily the FCS division) due to the increased content in EVs. See our strategy on pages 20–21 for more information.

The Group has modelled the potential financial impact of the expected change in mix between ICE, HEV and BEV platforms over the short, medium and long term. In 2023, we worked extensively, including with experts to further develop our risks and opportunities related to this transitional market shift.

The transition to a low-carbon economy, including emerging policies and regulations incentivising low-carbon passenger vehicles and restricting conventional vehicles, will shift demand from components for internal combustion engine vehicles to components for electric vehicles. This transition will provide an opportunity to increase the Group's revenue.

Our analysis is based on current business awards, S&P Global Mobility forecasted production volumes and mix, and management estimates, supported by third-party analysis, for longer-term production volumes and mix, as well as International Energy Agency (IEA) data for global Electric Vehicle (EV) sales projections for 2025, 2030 and 2050. The IEA data includes the following vehicles in their Electric Vehicles (EV) sales assumptions: Battery electric vehicles (BEV), Fuel cell electric vehicles (FCEV), and Plug-in hybrid electric vehicles (PHEV). For consistency, these vehicle types were combined as "EV" in the S&P analysis.

For the BAU and LC Scenarios, the Group's revenue related to EVs was modelled to grow at the same rate as the IEA's global EV sales market projections. Note that the change in EV sales includes growth in the overall vehicle market and the shift from other vehicle types to EVs. This assumption implies that the Group's market share remains constant. The Group recognises electrification as an opportunity to grow the business and revenue from the products we currently manufacture and products we are developing.

Electric car sales had a growth record year in 2022, despite supply chain disruptions, macro-economic and geopolitical uncertainty, and high commodity and energy prices; moreover, the global car market contracted with a 3% reduction in 2022 from 2021. Over 26 million electric cars were on the road in 2022, up 60% relative to 2021 and more than five times the stock in 2018. In 2022, about 70% of the global stock of electric cars were BEVs. Action is now needed to ensure rapid deployment of EV charging facilities and to enhance electricity networks so that inadequate infrastructure does not hold back their expansion.

In the BAU and LC Scenarios, widespread policy support helps sales of EVs worldwide to continue their expansion – today, more than 50 countries, with ~60% of the world population, have policies in place to incentivise the uptake of EVs, with 30 countries having set target dates to phase out ICE vehicles in the next two decades.

China is arguably the most important individual market for EVs as more than half of all the EVs on the road today are in China, which has already exceeded its 2025 target for new energy vehicle sales. Europe has the second largest EV market, where one in every four cars sold was electric in 2022. In the US, EV sales represent around 8% of the market, this is expected to grow to 50% by 2030 due to the Inflation Reduction Act and Bipartisan Infrastructure Law boosting affordability and supporting the development of charging infrastructure.

Currently, the most common policy measures to support EV deployment are fuel-economy and CO_2 emission standards, as well as financial incentives such as purchase subsidies and tax credits that make EVs more cost competitive compared to conventional ICE vehicles. Governments are also supporting the development of EV charging infrastructure, for example by offering financial incentives for public and private chargers and by stipulating infrastructure requirements in building codes.

At the same time transition to EVs also represents a risk to the Group's manufacturing of ICE related components. This is in large part due to the expected decrease in demand for components specific to conventional fuel automobiles and associated decrease in revenue related to the sale of ICE parts.

This risk was modelled using essentially the same methodology used to model the opportunity. As defined by the IEA, conventional fuel vehicles are defined as vehicles which use an internal combustion engine (ICE), i.e., are powered by fossil fuels. They include HEV, which depend on an ICE.

For the BAU and LC scenarios, the Group's revenue related to ICE vehicles was modelled to decline at the same rate as the IEA's global ICE vehicles sales market projections. Note that the change in ICE sales includes growth in the overall vehicle market and the shift from other vehicle types to EVs, assuming that the Group's market share remains constant.

The number of EV models currently available remains much lower than conventional ICE. However, the number of ICE models has dipped across various car markets, more prominently in China, where the number of available ICE options was 8% lower in 2022 than in 2016, versus 3–4% lower in the US and Europe over the same period. This could be driven by contracting car markets and a shift towards EVs from carmakers. It is predicted that the number of ICE models could remain stable, whilst the number of new models shrinks, if carmakers focus on electrification and keep selling existing ICE products rather than increasing budgets to develop new models.

Projections indicate that by 2030, sales of ICE vehicles will decline from 65 million in 2022, to around 60 million in the BAU scenario and 55 million in the Low Carbon scenario.

Revenue expansion from new thermal products and systems, including opportunities for M&A and/or joint ventures for adjacent thermal products, have not been taken into consideration in the model and would create further revenue growth opportunities.

Changes in operating expense related to plastic and metal pricing

Plastic and metals are the two largest raw material components that the Group purchases on an annual basis. Both of these materials are expected to see a potential significant change in cost in the future.

Plastic prices will be impacted due to a rise in input costs specifically associated with the change in price of oil due to climate change. The change in plastic cost is likely to be passed from supplier to the Group. Data from IEA was used for the crude oil pricing in 2022 as well as forecast prices for 2025, 2030, and 2050.

For this modelling the changes in plastic prices depend primarily on changes in oil prices. This correlation was tested through a regression analysis, which indicated that the strong historical correlation between plastic and crude oil prices will continue through 2050. The modelling assumes that the Group's revenue will change at the same rate as the S&P market projections up to 2030. From 2030 to 2050, the estimated growth rate was calculated by using the S&P data source for the years available beyond 2030 (2030–2035) to provide a conservative estimate, and this value was 1.3% p.a.

This modelling is significantly limited by a lack of credible, peer-reviewed data on the forecasted price of plastic under the different climate scenarios. In both scenarios, the 2022 baseline price for crude oil based on the actual price as published by the IEA (98 USD/barrel) was used. From that, oil prices are projected to decrease across the short, medium and long terms (based on information sourced from the 2023 IEA World Energy Outlook), which indicated a decreasing trend in the price of plastic. However, this assumes that there are no other variables influencing the price of plastic, which is unlikely. Additionally, the analysis does not account for changes to the types of plastic used, or technical enhancements to production and recycling methods (e.g., the possible impact of the prevalence of bioplastics has not been accounted for in this analysis). Therefore, this estimate could shift based on external factors affecting the price and availability of plastic, and of oil.

Cost increases associated with metals represent another transitional risk to the Group. Increasing pressure to decarbonise metals, such as steel and aluminium, will lead to increase in production costs for manufacturing low carbon alternatives in the medium to long term, resulting in higher prices. Similarly, for metals such as copper, that are critical energy transition materials, a rapid increase in demand is expected to increase prices.

The Group used the same data from our Scope 3 Category 1 calculations, raw material procurement spend and quantity coupled with the following data sets to quantify the transitional risk associated with metal prices:

- data from Mission Possible Partnership: 2022, 2025, 2030 and 2050 global average steel and aluminium prices
- data from International Monetary Fund (IMF): 2022, 2025, 2030 and 2050 global average copper prices

This modelling applies the same assumption for the Group's revenue as that applied for plastic prices (see above). Increase in metal prices includes the impacts from increased demand and higher production costs to produce low-emission materials, and does not include changes in cost of carbon pricing which is modelled separately. For steel and aluminium, the LC scenario is aligned with the Mission Possible Partnership's 2050 Net Zero pathways. Similarly for copper, a Net Zero 2050 scenario was used as the LC scenario.

Metals such as steel and aluminium are highly energy intensive, and current-day manufacturing methods reliant on fossil fuels make them very carbon intensive materials. The energy transition is therefore expected to increase the price of such metals in the LC scenario, due to the adoption of low carbon technologies and fuels (such as green hydrogen, electrification, carbon capture utilisation and storage). Furthermore, prices of energy transition metals such as copper are expected to increase due to high demand in the automotive and renewable electricity sectors. Therefore, it is anticipated that this will lead to higher prices in the medium to long term under the LC scenario.

In the BAU scenario, metal prices are expected to remain relatively flat, as limited investments in greener technologies are assumed, and emphasis is placed on improving energy efficiency.

Changes in policy related to carbon pricing

The Group is expected to face the transition risks associated with increases in carbon prices and the cost of energy.

Emerging and expanding carbon price increases energy, raw materials, and operations costs (from GHG emissions). Consequently, costs across the supply chain could be affected (e.g., from increased material and service costs, when carbon price is passed on from suppliers).

In modelling this transition risk, the Group's total 2022 Scopes 1 & 2 GHG emissions and proportion allocated to each country of operation were used along with projections for 2023 – 2030 GHG Emission. Due to a lack of a single data source providing carbon pricing inputs for all geographies and scenario timeframes, a hybrid approach has been used to compile the carbon pricing inputs, using data from the following sources:

- World Bank: Current carbon price by country in 2023
- IEA (International Energy Agency): Projected carbon price by country, for the EU, the US, the UK, Canada, and China, for medium and long term
- NGFS (Network for Greening the Financial System): Current and projected carbon price by country, for all other geographies, for medium and long term

This approach estimates the impact of changes in carbon pricing from Scopes 1 & 2 emissions from our own operations only, and does not include carbon pricing impact on purchased goods and services. Carbon pricing levels in 2025 (for quantification of short-term impact) assumed a linear change in carbon prices between 2023 and 2030.

For short and medium term, emissions projections have been developed internally. In the long term, for the BAU scenario, it was assumed that emissions remain constant at 2030 levels between 2030 and 2050. For the LC scenario, it was assumed Net Zero emissions are achieved by 2050 and emissions reduce linearly between 2030 and 2050.

Task Force on Climate-Related Financial Disclosures (TCFD) continued

The analysis does not include potential cost impact from applications of carbon price to high-carbon materials such as metals and the increased supplier costs from material carbon tax passed to the Group, due to limited information on the evolution of emission intensity of materials and services currently being purchased.

80% of the Group's Scope 1 & 2 emissions are from seven geographies: the United States of America, China, Poland, Germany, Mexico, India, and South Korea. Introduction or expansion of carbon pricing legislation in these geographies could pose significant risk of increasing operating expenditure. Existing and scheduled CO_2 pricing schemes are reflected in the BAU scenario, which covers electricity generation, industry, energy production sectors, and other end-use sectors (e.g., aviation, road transport and buildings), where applicable.

In the LC scenario, higher CO_2 prices are assumed across all regions with Net Zero emissions pledges, which represent more aggressive prices than the BAU scenario. In the EU, for example, in the LC scenario, carbon prices are expected to increase by 130% by 2050 (compared to the baseline year), compared to 56% increase during that same period under the BAU scenario.

The Group is currently not covered by existing regulated carbon pricing schemes, even in regions like the EU, as the Group is not a heavy emitter. The Group may or may not be affected by these schemes, as the scope of future carbon pricing schemes evolve. The quantification approach reflects a conservative estimate, assuming the Group is subject to carbon pricing in all geographies of operation.

Direct climate impacts

The Group may face potential physical risks from climate change, such as increases in heat stress, drought, flooding, sea level rise, and changing water availability and quality, which could affect the Group's locations and operations and the need to re-locate several operations. As part of our effort to better quantify our physical climate risks the Group has improved the robustness of the climate evaluation.

The Group has completed a refresh of its physical modelling. Physical impacts were assessed based on the analysis of climate risks exposure data from an external adviser, for 126 of the Group's sites. For each location, the external adviser provided climate risk metrics for different climate perils than may be expected to be relevant for different points in time for the BAU and LC climate scenarios. The table below describes the metrics used to assess the physical risks of each climate peril.

Peril	Unit	Metric
Heat waves	Events/year	Absolute heat wave: Annual count of three-day periods with high temperature above local historical 95th percentile temperature
Cold waves	Events/year	Days per year with temperature lower than threshold – depending on location this is either 0 or -10 (°C)
Wildfires	Events/1000 years	Number of wildfires expected in a 1 square km grid cell per 1000 years
Flooding	% probability	Probability of 0.3m flood occurrence
Severe storms	Days/year	Days per year where environmental conditions are conducive to severe thunderstorms
Wind	% probability	Probability of 119 km/h wind occurrence
Precipitation	% probability	Probability of 150mm precipitation occurrence
Rising mean temperatures	Days/year	Days per year with temperature exceeding the local historical 99th percentile temperature
Sea level rise	% fraction flooded	Fraction of land within the 90m grid cell inundated by high tide
Droughts	Fraction	Total water stress: Human water demand over water supply for the local and upstream watersheds

The most significant direct climate impact relates to increasing heat stress potentially leading to decreasing productivity, loss of working hours, impact to employee health, and increased costs related to cooling. The Group gathered data from 126 sites including offices, research and development centres, and manufacturing and assembly sites. These data included site coordinates, site description, building value, inventory value, contents value, site profit, indication of the presence of a basement and cooling system, and an estimation of the physical intensity of the work performed.

Cooling costs due to increased heat stress were modelled using a climate risk analysis model of an external adviser, which estimates an asset's annual additional electricity consumption for cooling based on its occupancy, size, and the projected annual number of cooling degree days. The average annual electricity consumption cost for an asset is estimated using the provided electricity price.

Productivity costs due to increased heat stress were modelled using the external adviser's approach which estimates the proportion of annual work hours lost based on the physical intensity of work performed, cooling system prevalence, and projections of wet bulb globe temperature (WBGT) from the external climate risk analysis model. The model is derived from the International Organisation for Standardisation (ISO) guidance on work/rest ratios necessary to keep the internal body temperature of workers within safe limits. The external climate data does not consider any existing adaptation measures currently in place at the Group's site locations (beyond the presence of a cooling system), which might reduce impact.

Exposure to heat stress was also modelled using the external climate risk analysis model, which is most useful for understanding the trend of climate peril metrics over time, and how climate perils differ under three different climate scenarios (i.e., High Carbon, Business as Usual and Low Carbon). A High Carbon scenario is represented by temperatures that are >4°C global mean temperature warming by 2100 and is only used in addressing the physical risk. The high carbon scenario was only completed for physical risks and as such was not used comprehensively in this disclosure. When analysing site exposure to a specific peril metric and time period, we utilised the 5th and 95th percentile results associated with that metric provided in the output data. When combined, the values at different confidence intervals provide an indication of the uncertainty range associated with a specific peril metric.

The modelling across each scenario for heat stress (and most of the other climate perils analysed) shows similar results through 2050. Beyond 2050, a distinct divergence between the climate impacts on the three scenarios is observed. This trend corresponds to the delay between when policies on climate change are implemented, and when they begin to have an effect on climate.

Exposure to heat stress is measured by the number of "heat waves" occurring for the particular location, time period, and climate scenario of interest. A heat wave is defined as a three-day consecutive period with the daily high temperature exceeding the local historical 95th percentile temperature.

The Group's exposure to heat stress was significantly higher than other climate perils. In the BAU scenario, 57% of the total number of manufacturing and office locations are expected to be at risk from heat stress in 2050. "At risk" is defined as at least five heat waves annually. By 2060, this value rises to 90%, and by 2070, 99% are expected to be at risk from heat stress.

Heat stress exposure is high across all of The Group's operating geographies (i.e., at least one site in each country is at high risk). However, sites in South America (e.g., Brazil, Colombia), South Africa, and Indonesia are especially at risk due to the significant increase in risk from 2020 to 2050.

Losses associated with heat stress are predominately from lost worker productivity. These losses could be mitigated through the installation of cooling systems (where none exist currently) or by increasing the cooling load of existing systems. The operational cost of electricity for cooling sites is expected to be significantly less than the loss associated with worker breaks due to heat stress. The analysis focused on the impact on operating costs, and there could be significant capital expenses associated with installing or retrofitting cooling systems, which has not been modelled in this analysis.

The highest total heat stress losses in this model are noted in Mexico, China, India and Thailand, driven by losses in worker productivity. Cooling cost is a relatively small portion of the total heat stress losses. The main sources of cost of cooling are in Mexico, China, Spain and the United States, driven by the higher price of electricity and the number of sites with cooling systems installed.

Where we have identified long-term risks, we expect that our existing business processes will be sufficient to mitigate and manage the risks. For example, we will be able to locate new operations (or relocate existing operations) through our property lease acquisition and renewal procedures, which are being updated to incorporate climate-related issues. As our understanding of the longer-term impacts of climate change are better understood, we will continue to further assess our risks and refine our financial planning, as appropriate.

Task Force on Climate-Related Financial Disclosures (TCFD) continued

Summary of key climate risks and opportunities

The table below summarises our assessment of key climate risks and opportunities as discussed above.

	Vehicle electrification	Change in plastic price	Change in metal price	Change in carbon price and cost of energy	Increase in heat stress and cooling costs
Type	Transition	Transition	Transition	Transition	Physical
TCFD category	Market	Market	Market	Policy & Legal	Acute
Primary potential financial impact	Change in revenue	Change in operating costs	Change in operating costs	Change in operating costs	Change in operating costs
Unmitigated annual financial impact:					
BAU scenario					
Short term	High	Medium	Low	Low	Medium
Medium term	High	Medium	Low	Low	Medium
Long term	High	High	Medium	Medium	Medium
LC scenario					
Short term	High	Medium	Medium	Medium	Medium
Medium term	High	High	Medium	Medium	Medium
Long term	High	High	Medium	Low	Medium
Mitigation	• Close monitoring and proactive response to changes in customer demand is actively being completed by our commercial and engineering teams • Actively development of new and enhanced products to support electrification • Defined strategy to address changes in market dynamics • Continued product portfolio that addresses both ICE and EV contents	• Close collaboration with supply chain • Diversification and location of supplier base to help manage costs • Purchasing is monitoring our commodity costs actively • Purchasing is engaged with our Engineering teams with respect to looking at LCAs and using this to potentially alter plastic options to lower carbon options	• Close collaboration with supply chain • Diversification and location of supplier base to help manage costs • Purchasing is monitoring our commodity costs actively • Purchasing is engaged with our Engineering teams with respect to looking at LCAs and using this to potentially alter recycled metal content • The engineering team is looking actively looking at alternative materials that can be substituted for traditional metallic applications	• Targets and measures to reduce Scopes 1, 2 & 3 emissions • Active evaluation of options for decarbonisation and renewable energy sources • Close monitoring of regulatory development and proactively responding to evolving conditions • The legal team, sustainability/EHS team is actively engaged in evaluation of legislation through various working groups, list servers, and other publicly available sources of information • Assess options and mechanism of passing cost increase through to customers	• Annual analysis of physical risks covering all sites • Footprint management through lease acquisition and renewal • The Group began developing Business continuity and emergency plans over five years ago which are in place and regularly updated for certain key sites • In 2024, the Group will evaluate how we can better use the assessment completed for TCFD for climate perils and information provided by our insurer in our site selection process for new locations

KEY

Low impact: <€10m · Medium impact: €10–50m · High impact: >€50m

Governance

The Group's governance around climate-related risks and opportunities

Board of Directors

The Board, directly and through its committees, provides significant governance and oversight of climate-related matters.

Over the course of several years, the Board has reviewed, refined and approved the Group's strategy to address vehicle electrification driven by climate change. The Board provides ongoing oversight and receives regular updates from executive management on relevant metrics in order to assess the execution of the strategy, and whether any changes to the strategy are needed, including engineering and commercial resources, product portfolio and technology roadmap, EV business awards and opportunities, and the status of the inorganic process.

The ESG Committee of the Board provides guidance and oversight on all elements of the Group's sustainability programme, including the scope of environmental initiatives to address the sustainability transition driven by climate change. The ESG Committee meets regularly with senior management throughout the year and reports to the Board on its activities and sustainability progress by the Group. In particular, the ESG Committee reviewed and recommended the adoption of the Group's recently approved Scopes 1, 2, & 3 emissions reduction targets. For more information on the ESG Committee see pages 118–119.

The Remuneration Committee of the Board, with input from the ESG Committee, establishes performance targets for the Group's Annual Bonus and Long-Term Incentive Plans, which align with both the Group's electrification strategy and its sustainability transition in order to align senior management with interests of the Group's wider stakeholders. The Remuneration Committee regularly reports to the Board on its activities. See the Statement by the Chair of the Remuneration Committee on pages 94–96.

In addition, the Board reviews and approves the Group's annual budget and Medium-Term Plan to ensure that the financial and human resources needed to implement the Group's electrification strategy and environmental initiatives are properly contemplated and included in budgets and business planning.

Management

Within the Group's management, the Executive Committee (CEO and other C-level Executives and Executive Vice Presidents), together with the Global EHS Director and the Vice President Risk & Global Controller, are primarily responsible for identifying and assessing climate-related impacts and leading the implementation of the Group's electrification strategy and sustainability transition.

Several cross-functional teams, led by the Global EHS Director, have been established to manage specific aspects of the Group's environmental initiatives, including arrangements to increase the Group's use of renewable-sourced electricity and identifying capital expenditure and other energy conservation projects to reduce the level of the Group's CO_2(e) emissions. The Global EHS Director, with support from the Group's Risk & Controls function, is responsible for assessing potential direct physical climate-related impacts.

Budgeting and action plans relating to the Group's electrification strategy and environmental initiatives are communicated to the entire organisation in a top-down manner and are incorporated into the Group's annual budget and the Medium-Term Plan.

Risk management

The processes used by the organisation to identify, assess, and manage climate-related risks

Generally. At this stage, most climate-related risks appear to be included within already-identified and assessed risk categories: production volume, technology change, regulation, competition and customer pricing and pressure, and business continuity. In other words, climate change appears to be increasing the pace and intensity of previously-identified risks rather than presenting fundamentally new or different risks to our business. For more information on our process to identify and assess risks, see our principal risks and uncertainties on pages 42–55.

The Group will ensure a timely and comprehensive overview of potential disruption and opportunities from climate change to the business. To effectively complete this, it is necessary to regularly (i.e., annually) review the business' vulnerabilities to both physical and transition risks, as well as assess potential opportunities. New information from the latest release of scientific evidence (e.g., climate scenarios, regional projections, and climate modelling of climate perils) could help refine the current risks and opportunities assessment results. Such a regular review should also cover those considered as 'low' risk because some of the impacts of climate change could be non-linear and abrupt.

Vehicle electrification. We identify, assess, and manage the impact of vehicle electrification through our existing commercial, engineering and purchase processes. For the medium term, we work closely with our customers through the commercial and engineering organisations to understand their fluid system requirements, and to identify advanced engineering and quoting opportunities for upcoming vehicle programmes. For the long term, we not only utilise planning and development information from our customers, but also refer to production volume forecasts from S&P Global Mobility and other industry sources. All quoting and pricing arrangements go through our screening process to ensure that business awards meet expected financial metrics. Necessary capital investments must, depending on magnitude, be approved by various levels of management and, in certain cases, the Board.

Changes in operating expense. Environmental initiatives to progress our sustainability transition are identified, assessed and managed by cross functional teams, led by the Global EHS Director, who works with divisional and regional management, including country and plant-level management within our existing operations, manufacturing engineering and capital expenditure processes. The Group's actions, with respect to its sustainability transition, are being transitioned to a 1.5°C scenario in conjunction with the submission of our CO_2(e) emissions reduction targets.

Task Force on Climate-Related Financial Disclosures (TCFD) continued

To better assess plastics prices, we plan to regularly review data and analyses related to the transition away from fossil fuel-based plastics to bio-based plastics. This could have significant impacts on the quantification of the plastic price risk that is presented in this analysis, as the current quantification approach does not consider the shift from fossil fuel-based to bio-based products. Emerging information related to the projected ratio of bio-based plastics to fossil fuel-based plastics in different climate scenarios and the cost premium of bio-based plastics is likely to be further developed in the coming years, which will bring new insight to quantification analyses. The Group will continue to monitor the availability of low carbon metals and alternatives as well as our metals procurement data. The Group's Purchasing function is actively working on improvements to our supplier sustainability initiatives and we anticipate additional supplier specific data to be more readily available and fully vetted in the coming years.

Changes in policy related to carbon price. For future disclosures, the Group will develop a more robust emissions trajectory beyond 2030, by incorporating a long-term decarbonisation strategy. This will improve the accuracy of long-term (2050) carbon pricing impacts. As our supplier sustainability programme matures, we intend to use that data to include potential impacts of carbon pricing on the price of relevant carbon intensive materials.

Keeping abreast of regulatory change will be critical to the fundamental understanding of policy changes and the effects those changes may have on associated carbon pricing.

Direct climate impact. Physical impacts were assessed based on the analysis of climate risk exposure data for 126 of the Group's sites based on an external risk model. For each location, the model provided climate risk metrics for different climate perils, expected for different years for the BAU and LC climate scenarios. The following physical risk metrics were evaluated in the model: heat waves, cold waves, wildfires, flooding, severe storms, wind, precipitation, rising mean temperatures, seal level rise, and droughts.

The most significant direct climate impact is related to increasing heat stress potentially leading to decreasing productivity, loss of working hours, impact to employee health, and increased costs related to cooling. We will continue to monitor our operations with respect to dealing with elevated temperatures. For example, in India this year several extended periods of elevated temperatures were reported. Our EHS and operations teams are in regular contact with the operations to ensure that employees have a safe and healthy work environment.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Metrics

Vehicle electrification. The Group tracks its annual revenue, as well as expected lifetime revenue for new business awards by location, division, country, and region as well as vehicle programme/platform type (ICE, HEV and BEV) in order to monitor progress with respect to our vehicle electrification strategy.

Sustainability transition. In 2023, the Group tracked the following metrics to assess risks and opportunities in line with our sustainability transition. We monitor Scope 1 & 2 emissions at the global level with respect to our Targets. Additionally, we also monitor the Scope 1 & 2, energy consumption, water and waste data as shown below. As we continue to mature our systems we will likely add energy conservation targets and redefine our water conservation metrics.

- Scope 1 CO_2(e) emissions by location, division, country and region
- Scope 2 CO_2(e) emissions by location, division, country and region
- Energy consumption including fuel and purchased or acquired electricity
- Energy generated at our locations
- Water withdrawals, discharges and consumption
- Waste generated at our sites

Scopes 1 & 2 emissions are calculated using market and location based GHG Protocol methodology. In our annual reporting, we provide market-based emission reporting that is rolled up for the entire Group. Location based reporting remains publicly available via our CDP disclosure.

Scope 3 CO_2(e) emissions are relevant to our business. Consistent with the GHG Protocol, we have developed a Scope 3 emissions inventory for 2021 and 2022. Our 2021 baseline year and 2022 Scope 3 emissions are developed according to the GHG Protocol and were revised this year using the US EPA EEIO data base for Spend-based calculations. This was done to provide more transparency with the calculation, and we felt that the EEIO data is better suited for our manufacturing than the CEDA database we formerly used. This recalculation resulted in a downward shift in the overall emissions for Scope 3.

Our total 2021 baseline year Scope 3 emissions were 1,051,797 tonnes of CO_2(e). This represents approximately 81% of our total emissions mass in 2021. In 2022, our Scope 3 emissions were 1,068,073 tonnes of CO_2(e), representing 81% of our total group-wide emissions. Categories 9 and 10 were added based on dialogue with SBTi as we worked thought the approval process. A detailed breakdown of our 2023 Scope 3 emissions is provided below.

No.	Category of Emission	2021	2021 Revised	2022	2022 Revised	2023
1	Purchased Goods & Services	895,021	726,208	934,094	755,386	739,419
2	Capital Goods	187,329	131,027	135,586	98,691	92,662
3	Fuel & Energy-Related Activities	62,969	62,969	66,908	66,908	69,356
4	Upstream Transportation & Distribution	11,159	36,455	39,325	53,478	105,182
5	Waste Generated in Operations	5,660	5,660	4,031	4,031	3,305
6	Business Travel	971	980	2,354	2,376	3,492
7	Employee Commuting	42,206	42,206	43,618	43,618	37,827
8	Upstream Leased Assets	318	318	360	360	370
9	Downstream Transportation & Distribution	–	29,372	–	34,268	34,601
10	Processing of Sold Products	–	15,396	–	7,495	7,087
11	Use of Sold Products	–	–	–	–	–
12	EoL of Sold Products	1,206	1,206	1,462	1,462	1,847
13	Downstream Leased Assets	–	–	–	–	–
14	Franchises	–	–	–	–	–
15	Investments	–	–	–	–	–
	Total	**1,206,839**	**1,051,797**	**1,227,738**	**1,068,073**	**1,095,148**

(1) Our products do not directly consume energy and, therefore, no indirect use phase emissions are included in our Scope 3. The Group is working on methodology which may allow us to realistically calculate emissions for this category and may include the Use of Sold Products future Scope 3 reporting.

(2) TIFS has no downstream leased assets, franchises or investments.

Direct climate impact. Given the relatively gradual and long-term nature of direct climate impact on our operations (weather, water and flooding), we do not currently have applicable metrics as these risks would be expected to be handled as part of our normal footprint and facility management processes.

Targets

Vehicle electrification. The Group establishes annual booking targets for HEV and BEV programmes, which are incorporated into the Annual Bonus Plan as performance criteria. See the Remuneration report on pages 108–115 for more information.

Changes in operating expenses. Future KPIs for plastics and metals are currently under consideration. See Sustainability on pages 40–41 for more information.

Changes in policy related to carbon pricing. The Group updated its targets for the absolute reduction of Scopes 1, 2 & 3 CO_2(e) emissions and also established water conservation objectives. As legislation changes this will be monitored closely. A longer-term decarbonisation evaluation of our supply chain will be considered as our supplier sustainability programme matures.

Direct climate impact. Given the relatively gradual and long-term nature of direct climate impact on our operations (weather, water and flooding), we do not currently have applicable weather-related targets as these risks would be expected to be handled as part of our normal footprint and facility management processes.

We have clearly identified GHG and wase management targets. The Group has committed to reduce absolute Scope 1 & 2 GHG emissions 50% by 2030 from a 2021 baseline year. The Group also committed to reduce absolute Scope 3 GHG emissions 30% within the same timeframe.

In 2023 the Group set waste related targets. A key element of our business's sustainability is built around management of the non-hazardous and hazardous waste that the Group generates. Our focus is based around the following four elements: Reduce, Reuse, Refurbish, Recycle. In 2022, our EHS teams established a new baseline waste generation volume that incorporates hazardous and non-hazardous waste generation. We have been working on waste minimisation and reduction for years. With this new baseline established we have set a new waste minimisation target and new landfill avoidance target. The targets are 90% landfill avoidance and 80% recycling rate for waste materials by 2030.

Going concern
and viability statement

Going concern

At 31 December 2023, the Group's external financing arrangements comprised unsecured Senior Notes of €600.0 million (maturing on 15 April 2029), a Euro term loan of €257.6 million (repayable in instalments until 16 December 2026), a US Dollar term loan of $185.0 million (repayable in instalments until 16 December 2026) and a revolving credit facility (RCF) of $225.0 million (maturing 16 July 2026). The amount utilised under the RCF, as at 31 December 2023, was €4.2 million, with the available undrawn amount at €199.5 million. The only covenant measure that exists applies to the RCF and is a net leverage ratio, which must be below 3.8x Adjusted EBITDA when the revolving facility is drawn over 35%.

In addition, the Group held €416.7 million of cash and cash equivalents as at 31 December 2023. Actual available liquidity, including cash and revolving facility on 31 December 2023, was, therefore, €616.2 million, which provides a strong basis for the Group's liquidity during the review period.

The Directors have reviewed the likely performance of the Group and the Company for the period to the end of 2025 by reference to an outlook using the approved Budget and Medium-Term Plan as a base case scenario (volumes used: 2024 89.1 million units, 2025 90.6 million units).

A severe, yet plausible, downside scenario, mindful of developing geopolitical tensions and emerging economic challenges, was produced comprising a 10% reduction in global light vehicle production volumes against the base case (volumes used: 2024 80.2 million units, 2025 81.5 million units), a further 5% annual reduction in operating margin due to increased costs, a further 0.5% annual sales price reduction and a €8 million profit impact of business disruption from an unexpected plant closure. These reflect the downside impact of principal risks facing the business in respect of global light vehicle production volumes, cost pressures (commodities and energy costs), customer price reduction pressures and the impact of a business disruption. The downside scenario showed an availability of liquidity headroom without the use of the revolving credit facility. There were no covenant breaches under this downside scenario in the review period.

In addition, a reverse stress test was performed as part of the review (see further details in the Viability statement section), and indicates that there would need to be a catastrophic reduction in volumes to exhaust cash and cash equivalents, which the Directors considered to be highly unlikely.

The going concern scenarios do not indicate a material uncertainty, which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these assessments, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and, accordingly, have adopted the going concern basis in preparing the consolidated financial statements. This disclosure has been prepared in accordance with the Financial Reporting Council's UK Corporate Governance Code.

Viability statement

In accordance with paragraph 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a five-year period to 31 December 2028, which aligns to the internal planning horizon and to the data set used in the impairment review. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's existing committed finance facilities, the Group's strategy, business model and the potential impact of the principal risks and how these are managed and mitigated, as detailed in this Strategic report.

The Group has a formalised process of budgeting, reporting and review along with procedures to forecast its profitability, capital position, funding requirement and cash flows, which form the Budget for 2024 and Medium-Term Plan for 2025–2028. These plans provide the basis for the Directors to assess the adequacy of resources available to the Group to meet its strategic business objectives, both in the short and long term. The plans for the period commencing on 1 January 2024 were reviewed and approved by the Board on 8 December 2023, and formed the base case model to which downside scenarios were applied.

In making their assessment, the Directors have used a combination of scenarios and stress tests to the Group's financial projections to 31 December 2028, which models the principal risks likely to have a significant financial impact. Of these, the severe yet plausible downside scenario assumed:

- 10% lower annual global production volumes compared to the base case – volumes used: 2024 80.2 million units, 2025 81.5 million units, 2026 83.0 million units, 2027 84.6 million units, 2028 85.7 million units (Principal risk: Global light vehicle production volumes)
- 5% further increase in direct costs due to increased commodity pricing and costs associated with purchasing energy to meet our carbon reduction commitments (Principal risk: Competitor and customer pricing pressure)
- 0.5% further sales price reduction (Principal risk: Competitor and customer pricing pressure)
- €8 million profit impact of an unexpected facility disruption, only partially recovered from insurance (Principal risk: Business continuity)
- incremental annual capital expenditure of €10 million (Principal risk: Product development and changes in technology)

The combination of the above was considered appropriate to capture any sustained impact arising from current geopolitical tensions and emerging economic challenges.

The impact of this scenario would be to reduce available liquidity by €792 million at the end of the review period compared to the base case, which showed available liquidity of €1,009 million. The Directors considered the beneficial impact arising from potential further remediation actions, but these were not factored into the downside scenarios, allowing further room for prudence.

In all of the scenarios assessed, including the severe, yet plausible, scenario, there is no indication of potential breaches of the covenant on leverage ratio, and there remains sufficient liquidity headroom from the Group's current liquidity. In the severe, yet plausible, scenario, the revolving credit facility would remain undrawn over the five-year period.

A reverse stress test was also performed to determine the level of global light vehicle production volume, which would extinguish all cash. It was found that a reduction of 31% for each year compared to the base case (volumes used: 2024 61.4 million units, 2025 62.4 million units, 2026 63.5 million units, 2027 64.7 million units, 2028 65.6 million) for the five years under review, excluding any mitigating actions, would be required to use all the Group's cash without utilising the $225 million revolving credit facility. This contrasts with the 2020 global light vehicle production drop of 16.1% compared to 2019 – the Directors do not believe that a sustained 31% drop is likely and, therefore, do not regard this as a plausible outcome.

The Group successfully refinanced its borrowings on 16 April 2021 by issuing eight-year unsecured senior notes, which were used to repay portions of the USD and EUR secured term loans. At the same time, the $225 million revolving credit facility and the USD and EUR term loans were repriced and the maturities extended by two years from 2024 to 2026. This transaction served to diversify, stagger and extend the average maturity from four years to seven years. The revolving credit facilities and term loans are in place until 2026. We assumed that they will be renewed, in the context of strengthening financial profitability and cash generation during 2023, with the ability to return capital to shareholders through a share buyback programme, make a voluntary repayment of the USD term loans and implement a progressive dividend policy.

The powertrain agnostic product portfolio of the Group allows it to adapt to the pace at which its customers migrate to vehicle electrification. The Group has clear strategy to drive growth by capitalising the market opportunities of electrification and leveraging the competitive strength of its conventional portfolio, and has demonstrated its ability to develop and deploy thermal management product offering for electric vehicles. With a diverse customer base and global presence, the Group is well positioned to navigate through this transitional phase of the automotive industry.

The longer-term risks associated with climate change on the business are considered to be outside the time horizon of this review, but are modelled in the impairment review (see Note 19 to the financial statements). The base case already includes additional capital expenditure related to carbon reduction projects as well as additional costs arising from increasing energy costs.

Considering the Group's current financial position, the geographic spread of its operations, its established customer relationships, assessment of the principal risks, headroom under the committed banking facilities and the Board's assessment of the Group's future, the Directors have a reasonable expectation that the Group will be viable and able to continue in operational existence meeting its liabilities as they fall due over the period of assessment.

The Strategic report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by

Janis Acosta
Company Secretary

11 March 2024

Non-financial and sustainability information statement (NFSIS)

The statements below reflect our commitment to, and management of, employees, communities, the environment, human rights, anti-bribery and anti-corruption in the last 12 months as required by sections 414CA and 414CB of the Companies Act 2006. Policies on these matters can be found on the Company website and references to the Annual Report and Accounts pages as provided below.

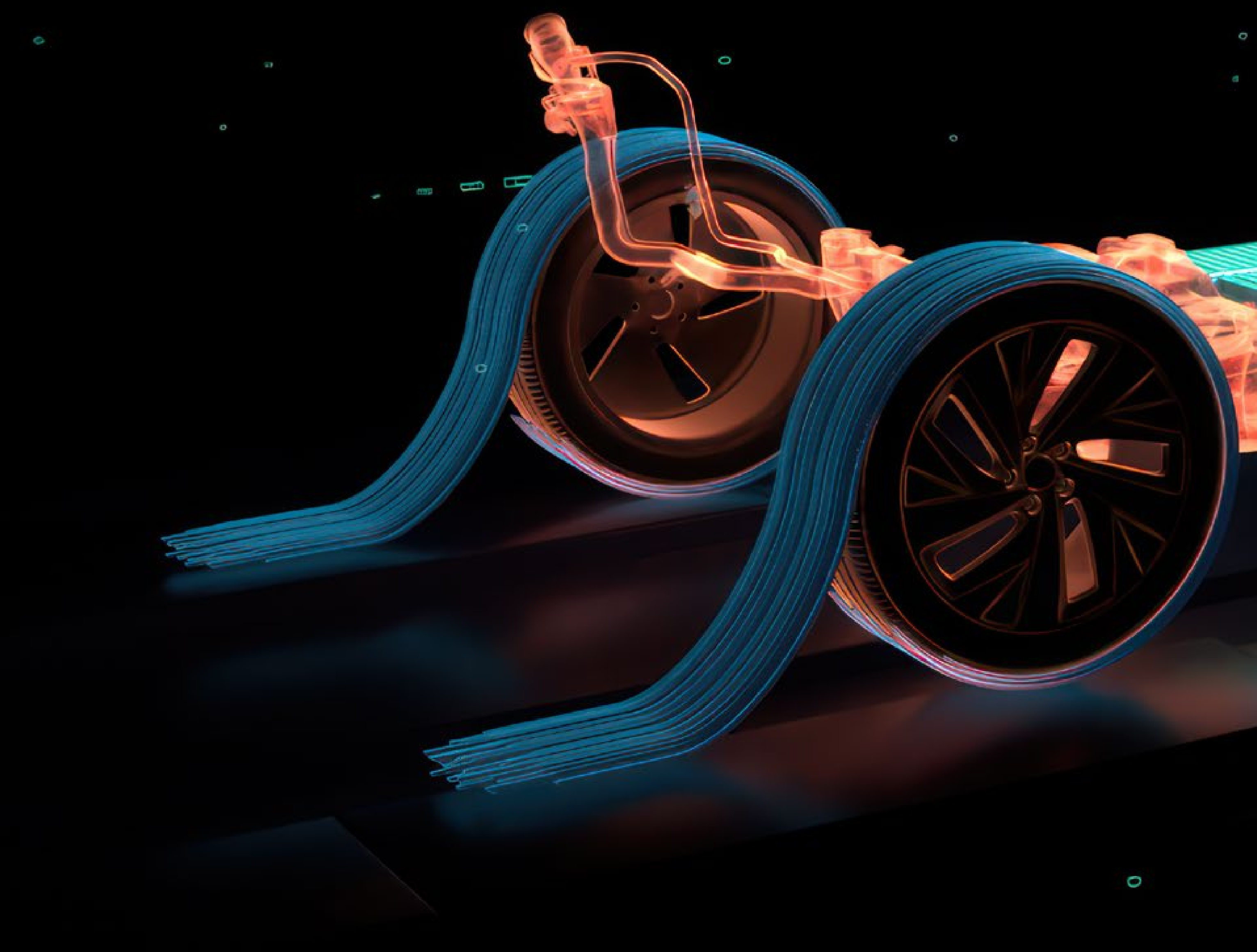
The table below highlights how we have met the NFSIS Companies Act 2006 requirements by disclosing non-financial information and climate-related risks and opportunities and where to locate the information.

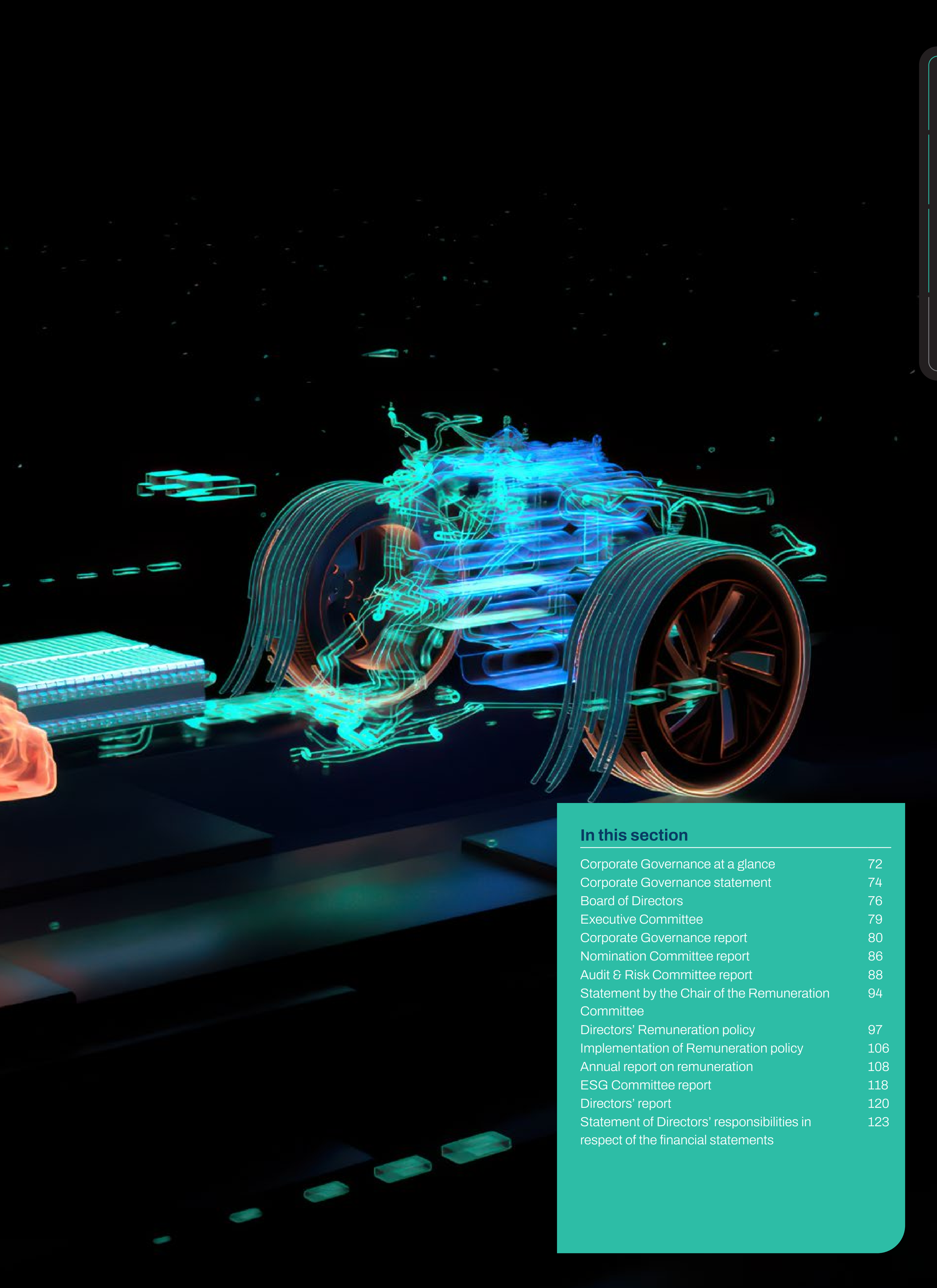
Reporting requirement	Description	Pages
Business model	The Group uses non-financial information in all aspects of its business, from the development of its business model and strategy to reviewing and measuring principal risks and the performance of the business. Our key non-financial performance indicator is customer satisfaction (PPM), which measures our product quality and, indirectly, customer satisfaction.	Business model on pages 16–17 Strategy on pages 20–21 Key performance indicators on pages 30–31 Principal risks and uncertainties on pages 42–55 Audit & Risk Committee report on pages 88–93 Sustainability on pages 40–41
Employees	We value our workforce. We are strongly committed to the engagement, development and recognition of our employees and seek to provide a positive culture together with an inclusive work environment. We have programmes to protect their health and safety.	Business model Principal risks and uncertainties: Succession of key personnel on page 54 Code of Business Conduct on our website Health and safety programme on page 51 CEO and Chair statements on pages 10–15 Employee and stakeholder engagement on pages 36–39 S172 statement on pages 36–39 Board composition on page 73 Diversity and Inclusion policy on page 83 Six Mindsets on page 40 Strategy on pages 20–21 Talent in the workforce on page 40
Environmental matters	The business strategy places a focus on developing and supplying leading technology products to help our customers make more environmentally friendly vehicles. In addition, our own impact on the environment, including our greenhouse gas emissions, is being measured, and reduction initiatives are underway. We also seek to ensure responsible sourcing through our Global Supplier Requirements Manual as well as our purchasing terms and conditions, which can be found on our website.	Business model: Contribution to environmentally friendly products on pages 16–17 Sustainability report 2023 Energy consumption on pages 40–41 TCFD disclosure on pages 56–65. The climate-related financial disclosure requirements (a)–(h) of s414CB(2A) have been addressed in the TCFD disclosure (a) page 63, (b) pages 63–64, (c) pages 57–59, (d) pages 57–62, (e) pages 56–65, (f) pages 57–64, (g) pages 64–65, (h) page 65. Section 172 statement on pages 36–39 ESG Committee report on pages 118–119 Key performance indicators on pages 30–31 Climate policies on pages 56–65 Strategy on pages 20–21 SBTi and CO_2 targets on page 41

Reporting requirement	Description	Pages
Communities and social matters	The Group continues to develop and strengthen its culture of compliance and has articulated to all employees that each employee is expected to conduct business in an ethical and legal manner consistent and in strict accordance with our Code of Business Conduct (COBC). The Group conducts regular training on our COBC, which includes elements related to anti-trust and anti-bribery (including the UK Bribery Act). We take the protection of human rights seriously and have zero tolerance for the use of slave and child labour. We also seek to make a positive impact in the many local communities in which we operate through local charitable and outreach activities.	Stakeholder engagement on pages 36–39 ESG Committee report on pages 118–119 Charitable work on page 38 Sustainability report 2023 Tax Strategy on our website Employee practices/engagement on page 37 Strategy on pages 20–21
Human rights and anti-bribery corruption	The Group maintains a strong commitment to the highest principles of business conduct and ethics. The Company's Code of Business Conduct (COBC) makes clear that the Company will enter into representation or supplier agreements only with companies and individuals, a demonstrating a record of and commitment to the highest ethical standards. The COBC also requires that external parties are informed of their responsibility to act in a manner consistent with the Company's COBC, other policies and any applicable laws or regulations. If any employee becomes aware of any activity contrary to these requirements, the employee is instructed to report in accordance with the COBC. We require that all employees complete online COBC training as well as regular refresher training. The COBC is regularly reviewed and updated, as necessary and is available on the Company's website. In addition, the Company has adopted a Human Rights policy, which reinforces the provisions contained in the COBC and explicitly states the Company's commitment to human rights including aligning with the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. This year, the Company implemented the Sustainable Purchases policy. This new policy requires all third-party service providers to adopt the same high standards that we require of ourselves within the COBC and the Human Rights policy.	Modern Slavery Statement on our website Human Rights policy on our website Code of Business Conduct on page on our website Strategy on pages 20–21
Principal risks	The Group employs the management and mitigation strategy described in the principal risks and uncertainties section, and intended to reduce the impact or likelihood of a major risk occurring. The Board also recognises there could be risks that may be unknown or that may be judged to be insignificant at present but may later prove to be significant.	Principal Risks and Uncertainties disclosures on pages 42–55 Audit & Risk Committee report on pages 88–93
Business practices and social matters	The Group continues to develop and strengthen its culture of compliance and has articulated to all employees that each employee is expected to conduct business in an ethical and legal manner consistent with our ethical standards and in strict accordance with our Code of Business Conduct (COBC). The Group conducts regular training on our COBC, which includes elements related to anti-trust and anti-bribery (including the UK Bribery Act). We take the protection of human rights seriously and have zero tolerance for the use of slave and child labour. We also seek to make a positive impact in the many local communities in which we operate through local charitable and outreach activities.	Business model: Compliance with laws and regulations on pages 16–17 Principal risks and uncertainties: External risk on pages 42–55 Code of Business Conduct on page on our website Ethics and compliance on page 37 Community involvement on page 38 Whistleblowing on page 84 Group's Tax Strategy on our website

Governance

Improving fuel economy



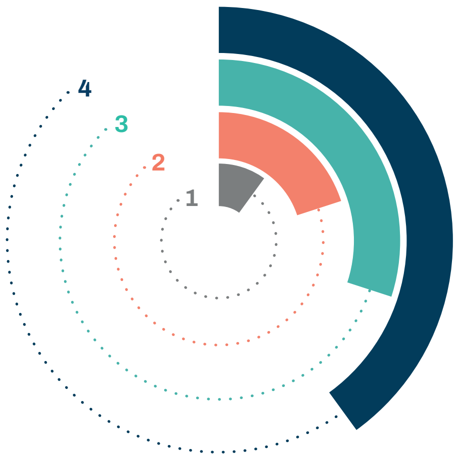


In this section

Corporate Governance at a glance	72
Corporate Governance statement	74
Board of Directors	76
Executive Committee	79
Corporate Governance report	80
Nomination Committee report	86
Audit & Risk Committee report	88
Statement by the Chair of the Remuneration Committee	94
Directors' Remuneration policy	97
Implementation of Remuneration policy	106
Annual report on remuneration	108
ESG Committee report	118
Directors' report	120
Statement of Directors' responsibilities in respect of the financial statements	123

Corporate Governance at a glance

Nationality



KEY
- American
- British
- Belgian
- Dutch

Meeting attendance

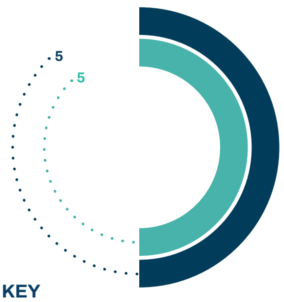
100%

Board meeting attendance

Board meeting attendance	
Julie Baddeley	7/7
Tim Cobbold	7/7
Alexander De Bock	5/5
Hans Dieltjens	7/7
Susan Levine	7/7
Jane Lodge	7/7
Elaine Sarsynski	7/7
Trudy Schoolenberg	7/7
John Smith	7/7
Stephen Thomas	7/7

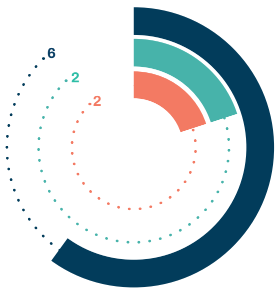
The table above shows the Directors' attendance at meetings of the Board of which they were members and they were eligible to attend in the period from 1 January 2023 to 31 December 2023.

Board composition



KEY
- Female
- Male

Board independence



- Independent Non-Executive Directors
- Non-Executive Directors
- Executive

Board skills matrix

Director	Julie Baddeley	Tim Cobbold	Alexander De Bock	Hans Dieltjens	Susan Levine	Jane Lodge	Elaine Sarsynski	Trudy Schoolenberg	John Smith	Stephen Thomas
Independence										
SID[(1)]								●		
Independent[(2)]	●	●				●	●	●	●	
Areas of expertise										
Automotive industry experience		●	●	●		●			●	
CEO experience		●		●						
Environmental and sustainability	●			●	●		●	●		
Financial and accounting		●	●	●	●	●	●		●	●
IT and Cybersecurity	●									
Mergers and acquisitions	●	●	●	●			●	●	●	●
Operations		●		●				●		
Product development and innovation				●				●	●	
Risk and compliance		●	●			●		●		
Strategy	●	●	●	●	●	●	●	●	●	●

(1) Female SID.

(2) 60% independent Board. The Chair plus five Non-Executive Directors, including the SID.

The Board

Hans Dieltjens
Chief Executive Officer and President

Alexander De Bock
Chief Financial Officer

Tim Cobbold
Independent Non-Executive Chair

Julie Baddeley
Independent Non-Executive Director

Susan Levine
Non-Executive Director

Jane Lodge
Independent Non-Executive Director

Elaine Sarsynski
Independent Non-Executive Director

Trudy Schoolenberg
Senior Independent Director

John Smith
Independent Non-Executive Director

Stephen Thomas
Non-Executive Director

Committees

Nomination Committee

Chair

Tim Cobbold

Members

Julie Baddeley

Trudy Schoolenberg

Key responsibilities

Evaluating the size, structure and composition of the Board

Assisting the Board in relation to the composition of the Board, including evaluating the balance of skills, knowledge, experience and diversity

Consideration of succession planning

Read more on pages 86–87

Audit & Risk Committee

Chair

Jane Lodge

Members

Elaine Sarsynski

John Smith

Key responsibilities

Reviewing and monitoring the integrity of the financial statements

Ensuring effective systems of internal controls, internal audit and risk management are maintained

Advising on the appointment of the external auditors and monitoring non-audit work undertaken by the external auditor

Read more on pages 88–93

Remuneration Committee

Chair

John Smith

Members

Julie Baddeley

Jane Lodge

Key responsibilities

Setting the Remuneration policy for all Executive Directors and the Chair

Determine remuneration packages, including bonuses and awards, for Executive Directors and Executive Committee in consultation with the Chair and Chief Executive Officer, as appropriate

Read more on pages 94–96

ESG Committee

Chair

Elaine Sarsynski

Members

Julie Baddeley

Alexander De Bock

Hans Dieltjens

Susan Levine

Key responsibilities

Recommending the overarching Environmental, Social and Governance (ESG) vision and strategy road map to the Board in order to ensure sustainability priorities are met

Monitoring the Group's corporate responsibility, sustainability and stakeholder engagement activities

Read more on pages 118–119

The Executive Committee

Not a formal Committee of the Board, the Executive Committee is established and led by the CEO and President, is comprised of the Company's principal business and functional leaders, and is responsible for executing strategy and the day-to-day management of the business.

For the year ended 31 December 2023, the Company has applied the main provisions of the UK Corporate Governance Code and has complied with its provisions.

Further details can be found in the Nomination Committee report on pages 86–87 and the Directors' report on pages 120–122.

Corporate Governance statement

“On behalf of the Board, I am pleased to introduce the TI Fluid Systems plc Corporate Governance report for the year ended 31 December 2023.”

Tim Cobbold
Chair

Applying the principles of the UK Corporate Governance Code 2018

Dear shareholder,

On behalf of the Board, I am pleased to introduce the TI Fluid Systems plc Corporate Governance report for the year ended 31 December 2023. The purpose of this report is to describe our governance arrangements, the operation of the Board and its Committees, and how the Board discharged its responsibilities during the year.

Our Taking-the-Turn strategy has evolved to Taking-the-Turn as we continue to execute and deliver on our financial and non-financial commitments, including double-digit revenue growth at constant currency, significant increases in our Adjusted EBIT margins and advances in our sustainability journey. Governance remains a top priority for the Board and Executive Committee in order to promote the strategic development and sustainable success of the Group.

I can confirm that the Group is in full compliance with the recommended governance principles and practices set forth in the UK Corporate Governance Code 2018 (the UK Governance Code) issued by the Financial Reporting Council (FRC). Associated guidance is available on the FRC website at www.frc.org.uk.

Corporate governance

The Group recognises the importance of effective corporate governance in supporting the long-term success and sustainability of our business. Our robust governance framework not only satisfies the provisions of the UK Governance Code, but also supports the effective operation of our business, enabling us to deliver our strategy. This section of the Annual Report covers our governance arrangements, the operation of the Board and its Committees, and describes how the Board discharged its collective responsibilities over the past year. The Board's decision making reflects the balancing of stakeholder interests throughout the year and how we have engaged is explained in our Section 172(1) Statement on pages 36–39.

Stakeholder engagement

In leading the Group, the Board has engaged with our shareholders on many matters, including remuneration and sustainability. The Board has crucially focused on developing and refining the Taking-the-Turn strategy, overseeing its implementation by management and providing input and challenge as the strategy is implemented. Clear and consistent management and decisive decision making from the Board and Executive Committee allows for the delivery of our strategic objectives and sustained success for all our stakeholders.

The Non-Executive Directors continue with face-to-face stakeholder engagement and site visits, and the Executive Directors have engaged in numerous meetings with investors, employees, customers and stakeholders more generally.

The Board recommends that investors regularly review our website for trading updates, press releases and event presentations.

The Directors' and Corporate Governance reports, which follow this introduction, further explain how we are approaching important governance issues.

Board and Committee composition

We have a qualified and capable Board comprised of Directors with a broad range of relevant skills, independence, experience and diversity. In 2023, we oversaw the planned transition of our Chief Financial Officer, Alexander De Bock, to the Board of Directors after his election by shareholders at the 2023 Annual General Meeting. The remainder of the Board remained unchanged in 2023. Full biographies of each of the Directors in place on 31 December 2023 are set out on pages 76–78.

To assist the Board in its oversight functions, the Audit & Risk, Nomination, Remuneration and ESG Committees have met and carried out their areas of responsibility as noted on page 81. The Nomination Committee reviews the Board's skills and experience and considers succession planning in the event it is necessary. The Directors' time commitments are in line with the key institutional investor and investor body guidelines.

The Board and its Committees have responded to rapidly changing circumstances and new challenges again this year by working closely with management, reviewing trading updates, analysing forecasts and understanding issues impacting the business and our performance.

Ongoing Board and Committee evaluation

I am pleased to report the Board and its Committees are operating effectively and Board and Committee performance has been kept under ongoing review. In keeping with the recommendation of the UK Corporate Governance Code, we re-engaged our external adviser, Lintstock, to conduct a review of the Board's effectiveness. We asked Lintstock to conduct the review this year to help us follow up on areas for development identified in prior evaluations and to consider additional areas of Board performance with reference to relevant external guidance and best practice. More details can be found in the Directors' report on pages 120–122.

Overall, the results of the Board effectiveness review were positive with progress identified in several key areas since the last evaluation in 2022. The evaluation also highlighted a number of ongoing priorities for the Board, which we look forward to progressing in 2024. The results of the evaluation process were reviewed and discussed with the Nomination Committee and full Board. The resulting areas of Board focus for 2024 are noted in the Nomination Committee report on page 86.

The Group has an exciting future, and we have a strong and committed team to make the most of the opportunities that lie ahead. The challenges and successes presented in 2023 have provided further confidence in our resilience and the corporate governance structure underpinning us. Our resilience is demonstrated by the successful execution of our strategy for sustainable and profitable growth through delivery of double-digit revenue growth at constant currency and a significant increase in our Adjusted EBIT margins. More detail can be found in the Chief Financial Officer's report on pages 32–35.

Engagement by Chairs

As always, I, and all of our Committee Chairs, are available for engagement and may be reached through me at chair@tifs.com.

Finally, I look forward to working with the Board and Executive Committee in realising the Taking-the-Turn strategy to position the Group for long-term success as the automotive industry transforms for a more sustainable future. On a personal note, I would also like to thank the Group's workforce and my fellow Directors and Committee Chairs for their work on shareholders' behalf this year.

Tim Cobbold
Chair

Board of Directors

Tim Cobbold

Independent
Non-Executive Chairman
Appointment: 4 November 2019
Nationality: United Kingdom

Skills and experience

Tim was the Senior Independent Director from November 2019, and was appointed as Chair following the AGM on 18 May 2022. He is a qualified Chartered Accountant and has a degree in Engineering from Imperial College, London. He was formerly Chief Executive Officer of Chloride Group plc, De La Rue plc and UBM plc and he served as a Non-Executive Director of Drax Group plc for nine years until September 2019.

External appointments

Tim is currently a Non-Executive Director at Rotork plc following his appointment in 2018. He also serves as Rotork plc's Senior Independent Director and Chair of the Remuneration Committee.

Committee membership

N

Hans Dieltjens

Chief Executive Officer
and President
Appointment: 18 October 2021
Nationality: Belgium

Skills and experience

Hans was appointed as Chief Executive Officer and President and Executive Director in October 2021 having previously served as Chief Operating Officer. Hans joined the Company in 1996 and has gained broad commercial and operational experience through his divisional operating and executive positions. Hans led the Global Fuel Tank and Delivery Systems Division in developing and manufacturing products that enhance vehicle performance and safety.

Committee membership

E

Alexander De Bock

Chief Financial Officer

Appointment: 6 April 2023
Nationality: Belgium

Skills and experience

Alexander De Bock was appointed in April 2023 as Chief Financial Officer and an Executive Director of the Company. Alexander was previously CFO and Senior Vice President of ZF's Commercial Vehicle business, part of ZF Friedrichshafen AG. Prior to joining ZF, he was CFO of WABCO Holdings Inc. Alexander has 16 years of industry experience and began his career at Arthur Andersen (now Deloitte) as a member of the audit assurance practice and has a Master of Economics from the University of Antwerp, Belgium.

Committee membership

E

Ron Hundzinski

Chief Financial Officer
(Former)
Appointment:6 January 2020
Nationality: United States of America

Skills and experience

Ron was appointed as Chief Financial Officer in January 2020. Ron was previously Executive Vice President – Finance at Tenneco, Inc. During the past 35 years, Ron has held a variety of leadership positions in finance at Emerson Electric, GKN, Meridian Automotive and BorgWarner. Ron served as Chief Financial Officer and Executive Vice President of BorgWarner from 2012 to 2018. In November 2022, it was announced that Ron will be retiring from the Board and he stood down on 6 April 2023.

External appointments

Ron is a Non-Executive Director of Gentherm.

Committee membership

E

KEY

A Audit & Risk Committee
N Nomination Committee
Chair
E ESG Committee
R Remuneration Committee

Julie Baddeley

Independent
Non-Executive Director
Appointment: 3 August 2021
Nationality: United Kingdom

Skills and experience

Julie was appointed as an Independent Non-Executive in August 2021.

External appointments

Julie is currently the Senior Independent Director and Chair of the Remuneration Committee at Marshall of Cambridge (Holdings) Ltd. as well as Chair of the Remuneration Committee at Ebiquity Plc. She also Chairs Chapter Zero, a network established under the auspices of the World Economic Forum, and is a By-Fellow at Hughes Hall College (Cambridge) and Co-Director of the Hughes Hall Centre for Climate Change Engagement.

Committee membership

E N R

Susan Levine

Non-Executive Director

Appointment: 11 December 2019
Nationality: United States of America

Skills and experience

Susan was appointed as a Non-Executive Director in December 2019.

External appointments

Susan joined Bain Capital in 2006 and has been a Managing Director since 2018. Prior to joining Bain Capital, Susan was a Manager at Bain & Company. Susan is a Non-Executive Director at Diversey. She serves on the Boards of the Massachusetts Society for the Prevention of Cruelty to Children, The Fessenden School, 3Point Foundation and the Board of Governors for the Georgetown University Alumni Association. She is also on the Board of Directors Academy, a non-profit that provides corporate governance and training for future board members from diverse backgrounds. Susan has decided not to stand for re-election at the 2024 AGM.

Committee membership

E

Jane Lodge

Independent
Non-Executive Director
Appointment: 6 June 2022
Nationality: United Kingdom

Skills and experience

Jane was appointed as an Independent Non-Executive Director in June 2022. During the past eleven years, Jane has served on the boards of other leading companies in the FTSE 100 and 250 indices, including DCC plc, Costain Group plc, Devro plc, and Sirius Minerals plc. She previously was a partner at Deloitte Deloitte LLP where she served for 25 years.

External appointments

Jane is a Director and Chairs the audit committees at FirstGroup plc and Bakkavor plc, and Chairs the remuneration committee at Glanbia plc.

Committee membership

A R

Elaine Sarsynski

Independent
Non-Executive Director
Appointment: 14 August 2018
Nationality: United States of America

Skills and experience

Elaine was appointed as an Independent Non-Executive Director in August 2018. Elaine was previously President of MassMutual Retirement Services and Chairwoman, CEO and President of MassMutual International.

External appointments

Elaine is currently a Non-Executive Director of Genworth Financial Inc. and Horace Mann Educators Corporation and Chair of its Investment Committee. Elaine is also a Non-Executive Director of Horizon Technology Finance Corporation and is a member of its Audit Committee and Chair of its Nominating and Corporate Governance Committee.

Committee membership

A E

Board of Directors continued

Trudy Schoolenberg

Independent Non-Executive Director and Senior Independent Director
Appointment: 5 September 2022
Nationality: The Netherlands

Skills and experience

Trudy was appointed as an Independent Non-Executive Director and the Senior Independent Director in September 2022. She was previously on the boards of Avantium N.V., Spirax-Sarco Engineering plc, Low and Bonar plc, and The Netherlands Petroleum Stockpiling Agency (COVA). Trudy has a PhD in Technical Sciences from the Delft University of Technology (Netherlands) and holds a master's degree in Industrial Engineering.

External appointments

Trudy currently serves on the boards of SPIE SA (Euronext Paris), Elementis plc (FTSE listed) and Chair of Accsys Technologies plc (AIM and Euronext listed).

Committee membership

N

John Smith

Independent Non-Executive Director
Appointment: 24 October 2017
Nationality: United States of America

Skills and experience

John was appointed as an Independent Non-Executive Director in October 2017 and is the Director in charge of workforce engagement. John has over 48 years of experience in the automotive industry, including 42 years working with General Motors in developing new technologies. John held a range of senior positions with General Motors, most recently as Group Vice President, Corporate Planning & Alliances.

External appointments

John is Principal of Eagle Advisors and is a Non-Executive Director of American Axle & Manufacturing Holdings, serving on its Audit and Executive Committees and as Chair of its Technology Committee.

Committee membership

A R

Stephen Thomas

Non-Executive Director
Appointment: 22 January 2015
Nationality: United States of America

Skills and experience

Stephen was appointed as a Director of TI Fluid Systems in July 2015 and was formally appointed as a Non-Executive Director of the Company in October 2017. Stephen joined Bain Capital in 2007 and has been a Managing Director since 2015. Prior to joining Bain Capital, Stephen was a manager at Bain & Company.

External appointments

Stephen is a Non-Executive Director of American Trailer Works, Evident Corporation, US LBM and Arxada AG.

Janis Acosta

Chief Legal Officer
Company Secretary
Appointment: 28 August 2023
Nationality: United States of America

Skills and experience

Janis joined the Company as Chief Legal Officer & Company Secretary in August 2023. Janis has more than 20 years of international automotive experience including leadership roles at International Automotive Components (IAC) Group and Lear Corporation. Janis has extensive experience in the areas of mergers and acquisitions, corporate governance, regulatory and legal compliance, and commercial and cross-border transactions.

KEY

- A Audit & Risk Committee
- E ESG Committee
- N Nomination Committee
- R Remuneration Committee
- Chair

Executive Committee

Janis Acosta
Chief Legal Officer
Company Secretary

Skills and experience

Janis joined the Company as Chief Legal Officer & Company Secretary in August 2023. Janis has more than 20 years of international automotive experience including leadership roles at International Automotive Components (IAC) Group and Lear Corporation. Janis has extensive experience in the areas of mergers and acquisitions, corporate governance, regulatory and legal compliance, and commercial and cross-border transactions.

Domenico Milicia
Chief IT, HR & Communications Officer

Skills and experience

Domenico has served as the Company's Chief IT, HR and Communications Officer since 2020 and previously served as the Company's Chief HR and Communications Officer. Domenico has more than 25 years of automotive industry experience living and working in various countries across the world with expertise in strategy, ethics and compliance, restructuring, leadership development, compensation, communications, IT infrastructure, and business transformation.

Johannes Helmich
Chief Technology Officer

Skills and experience

Johannes joined the Company as Chief Technology Officer in September 2021. Johannes has more than 25 years of international engineering experience at leading automotive suppliers including Magna, Brose, Bosch, and Valeo and extensive experience in advanced engineering and product development.

Todd Pontillo
Chief Commercial Officer

Skills and experience

Todd was appointed Chief Commercial Officer in January 2023 and previously served as the Company's Director of Sales and Business Development for the Americas. Todd has more than 20 years of automotive industry experience, including global purchasing roles at General Motors, MANN+HUMMEL and BorgWarner and extensive experience in procurement, sales and business development.

Stefan Rau
Chief Operating Officer
President Americas

Skills and experience

Stefan was appointed President of Americas region and Chief Operating Officer in January 2024 and previously served as the Company's Executive Vice President of Fluid Carrying Systems Division. Stefan has more than 27 years of global automotive industry experience and his expertise spans lean manufacturing, process engineering, strategic planning, programmes management and operational excellence.

Steve Vercauteren
President EMEA

Skills and experience

Steve was appointed President EMEA in January 2024 and previously served as the Company's Executive Vice President of the Fuel Tank & Delivery Systems Division. Steve has more than 30 years' experience within the Company including production and global roles as well as extensive experience in commercial and leadership positions.

Henri Tsang(1)
President Asia Pacific

Skills and experience

Henri was appointed President of Asia Pacific in January 2024 and previously served as the Company's Managing Director Fuel Tank and Delivery Systems for the Asia Pacific region. Henri has more than 30 years of automotive industry experience including leadership roles at Valeo, Plastic Omnium, Magna, and CAIP Automotive and extensive experience in sales, business development, and operational management.

(1) Henri joined the Executive Committee on 1 January 2024.

Corporate Governance report

A summary of the main matters reserved for decision by the Board is set out below:

Strategy and management

- Oversight of the Group's operations
- Approval of the long-term objectives and commercial strategy review
- Approval of the annual financial budget and four-year Medium-Term Plan
- Review of performance in light of the Group's strategic aims, objectives, business plan and budgets

Remuneration

- Determine the Remuneration policy for Directors, Chief Executive Officer and other senior executives
- Determine the remuneration of the Non-Executive Directors
- Introduction of new share incentive plans or major changes to existing plans
- Approval of new incentive plans to be put to shareholders for approval

Corporate structure and share capital

- Changes to the Group's capital structure
- Major changes to the Group's corporate structure
- Significant changes to the Group's management and control structure
- Issues of public debt by the Company

Delegation of authority

- Approval of the written division of responsibilities between the Chair and the Chief Executive Officer
- Establishing Board Committees, approving their Terms of Reference and receiving reports from the Board Committees

Financial reporting and controls

- Approval of financial statements
- Setting the Company's dividend policy
- Approval of significant changes in accounting policy

Corporate governance

- Review the Group's overall Corporate Governance structure
- Determining the independence of Non-Executive Directors
- Undertaking a formal and rigorous review of the Board's performance, that of its Committees and individual Directors, and the division of responsibilities
- Consider the balance of interests between shareholders, employees, customers and the community

Internal controls

- Ensuring maintenance of a sound system of internal control and risk management
- Approval of the Group's compliance policies

Policies

- Approval of policies, including the Code of Business Conduct, as well as the Anti-Corruption, Diversity and Inclusion, Health and Safety, Environmental, Modern Slavery, Group Dealing and Tax Strategy policies

Contracts

- Approval of major capital projects
- Approval of larger-scale non-standard contracts
- Approval of acquisitions and joint ventures

Other areas

- Making of political donations
- Approve the overall levels of insurance for the Group
- Appointment of external auditors
- Shareholder engagement and general meetings
- Annual budgets and financial expenditure and commitments above levels set by the Board

Board membership

- Changes to the structure, size and composition of the Board
- Appointments to the Board, including selection and appointment of the Chair, Chief Executive Officer, Senior Independent Director and Company Secretary
- Membership and Chairs of Board Committees
- Approval of the continuation in office of Directors, including Executive Directors

The role and structure of the Board

The Board is responsible for the leadership and oversight of the Group and has overall authority for the management of the Group's business, strategy and culture. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including operational, financial and compliance controls) and for reviewing the overall effectiveness of systems in place, as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

The Board operates in accordance with the Company's Articles of Association and the Board's written Matters Reserved for the Board, which were approved by the Board in July 2015 and updated in October 2017 and December 2023. The Board has established a number of Committees, as set out on page 73. Each Committee has its own Terms of Reference, which are reviewed at least once every two years.

The Board currently consists of ten members: the Independent Non-Executive Chair, the Senior Independent Director, four other Independent Non-Executive Directors, two Executive Directors and two Non-Executive Directors (who are nominees of the Bain Shareholder, Bain Capital Fund XI, LP and certain of its affiliates, and RGIP, LP. under the terms of the relationship agreement discussed on page 83).

The Board generally meets five times a year, with additional ad-hoc meetings called as and when circumstances require. There is an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate time in the financial year.

In the period from 1 January 2023 to 31 December 2023, there were seven Board meetings. In addition, in the same period, there were five meetings of the Audit & Risk Committee, five meetings of the Remuneration Committee, three meetings of the Nomination Committee and six meetings of the ESG Committee.

The table below shows the Directors' attendance at meetings of the Board and Committee(s) of which they were members and eligible to attend in the period from 1 January 2023 to 31 December 2023.

All Directors are expected to attend all Board and Committee meetings, of which they are a member, and are expected to devote sufficient time to the Company's affairs to fulfil their duties as Directors. At all meetings, there was a 100% participation rate.

Key Board roles and responsibilities

The Board has approved a clear, documented division of responsibilities between the Chair and the Chief Executive Officer. The roles of the Chair and Chief Executive Officer are separately held and the role of each is clear and distinct. The division of responsibilities between the Chair and Chief Executive Officer is set out in writing and was approved by the Board on 13 October 2017.

Board evaluation

The Nomination Committee initiated an externally facilitated annual review of the effectiveness of the Board and Committees in December 2023. This was undertaken by a third-party advisory firm, Lintstock (who have no connection with the Group, and are considered by the Board to be independent). We have conducted an externally facilitated review in each of the last three years going beyond the UK Corporate Governance Code recommendations that such evaluations be undertaken at least every three years.

The review was designed to follow-up on areas for development identified in last year's internal evaluation and to consider additional areas of Board and Committee performance with reference to relevant external guidance and best practice.

More details of the outcome of this review can be found in the Nomination Committee report on pages 86–87.

Directors' attendance at meetings of the Board and Committee(s)

	Board	Audit & Risk	Remuneration	Nomination	ESG
Tim Cobbold (Chair from May 2022)	7/7			3/3	
Julie Baddeley	7/7		5/5	3/3	6/6
Alexander De Bock (appointed April 2023)	5/5				4/4
Hans Dieltjens	7/7				6/6
Ron Hundzinski (resigned April 2023)	2/2				2/2
Susan Levine	7/7				6/6
Jane Lodge	7/7	5/5	5/5		
Elaine Sarsynski	7/7	5/5			6/6
Trudy Schoolenberg	7/7			3/3	
John Smith	7/7	5/5	5/5		
Stephen Thomas	7/7				

A summary of the key areas of responsibility of the Chair and Chief Executive Officer are set out below:

Tim Cobbold
Chair

Responsibilities

- Responsibility for the leadership and effective running of the Board and chairing its meetings
- Ensuring the Board, as a whole, plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives
- Setting the agenda for, and frequency of, meetings of the Board and ensuring the Board receives accurate, timely and clear information on which to base decisions
- Ensuring that adequate time is available for the Board to consider all agenda items
- Promoting a culture of openness and debate and facilitate the effective contribution and active engagement of all Directors
- Ensuring there is effective communication between the Group and its shareholders and that the Board understands the views of major investors in the Group
- Promoting the highest standards of integrity, probity and corporate governance
- Ensuring constructive relations between the Non-Executive and Executive Directors
- Regularly considering the Board's succession planning and composition
- Ensuring that the performance of the Board, its Committees and individual Directors are formally and rigorously evaluated at least once a year
- Providing an independent perspective and constructive challenge

Hans Dieltjens
Chief Executive Officer

Responsibilities

- Responsible for running the business of the Company and its subsidiaries
- Proposing and developing the Group's strategy and overall commercial objectives
- Regularly reviewing the Group's operational performance, cost control and operating efficiencies and recommending to the Board the annual budget and financial plans for the Group
- Reporting to the Chair and the Board on the progress of the strategy, the Group's performance and operational matters
- Maintaining a dialogue with the Chair and the Board on important and strategic issues facing the Group
- Providing a structure for the timely and accurate disclosure of information
- Ensuring the Board's strategies, objectives and decisions are implemented in a timely and effective manner
- Developing senior talent and succession planning
- Progressing in conjunction with the Chief Financial Officer and, where relevant, the Chair, the Company's communication programme with its shareholders
- Ensuring effective communication with shareholders, employees and other stakeholders, in order to understand their concerns and communicate issues to the Board
- Promoting and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance
- Safeguarding the reputation of the Group and managing the Group's risk profile
- Maintaining strong relationships with OEM customers

Senior Independent Director

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the UK Financial Conduct Authority should appoint one of the Non-Executive Directors to be the Senior Independent Director, to act as a sounding board for the Chair and to support them in the delivery of their objectives. The Senior Independent Director is also responsible for leading the Non-Executive Directors in monitoring and evaluating the performance of the Chair and being available to shareholders if they have any concerns, where contact through the normal channels of the Chair, the Chief Executive Officer or the Chief Financial Officer has failed to resolve, or for which such communication is inappropriate. Trudy Schoolenberg agreed to serve as the Company's Senior Independent Non-Executive Director from her appointment in September 2022.

The Nomination Committee

The main roles and responsibilities of the Nomination Committee are set out in written Terms of Reference and are available on the Company's website.

The Nomination Committee is comprised of the Independent Chair, the Senior Independent Director and an Independent Non-Executive Director. The Nomination Committee Chair is Tim Cobbold. Details of the Nomination Committee's activities and its members can be found in the Nomination Committee report on pages 86–87.

The Audit & Risk Committee

The Audit & Risk Committee comprises three Independent Non-Executive Directors. The Audit & Risk Committee Chair is Jane Lodge.

The main roles and responsibilities of the Audit & Risk Committee are set out in written Terms of Reference and are available on the Company's website.

Details of the Audit & Risk Committee's activities can be found in the Audit & Risk Committee report on pages 88–93.

The Remuneration Committee

The Remuneration Committee comprises three Independent Non-Executive Directors. The Remuneration Committee Chair is John Smith.

The main roles and responsibilities of the Remuneration Committee are set out in written Terms of Reference and are available on the Company's website.

Details of the Remuneration Committee's activities can be found in the Remuneration Committee report on pages 94–96.

The ESG Committee

The ESG Committee comprises two Independent Non-Executive Directors, two Executive Directors and one Non-Executive Director. The ESG Committee Chair is Elaine Sarsynski.

The main roles and responsibilities of the ESG Committee are set out in written Terms of Reference and are available on the Company's website.

Details of the ESG Committee's activities can be found in the ESG Committee report on pages 118–119.

Balance and independence

In accordance with Principle K of the UK Corporate Governance Code, the Board and its Committees have a combination of skills, experience and knowledge of the Group. The size, composition and length of service of the Board is kept under review by the Nomination Committee to ensure an appropriate balance of skills and experience is maintained.

The UK Corporate Governance Code recommends, in the case of a FTSE 350 company, that at least half the Board of Directors (excluding the Chair) should comprise 'independent' Non-Executive Directors. The Board satisfies that recommendation and is comprised of the Non-Executive Chair, who is considered to be independent, two Executive Directors and seven Non-Executive Directors, of whom five are considered to be independent. The five Non-Executive Directors who are considered to be independent in character and judgement, and free of any business or other relationship that could materially influence their judgement, are Julie Baddeley, Jane Lodge, Elaine Sarsynski, Trudy Schoolenberg and John Smith.

As the Board composition changes over time, and when evaluating candidates for Board membership, candidates are considered on merit, taking account of their relevant skills and experience as well as recognising the benefits of diversity including gender, nationality, ethnicity and age.

Disclosure of relationship agreement with Bain

Details of substantial shareholdings in the Company's ordinary share capital are set out in the Directors' report on pages 120–122.

On 25 October 2017, the Company entered into a relationship agreement with the Bain Shareholder, Bain Capital Fund XI, LP and certain of its affiliates, and RGIP, LP. (the Bain Shareholder). The principal purpose of the relationship agreement is to ensure that following the Company's Admission and Listing, the Company is able to carry on its business independently of the Bain Shareholder, and that transactions and relationships between the Company and the Bain Shareholder are conducted at arm's length and on normal commercial terms. The Board confirms that the Company and, so far as it is aware, the Bain Shareholder, Bain Capital Fund XI, LP and its affiliates, and RGIP, LP have complied with all of their respective undertakings and obligations set forth in the relationship agreement.

Under the relationship agreement, the Bain Shareholder, Bain Capital Fund XI, LP and its affiliates, and RGIP, LP., the Bain Shareholder have a right to nominate for appointment to the Board: (a) two Directors for so long as the Bain Shareholder and its affiliate shareholders holding in the Company's equal to or more than 25%; and (b) one Director for so long as the Bain Shareholders and their associates' shareholding in the Company is equal to more than 10% but less than 25%. The terms of the appointment of these Directors under the relationship agreement does not specify the amount of time they are expected to devote to the Company's business. However, it is estimated they will commit a minimum of one day per month, which is calculated based on the time required to prepare for attending Board and Committee meetings, and additional duties such as attendance at the Annual General Meeting and meetings with shareholders.

Length of appointment

Non-Executive Directors are appointed for terms of three years, subject to the particular Director being re-elected by shareholders, for up to the customary maximum of three terms (nine years).

Conflicts of interest

The Company's Articles of Association set out the policy for dealing with Directors' conflicts of interest and are in line with the Companies Act 2006. The Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation.

Diversity

The Company's Diversity and Inclusion policy confirms that the Company does not discriminate on the grounds of gender, age, ethnicity, educational and professional backgrounds, sexual orientation, religion or belief, disability, gender reassignment, marital or civil partnership status, pregnancy or maternity, race, colour, nationality, political affiliation, socio-economic or veteran status. The policy notes the Company strives to make progress on diversity, equity and inclusion in its workforce and treats all associates with dignity and respect, and on a fair and equitable basis.

Training and development

In preparation for admission, all Directors received an induction briefing from the Company's legal advisers on the duties and responsibilities as Directors of a publicly quoted company. In addition, upon their appointment, all Directors receive an induction programme arranged by the Company, including plant visits and meetings with key members of senior management in order to familiarise themselves with the Group. Specific reviews and training on Directors' duties and the UK Corporate Governance Code requirements has been provided to Board members.

Corporate Governance report continued

Information and support

To enable the Board to effectively discharge their responsibilities, the Board is given full and timely access to all relevant information and discussion materials. In the case of Board meetings, this consists of a formal agenda and a comprehensive set of papers, including regular business progress reports. An established procedure is in place to ensure that such information is provided to Directors in a timely manner in advance of meetings. Specific business-related presentations are given by senior management when appropriate.

The Company Secretary works closely with the Chair, the Chief Executive Officer and the Chairs of the Board Committees to ensure that Board procedures, including setting agendas and the timely distribution of papers, are complied with and that there are good communication flows between the Board and its Committees, and between senior management and Non-Executive Directors. The Company Secretary is also available to all Directors to provide advice and support, including facilitating induction programmes. All Directors are able to take independent professional advice at the Company's expense in the furtherance of their duties where considered necessary.

Election or re-election of Directors

At the forthcoming Annual General Meeting on 14 May 2024, all the current Directors, apart from Susan Levine, will be offering themselves for re-election.

Whistleblowing

The Company has established procedures by which employees may, in confidence, raise concerns relating to fraud, non-compliance or other illegal or unethical conduct in the workplace. The Whistleblowing policy applies to all employees of the Group. The Audit & Risk Committee is responsible for monitoring the Group's whistleblowing arrangements and the policy is reviewed periodically by the Board.

Shareholder engagement

In addition to our largest shareholder, the Bain Shareholder, our shares are also held by both institutional and retail investors throughout the world. Investor relations activity and a review of the shareholder register are regular items in the Board information pack.

The Executive Directors regularly meet with a large number of investors and have active discussions with shareholders and investors, both on an individual basis and through roadshow events. The Company aims to maintain a constructive dialogue with key stakeholders, including institutional investors, to discuss issues relating to the performance of the Group, including strategy and new developments. A Capital Markets Event was held in September 2023 and was hosted by Hans Dieltjens. The Company has an investor relations website, which is publicly available and provides relevant information to both institutional investors and private shareholders, including performance updates and announcements by the Company.

Annual General Meeting

The Company's Annual General Meeting (AGM) will take place on 14 May 2024. A separate notice convening the AGM is provided with this Annual Report and Accounts. Separate votes are held for each proposed resolution. All Directors attend the AGM. Details of the resolutions to be proposed and an explanation of the items of special business can be found in the circular containing the notice convening the AGM, and will be available on our website with the proxy voting card for all shareholders.

Directors' duties – compliance with Section 172 of the Companies Act 2006

In accordance with the requirements of Section 172 of the Companies Act 2006, the Board seeks to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard for the interests of stakeholders, including shareholders, employees, customers, suppliers, and the wider community in which it operates. A summary of considerations undertaken by the Board in accordance with Section 172 is set forth on pages 36–39.

Approved by order of the Board

Tim Cobbold
Chair

11 March 2024

Annual General Meeting

The Company's Annual General Meeting will take place on 14 May 2024.

Nomination Committee report

"2023 was a successful year for the Company with the election of three new Directors (one Executive Director and two Independent Non-Executive Directors), including our Senior Independent Director and the Audit & Risk Committee Chair. The Board remains fit for purpose with an enhanced balance of skills, knowledge, experience, and diversity."

Tim Cobbold
Nomination Committee Chair

Committee membership

	Member since	Meetings attended
Tim Cobbold (Chair)	10 December 2019	3/3
Julie Baddeley	6 June 2022	3/3
Trudy Schoolenberg	5 September 2022	3/3
Meetings held during the year		3

Committee areas of focus

- Board composition and independence
- Board effectiveness
- Orderly succession for the Board and Executive Committee

Committee 2023 highlights

- Oversight of key Executive Committee appointments to support the regional structure alignment
- Directed the induction of new Directors appointed at the 2023 AGM
- Supported externally facilitated Board, Committee and Chair self-evaluation
- Developed and updated the Board's Skill Matrix
- Updated the Committee's Terms of Reference

Dear shareholder,

I am pleased to present the Nomination Committee's report for the year ended 31 December 2023.

During the year, the Committee focused on its core mission to ensure that our Board remains fit for purpose with the optimal balance of skills, knowledge, experience, and diversity. As required by the UK Corporate Governance Code, the Committee monitored the balance of Executive and Non-Executive Directors and their skills and independence. Notably during the year, the Committee oversaw the planned transition of our new Chief Financial Officer and Executive Director, Alexander De Bock, reviewed new Executive Committee appointments to support the Group's regional structure alignment, and supported the induction of the new Directors appointed to the Board at the 2023 AGM. The Committee also updated its Terms of Reference to reflect developments in corporate governance relevant to UK listed companies and ensure duties and reporting responsibilities are in line with UK best practice. The revised Committee Terms of Reference are available to view on the Company's website.

The Committee met formally three times during 2023. As Chair, I regularly briefed the Board on key Committee discussions and ensured that the papers and reports presented to the Committee were made available to all Non-Executive Directors.

Having reviewed the Committee's activities over the last 12 months against its Terms of Reference, I am happy to confirm that the Committee has fully discharged its responsibilities in line with its remit.

Diversity

The Committee recognises the importance of diversity and remains committed to having a diverse Board. The current composition of our Board brings considerable diversity, with 50% female representation, to support the Group with its strategic goals. Whilst the Group does not currently meet the expectations of the Parker Review, the Committee remains committed to working to meet this expectation through our succession planning process for every Board appointment going forward, whilst always appointing the person we judge to be the best candidate.

Of course, diversity does not apply only to the Board but extends to the entire management team and beyond. As such, we are committed to the principle that the Executive Committee achieve a broader, more diverse management team, whilst ensuring that promotions and appointments are made on merit, and there is an appropriate balance of skills and experience at all levels of the organisation. To that end, gender diversity targets have been established for all locations based on local university graduation rates, and HR processes have been updated to seek to eliminate unconscious bias and to use widened search criteria to encourage a diverse set of internal and external candidates for open positions.

Listing Rules and Disclosure Guidance and Transparency Rules

The Board also considered the Company's diversity in the context of the new requirements on diversity metrics and reporting which apply to the Company for the first time this year – the Board confirms that as at 31 December 2023, the Company has:

- complied with the requirement that at least 40% of the individuals on the Company's board are women as 50% of the Board are women;
- complied with the requirement that at least one senior board position (the Chair, CEO, Senior Independent Director or CFO) is held by a woman as the Senior Independent Director position is held by a woman; and
- not complied with the requirement that at least one individual on the Board is from a minority ethnic background[1].

Recognising the importance of diversity in the organisation, as at 31 December 2023, women represented approximately 32% of the Group's total salaried workforce. There is one woman on the Executive Committee and 14% of senior management (defined as the members of the Executive Committee and their direct reports) are women.

(1) Asian/Asian British; Black/African/Caribbean/Black British; Mixed/Multiple Ethnic Groups; and Other ethnic group, including Arab.

The Board is not yet compliant with all of the targets under the new Listing Rule 9.8.6R (9)(a) requirements. However, the Board is mindful of the targets and the recommendations of the Parker Review, and addressing this is a priority for our Nomination Committee. It has determined to always select the best candidate for a role, regardless of race, ethnicity or any other demographic factors, whilst taking into consideration the benefits of diversity. As between two candidates of equal merit the Board intends that, in recognition of any under representation of gender and ethnic diversity on the Board, preference is given to a female candidate and/or candidate from an ethnic minority background when making future independent non-executive director appointments. Our last three independent non-executive director appointments were female. The Committee recognises the importance of building a diversity pipeline of candidates for the Board, Executive Committee and beyond and will continue to focus on diversity as a priority.

Since 31 December 2023, Susan Levine has decided not to stand for re-election at the 2024 AGM and will step down from the Board effective from the end of the AGM. Notwithstanding her resignation, the Board continues to meet its target of having women represent at least 40% of the Board.

The data on gender and ethnic background set out below was collected directly from and self-reported by the Board and Executive Committee members. The Board and Executive Committee members were asked to indicate their gender and ethnic background from the categories set out in the table below. In accordance with Listing Rule 9.8.6R (10), the following table contains data on the ethnic origin and gender of the members of the Board and the Executive Committee as of 31 December 2023.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender					
Men	5	50%	3	6	85%
Women	5	50%	1	1	15%
Not specified / prefer not to say					
Ethnic Background					
White British or other White (including minority-white groups)	10	100%	4	5	70%
Mixed/Multiple Ethnic Groups					
Asian/Asian British					
Black/African/Caribbean/Black British					
Other ethnic group, including Arab				1	15%
Not specified/ prefer not to say				1	15%

Board independence

The UK Corporate Governance Code requires that at least half the Board, excluding the Chair, consist of Non-Executive Directors determined by the Board to be independent. Throughout the year, the Board has been fully compliant on independence. At 31 December 2023, the Board was comprised of ten Directors, including the independent on appointment Non-Executive Chair, the Senior Independent Director, four other Independent Non-Executive Directors, two Executive Directors and two Non-Executive Directors. The Board considers that all of its independent Non-Executive Directors continue to demonstrate the required independence position. Neither the Chair nor any of the Non-Executive Directors have exceeded the maximum nine-year recommended term of service set out in the UK Corporate Governance Code. Details on length of tenure can be found in the biographies of the Board of Directors on pages 76–78.

The terms and conditions of the appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM.

Committee membership

The Nomination Committee is comprised of Non-Executive Directors Trudy Schoolenberg, who is the Senior Independent Director, Julie Baddeley and is Chaired by myself. Details of individual meeting attendance and membership are listed at the beginning of my report. The Board regularly assesses the most appropriate Committee membership to allow the Committee to operate effectively. All Committees will continue to be reviewed to monitor proper alignment of individual Directors' strengths and utilisation of their skills. Details of the membership of all Board Committees can be found on page 73.

Induction

To ensure that each Director is able to effectively contribute to discussions and decision making, all of our Directors participate in an induction programme on joining the Board. Each induction programme is tailored to provide the individual Director with the necessary knowledge and understanding of the Group, its markets and its material stakeholders based on their personal experience and background.

Annual Board and Committee evaluation and focus in 2024

In December 2023, the Committee initiated an externally facilitated annual self-evaluation of the effectiveness of the Board, Board Committees and Board Chair. This process was facilitated by a third-party advisory firm, Lintstock, which has no connection with the Group and is considered by the Board to be independent. Specifically, an online confidential questionnaire was developed by Lintstock in collaboration with me, and supported by the Company Secretary, to gather feedback on the effectiveness and performance of the Board consistent with the principles of the UK Corporate Governance Code. We have conducted an externally facilitated evaluation in each of the last three years going beyond the UK Governance Code recommendation that such evaluations be undertaken at least every three years.

The latest review and evaluation was designed to follow-up on areas for development identified in prior evaluations and to consider additional areas of Board and Committee performance with reference to relevant Company strategy and initiatives, external guidance and best practice.

The results of the evaluation process were discussed at the Nomination Committee and the Board. In particular, the evaluation indicated that the Nomination Committee is judged to function well in terms of planning succession to Board roles and other senior positions. In addition, the Board's overall effectiveness was highly rated with progress identified in several key areas, including oversight of stakeholders and customers, risk management processes and plans, and ESG initiatives.

The evaluation did highlight certain areas for either continued prioritisation or sharper focus, which we will reflect in the Board's activities during 2024. These included:

- Continued close review of the implementation of the Group's strategy as the transition to electrification continues
- Maintaining the focus on profitability and shareholder value as the industry transitions
- Continued close review of the implementation of the Group's China strategy
- Focusing on developing deeper engagement between the Board and the Executive Committee and evolving succession planning to the next level
- Sharpened focus on promoting a positive culture across the organisation, including diversity and inclusion

As a Committee, we look forward to implementing the actions noted for 2024 and continuing to assist the Board in fulfilling its corporate governance responsibilities.

Tim Cobbold
Nomination Committee Chair

11 March 2024

Audit & Risk Committee report

"I am pleased to present this report as Chair of the Audit & Risk Committee, on its activities for the year ended 31 December 2023."

Jane Lodge
Audit & Risk Committee Chair

Committee membership

	Meetings attended
Jane Lodge (Chair)	5/5
John Smith	5/5
Elaine Sarsynski	5/5
Meetings held during the year	5

Committee areas of focus

- Quality and integrity of external financial reporting
- Risk management process assessment
- Effectiveness and performance of internal and external audit

Committee highlights

- Oversaw the shift in the Internal Audit function focus from internal controls over financial reporting to broader business risks in 2023, and reviewed findings from the first year of operational audits
- Monitored progress in management's internal control optimisation programme during the year against the road map reviewed by the Committee
- Considered management's plan for strengthening the Company's enterprise risk management, and monitored progress during the year, including consideration of the framework and operating model, risk appetite and more detailed disclosures of risks and uncertainties on pages 42–55
- Continued deep-dive reviews of the Group's Information Technology General Controls and proposed enhancement programme, and cybersecurity policies and procedures

Dear shareholder,

I am pleased to present this report as Chair of the Audit & Risk Committee, on its activities for the year ended 31 December 2023. During the year, the Committee focused on its core responsibility to provide an independent oversight in relation to the integrity of financial reporting, the extent and effectiveness of internal financial controls and assurance processes, the monitoring of key risk management systems and processes, and assessment of the effectiveness and independence of the Group's external auditor.

During 2023, the Committee, in addition to usual agenda matters, was presented with management's plan to strengthen Information Technology General Controls and cybersecurity policies and procedures, assessed carefully the internal audit plan of the Group Assurance team, and monitored progress of management's internal control optimisation programme and enterprise risk management against the road map, in response to the forthcoming enhanced internal control reporting requirements as part of UK corporate governance reform.

Membership of the Audit & Risk Committee

The Audit & Risk Committee comprises Independent Non-Executive Directors of the Company. Brief biographical information on the members of the Audit & Risk Committee are listed on pages 76–78, including details of experience and competence relevant to the sector. The Company Secretary, who is also the Chief Legal and ESG Officer, acts as Secretary to the Committee.

The Audit & Risk Committee is ordinarily scheduled, as approved by the Committee members, to meet six times throughout the annual cycle and its agendas include risk assessment and management processes, the programme of Internal Audit work, in-depth discussions on key financials and other risk areas, linked to both the Group's external reporting timetable and the internal financial cycle.

Only Committee members have the right to attend the meetings, but they invite the Chief Executive Officer & President, the Chief Financial Officer, the Vice President Risk & Global Controller and other senior finance personnel, together with other senior representatives of the external and internal auditors, to attend certain meetings. In 2023 the Chief IT, HR & Communications Officer also attended some of the Committee meetings.

The Committee, when necessary, will meet in private with the internal and external auditors, without management present, as part of the overall meeting structure. All other members of the Board have an open invitation to attend the meetings. As the Chair of the Committee, I had a number of private discussions with the external auditor and internal audit during 2023.

I report to the Group Board on the activities of the Committee and make recommendations to the Group Board as appropriate.

The role of the Audit & Risk Committee

The primary function of the Audit & Risk Committee, which has remained consistent with prior years, is to assist the Board in discharging its responsibilities with regard to the quality and integrity of financial reporting, risk management assessment and the performance and effectiveness of both external and internal audits. The Committee's role, authority, responsibilities and scope are set out in the Terms of Reference, which are available on the TI Fluid Systems plc website. The Committee reviews the Terms of Reference annually. The Terms of Reference were last updated in January 2023.

During the year, the Committee monitored the evolution in the proposed legal and regulatory requirements in relation to the UK Government's consultation 'Restoring trust in audit and corporate governance', and the final requirements in the revised UK Corporate Governance Code published in January 2024. The Committee continued its focus on the impact of the proposals and the Company's responses and preparation for the forthcoming changes. A significant element is the requirement to report externally on the effectiveness of the Company's internal controls and risk management procedures, which necessitates a more formalised level of reporting on all material internal controls, not just those over financial reporting. Group management have undertaken further steps during 2023 to facilitate the transition that is necessary. These steps are based on a formalised road map for internal control optimisation over 2023 and 2024, which includes the optimisation of the Group's global control framework, development and execution of an improvement plan for controls over information technology systems, scoping and determination of material controls, and consideration of an appropriate assurance programme to test and monitor the robustness of internal controls in accordance with the control standard framework adopted by the Group. With input from external advisers, the newly established Group Risk & Controls function led a number of internal control workshops with representations from all three lines of defence, to deep dive into the key priorities, challenges and enablers for internal control and process improvement. These workshops identified certain key areas to consider in order to implement an effective internal control optimisation programme, which appropriately takes into consideration the Group's conditions and circumstances, and other priorities. These include consideration of resourcing and training needs, careful assessment of what key controls are, and the scope to rationalise the level at which certain processes and controls are carried out to improve efficiency. During the year, phased roll-out of the optimised control standards have been carried out, with the last phase planned for the first half of 2024. A specific review of the Group's entity-level controls was also performed, and the remedial actions, which have been identified, have largely been completed by the year-end. In addition, the Group continued to improve its IT systems and infrastructure to increase automation of processes and controls.

The Committee have also considered the Audit Committees and the external audit: Minimum Standard (the Standard) published by the Financial Reporting Council in May 2023. Whilst as at the date of this report, we are not required to apply the Standard, it is our long-term aim to comply with the Standard provisions.

Committee's evaluation

During the year, the Committee undertook an annual evaluation of the effectiveness of the Board and its Committees in accordance with the requirements of the 2018 Code and recommendations of the Financial Reporting Council's (FRC) Guidance on Board Effectiveness.

The evaluation indicated that the Committee continues to operate effectively and has the skills and expertise required to perform its role appropriately. Further details of the evaluation are included on page 81.

Details of key activities during the year

Oversight of financial reporting

The Committee acts in an oversight role in respect of the Annual Report and other announcements with financial content, all of which are prepared by management. Throughout 2023, the Committee has continued to be mindful of the potential issues and complexities connected with financial reporting posed by the impact of global macroeconomic and industry-specific challenges, on the organisation. The Committee received reports on the Annual and Interim financial statements from management and the external auditor. The key audit matters identified by PricewaterhouseCoopers LLP are set out in its report on pages 126–133 and were reviewed by the Committee in approving the 2023 audit scope and plan.

Over the last 12 months, it has:

- considered the significant accounting judgements and critical estimates made by management in preparing the Interim and Annual financial statements and agreed their appropriateness
- examined key points of disclosure and presentation to ensure the adequacy, clarity and completeness of the financial statements, including ensuring that reporting and disclosure commitments given to the Financial Reporting Council have been maintained
- reviewed the content of the proposed news releases issued in conjunction with half-year and full-year results as well as reviewing, on behalf of the Board, the quarterly trading updates issued in May 2023 and November 2023
- discussed audit reports with the external auditor, which highlighted key accounting matters and significant judgements in respect of each set of financial statements
- reviewed and discussed reports to support management's assessment of the going concern judgement and the viability statement set out on pages 66-67
- sought re-assurances from the external auditor that an appropriate level of remote collaboration with the Company and the component audit teams continued to be factored into the external audit and review processes at both the half-year and full-year, including, but not limited to, accessing original documentation and meeting and sign-off procedures with management

Significant accounting matters

The issues and judgements considered below were identified by the Committee as significant to the preparation of the 2023 Financial Statements.

Audit & Risk Committee report
continued

Key accounting judgement	Work undertaken
Goodwill and intangible assets impairment All cash-generating units (CGUs) containing goodwill and intangible assets are tested for impairment, annually. The determination of CGUs and the recoverable amount requires judgement by management in both identifying and valuing the relevant CGUs. Key judgements and estimates are involved in completion of impairment reviews, including cash flow forecasts, discount rates and long-term growth rates. A change in these assumptions can result in a material change in assessing the recoverable amount of the assets. Continued uncertainty about future automotive volumes, supply chain capacity and resilience, the impact of electrification trends, including the pace and rate of change, the extent and effectiveness of ongoing restructuring actions, and possible strategic and operational impacts of climate change developments, all necessitated judgement and estimation. In the light of the global volume and margin challenges continuing to be faced by the automotive industry due to continued risk of supply chain challenges, increasing inflationary pressure and cost-of-living challenges, the impact of geopolitical events and other macroeconomic factors such as increases in general level of interest rates, the 2023 impairment review has been an area of particular focus.	The extensive review carried out by management was reviewed by the Committee at its January and March 2024 meetings. The Committee: • reviewed the impairment methodology used by management including, but not limited to, the determination of cash-generating units (CGUs), the development of cash flow modelling based on the approved budget and Medium-Term Plan, and the consideration of both value in use and fair value less costs to sell methodologies in estimating the recoverable amount • challenged management's treatment of future restructuring activities, capital expenditure and working capital management assumptions included within the impairment assessment • understood the determination of discount rates and long-term growth rates pertinent to CGUs, ensuring appropriate consideration of inherent risk and geography had been factored in, and in particular noted the impact of the significant increase in discount rates during the year • understood the changes in business drivers since the 2022 impairment charge • assessed the resultant impairment result, the proposed disclosures including sensitivities and presentation on the income statement • satisfied ourselves that relevant critical judgements and estimates had been appropriately included in the financial statements and that the Annual Report included appropriate and measured disclosures about the impairment assessment The impairment reviews were also an area of focus for PricewaterhouseCoopers LLP and we considered their extensive work in this area. We were satisfied with the approach taken by management and concluded that the judgements and estimates used in the impairment assessment were reasonable, and the conclusion was appropriate.
Deferred tax asset recognition and provision for uncertain tax positions The Group has a wide geographic footprint and is subject to tax laws in many jurisdictions. Provisions are made for uncertain tax positions, which involve judgement and estimates by management as to the likelihood of their realisation. Recognition of deferred tax assets also involves judgement as to their realisation, including whether there will be sufficient taxable profits in future periods to support recognition.	The Committee reviewed summary reports from management in respect of estimates of tax exposures to assess the reasonableness of the Group's tax provisions. Information provided has included specialist tax advice in applicable jurisdictions and updates on specific ongoing audits. The recognition of deferred tax assets was reviewed including the Company's assessment of the availability of future profits to support recoverability, including the impact of continued future volume and trading uncertainties and consistency of forecasts with the impairment assessment. We ensured that a measured approach to the recognition of deferred tax assets was taken by management and importantly, that there was consistency between financial projections used for deferred tax asset recognition and those underpinning the Group impairment review. PricewaterhouseCoopers LLP also reported to the Committee its findings in this area, which have been reviewed and considered. The Committee was satisfied with the judgements, estimates, and that disclosures were reasonable and appropriate.

Key accounting judgement	Work undertaken
Warranty provisions The Group is subject to warranty claims in the event that its products fail to perform as per specifications. Warranty provisions are made to cover potential exposures that relate to specific customer claims. Key judgements are made in calculating the provision and these are dependent on the specific facts and circumstances involving the customer, complexity of the issue and the negotiation process. The outcome of claims is often difficult to predict and quantify.	The Committee considered the judgements made by management in assessing the likelihood and quantification of material exposures. This included: • understanding the nature of the specific claims or exposure • assessing correspondence with, and reactions of, customers and regulators (e.g. NHSTA) • considering the impact of recall actions taken by customers • probing management's evaluation of the likelihood and quantum of exposure and the status of negotiations with the customer We obtained the external auditor's views in relation to the appropriateness of the approach taken by management. Taking into account the evidence presented and explanations given by management, we concluded that the judgements taken in respect of warranty matters were reasonable and appropriate.
Presentation of financial statements The Board continues to use adjusted results as the measure of ongoing performance of the Group and its Divisions. This approach necessitates the exclusion of certain items of income or charge that are regarded by management to distort comparability of performance.	In considering the presentation of the 2023 financial statements, the Committee re-assessed the appropriateness of the non-IFRS measures used by the Group and considered the extent and clarity of explanation supporting the use of these measures. The Committee was satisfied that the 2023 Annual Report disclosures were appropriate and a satisfactory balance between non-IFRS measures and statutory measures had been maintained.

The Committee is satisfied that the judgements made are reasonable and that appropriate disclosures have been included in the financial statements.

Other financial reporting matters

Review of going concern and viability

The Committee reviewed the assumptions applied by management for going concern and long-term viability assessment. The going concern assessment included a downside scenario, which was regarded as severe but plausible. The results of this scenario show that there is sufficient liquidity in the business for a period of at least 12 months from the date of approval of these financial statements, and do not indicate any covenant breach during the test period. The Committee, on behalf of the Board, reviewed the assumptions and sensitivities around the scenarios presented by management and was satisfied with the outcome of the assessment. More information on the Group's going concern can be found on page 66.

The Committee also reviewed the Group's long-term viability assessment for the period to 31 December 2028, which considered a range of scenarios based on the potential financial impact of the Group's principal risks materialising. The Audit & Risk Committee (ARC) challenged the relevance and assumptions of the principal risks to the Company's long-term viability. The Committee was satisfied with the outcome of management's assessment and was able to make a recommendation to the Board on the Group's long-term viability. Further details on the assessment of the Group's long-term viability are set out on pages 66–67.

New accounting standards and guidance from the regulator

New pronouncements were considered by management and their impact was assessed to be not material. The Committee is satisfied with the assessment performed by management. The Committee also considered management's review of the key findings within the various thematic reviews issued by the Financial Reporting Council, to assess the impact on financial reporting by the Company.

External auditor

The ARC is very aware that the effectiveness and independence of the external auditor is central to ensuring the integrity of the Group's published financial information.

During 2023, the Committee's engagement with the external auditor has mainly focused on:

- the review and approval of PricewaterhouseCoopers LLP's 2023 audit plan, terms of engagement and fee for the audit of the 2023 financial statements
- review of the independence, objectivity and effectiveness of PricewaterhouseCoopers LLP
- concluding a recommendation to the Board to reappoint PricewaterhouseCoopers LLP
- satisfying ourselves that the level of non-audit services provided by PricewaterhouseCoopers LLP was compliant with external regulation and internal policies
- understanding the regulatory and other changes impacting the 2023 external audit and the consequential fee implications of the increase in work required

The Committee approved the proposed external annual audit plan and its scope at its meeting in October 2023. Our consideration of the plan involved an assessment of the size of entities covered and the level of risk associated with those entities. The Committee was satisfied that the proposed risk-based approach was appropriate.

Audit & Risk Committee report
continued

In its annual assessment of the effectiveness of PricewaterhouseCoopers LLP, the Committee had regard to a number of factors, which include, but are not limited to:

- their feedback and insights on the Group's business, internal control systems and attitude towards control
- the scope of audit, the planning process and final audit plan for the 2023 financial statements
- progress achieved against the agreed audit plan and communication of any changes
- the quality of reporting to, and interactions with, the Committee
- their performance during the 2023 half-year review process
- their compliance with regulatory and professional standards and guidance in relation to independence and partner rotation
- insight provided to the Committee about the UK Government consultation on audit effectiveness and corporate governance reform, and anticipated outcomes
- feedback from senior management on the quality of engagement with them including the output, presented to the Committee in April 2023, from the annual PwC year-end audit questionnaire
- results of audit quality inspection and supervision by the Financial Reporting Council

In summary, the Committee considers both PricewaterhouseCoopers LLP and its audit processes to be effective. PricewaterhouseCoopers LLP have a good understanding of the Group and its businesses, including the financial reporting and control challenges facing the Group. This understanding is accompanied by a robust challenge of the significant judgements made by management.

Auditor independence and non-audit services

In order to ensure the external auditor's independence, the Committee, annually reviews the Company's relationship with its auditors and assesses the level of controls and procedures in place to ensure the required level of independence and that the Company has an objective and professional relationship with PricewaterhouseCoopers LLP.

The Committee has received confirmation from PricewaterhouseCoopers LLP that they remained independent and objective within the context of applicable professional standards throughout 2023.

In order to safeguard auditor independence, the Committee has adopted a formal policy governing the engagement of the external auditor. This policy effectively limits the use of the external auditor to work that is specifically required by law or regulations to be carried out by the statutory auditor and is of an assurance nature only. All other non-audit services are considered on a case-by-case basis in light of prevailing regulations and ethical standards.

Any proposed non-audit service engagement has to be approved by the Vice President Risk & Global Controller on behalf of the Committee. Approval is only given if it is within acceptable financial parameters and confirmation has been received from PricewaterhouseCoopers LLP that the service does not contravene regulatory independence and ethical requirements. All non-audit service engagements with fees in excess of €0.2 million have to be approved by the Committee Chair before commencement. There were no significant engagements of the external auditor for non-audit services during 2023. Details of all fees due to PricewaterhouseCoopers LLP in 2023 can be found in Note 34 to the Financial Statements.

In accordance with the FRC Revised Ethical Standard 2019 Section 3.10, our audit engagement leader and PwC Group audit partner, Andrew Hammond, is due to rotate off our audit engagement following completion of his tenure of five years in 2023. The Committee has now agreed a new audit partner for 2024.

Having considered all of the factors, the Committee has concluded that PricewaterhouseCoopers LLP remain appropriately independent.

Taking all matters of effectiveness, independence and objectivity into consideration, the Committee has concluded that it was appropriate to recommend to the Board of Directors the reappointment of PricewaterhouseCoopers LLP as the Company's auditors for 2024.

PricewaterhouseCoopers LLP was reappointed as the Company's auditors following a formal tender process in 2017. The Company will conduct its next external audit tender no later than 2027, in line with the current audit tenure requirements. The Company confirms that it complied with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation Order 2014 for the financial year under review.

Internal audit

The Group has a dedicated Internal Audit function, which provides independent, objective assessment of risk and controls to senior management and the Committee, in relation to whether the design and operational effectiveness of the Group internal control procedures are adequate to manage business risk, safeguard the Group's resources, and ensure compliance with the Group's policies and legal and regulatory requirements. The Audit & Risk Committee considers and approves the Internal Audit plan. Progress in respect of the plan is monitored throughout the year and care is taken to ensure that the Internal Audit function has sufficient resources to complete the plan. The audit plan may be revisited during the year as a result of the ongoing assessment of the key risks or in response to the needs of the Group. The Group Audit Director reports, ultimately, to the Chair of the Audit & Risk Committee, although they report on a day-to-day basis to the Chief Financial Officer. A report on completed internal audits is presented to the Committee and, where appropriate, action plans are reviewed.

During the year, the scope of internal audit has shifted gradually from internal controls over financial reporting to operational controls. 2023 saw the first operational audits in the Group, covering areas such as request for quotation process, cybersecurity, environmental disclosures, compliance with delegation of authority etc. This transition in focus has worked well during the year.

Internal Audit findings are reported to relevant operational management and to the Committee. The internal audit function regularly reports on the progress of implementation of recommended actions to senior management and to the Committee at each meeting. The Committee also monitored management's responsiveness to the findings. Where appropriate, the internal audit function utilises external expertise for certain specialist areas.

The Committee monitors the effectiveness of the internal audit's work through the quality of audit reports received, the Committee's interaction with the Group Audit Director, the level and skills of the resource available to the internal audit function, reporting of progress against the internal audit plan at each Committee meeting, the adequacy of management's actions to address recommendations as well as any other ad-hoc quality reporting requested. The Committee was satisfied that the quality, experience and expertise of the function are appropriate for the business.

Internal control and risk management

In 2023, the Group continued to refine its processes and controls, globally, to reflect changes to its internal control framework.

The Group's system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit & Risk Committee, in addition to review by the internal and external auditors. The Board has established policies and procedures, including delegation of authority, which have been communicated across the Group. During the year, management carried out a thorough review and update of management delegation of authority in conjunction with the change in organisational structure from 2024, and to reflect business and operational changes in recent years.

The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and it can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board has established a clear organisational structure with defined authority levels. The day-to-day running of the Group's business is delegated to the Executive Directors of the Group.

The Group formed a separate Group Risk & Controls function in 2022, led by Vice President Risk & Global Controller, and implemented a formal three-lines-of-defence structure for risk management and internal controls. The Group Risk & Controls function developed a road map for an internal control optimisation programme to outline the plan and steps in 2023 and 2024, paving the way to meet the expected forthcoming requirements on internal control reporting under the UK Corporate Governance Reform. The Committee monitored progress made during the year against the road map, which included:

- introduction of an optimised global controls framework, improving the clarity, robustness and proportionality of control standards to be adopted at all levels (entity, corporate, division, region and site)
- a phased approach in rolling out the optimised control standards by key processes, with the last phase scheduled to be completed in the first half of 2024
- a focused review of the entity-level controls, with the identified remedial actions having largely been implemented during the year
- consideration of an appropriate assurance framework to monitor compliance with the optimised control standards, including entity and system scoping, and methodology on and assessment of materiality
- specific action plan developed to strengthen Information Technology General Controls
- enhancement of resources dedicated to internal controls within the Group

In executing the Committee's remit for monitoring the financial reporting process and for reviewing the effectiveness of the Group's system of internal controls, the Committee undertook the following review work:

- considered reports from internal audit on the outcomes of the 2023 internal audit plan with particular focus on the deficiencies identified and their remediation
- reviewed with the Chief IT, HR & Communications Officer the measures and controls being implemented and strengthened within the Group to help mitigate the increasing risk posed by a cyberattack, and actions taken to assure the quality of the Group's cybersecurity programme (including tabletop exercises, third-party assessments and testing, and employee training programme)
- reviewed management's progress on the internal control optimisation programme
- discussed the status and actions relating to control issues raised via the Group's whistleblowing hotline
- discussed with the external auditor their findings and perspectives on the Group's internal controls

The Board has overall responsibility for the Group's risk management framework. The Board has delegated responsibility for review of the risk management programme and effectiveness of internal controls to the Audit & Risk Committee. Further information on the Group's risks and uncertainties, which are judged to have the most significant impact on the Group's long-term performance and prospects, and the Group's plan to strengthen its enterprise risk management processes, are set out on pages 42–55.

The Audit & Risk Committee has reviewed management's assessment of the Group's principal risks, the impact on the prospects for the Group and the mitigating actions, and the Board has confirmed that a robust assessment of the Group's principal risks had been undertaken. This assessment also included a discussion of emerging risks potentially facing the Group.

Other matters

During the year, the Committee:

- received an overview report on the Group's 2023 insurance renewal pricing
- reviewed and approved the parent company profit and loss account for the year on behalf of the Board pursuant to compliance with s408 Companies Act 2006
- reviewed the Group's tax strategy, including tax risk, compliance and efficiency
- received updates at each of its meetings on any Right to Speak issues raised and sought assurance from management on the issues raised and the Company's response
- performed a deep-dive review of the Group's transfer pricing process and procedures
- discussed capital structure matters with management, in particular, the consideration of early repayment of debt
- reviewed the process used to assess and identify disclosures made as part of the TCFD report and considered the impact of the TCFD disclosures on the assessment on the Company's approach to risk management and long-term viability

Jane Lodge
Audit & Risk Committee Chair

11 March 2024

Statement by the Chair of the Remuneration Committee

“I’m very pleased with management’s performance in 2023, which delivered 191 basis points of adjusted EBIT margin improvement at budget rates whilst booking €1.8 billion BEV/PHEV business, and is aligned with the Company’s Taking-the-Turn strategy. The annual bonus plan payout is commensurate with this performance.”

John Smith
Chair of the Remuneration Committee

Committee membership

	Meetings attended
John Smith (Chair)	5/5
Julie Baddeley	5/5
Jane Lodge	5/5

Committee areas of focus

- Shareholder outreach as part of policy review
- Aligning measures with strategy
- Review of wider workforce alignment

Committee highlights

- Minimal changes to the Remuneration policy
- Incentive measures aligned with business strategy in both ABP and LTIP
- Sustainability initiatives aligned in remuneration plan design

Dear Shareholders,

I am pleased to present the TI Fluid Systems Directors’ Remuneration report for the year ended 31 December 2023.

Context

Business context

The management team have successfully navigated the Company through a series of challenges, including extraordinary inflation over the past two years combined with macroeconomic events, to deliver revenue growth of 10.9% and a 191 basis point improvement in adjusted EBIT margin at budget rates over the prior year. Relative to our automotive tier one peers, TI Fluid Systems performs in the top quartile and remains a high-quality international automotive tier one supplier. In addition to the robust financial performance, we have continued our focus on our long-term strategy as evidenced by booking over €1.8 billion of BEV/PHEV business.

Looking ahead, TI Fluid Systems has a clear strategy for delivering shareholder value as presented at the capital markets day in September 2023. We are Taking-the-Turn, maximising the opportunities presented by the industry transition to electric vehicles, targeting top line revenue growth to €3.8–4.2 billion by 2026 and returning to double-digit adjusted EBIT margins in the medium term.

Wider workforce context

The TI Fluid Systems Board values its people and has engaged the workforce on eight separate occasions throughout 2023. The Company provides base pay at competitive rates, that were increased in 2023 to reflect higher inflation rates and exceeds the living wage in the United Kingdom and other countries that have a published regulated living wage. A second, thorough review of gender pay was also completed in the year, resulting in relatively minor adjustments where warranted.

Additionally, TI Fluid Systems focuses on employee health and wellness with a variety of health and social programmes including a global assistance programme providing support for mental health.

Remuneration for 2023

Annual Bonus for 2023

The Annual Bonus for Executive Directors in 2023 was based 25% on adjusted EBIT margin, 25% on adjusted free cash flow, 20% on BEV/PHEV bookings (China) and 30% on BEV/PHEV bookings (non-China). As set out above, management delivered robust financial results, whilst securing significant new bookings of future BEV/PHEV business. Adjusted EBIT margin was 7.5% at 2023 budget rates, just below the maximum target, resulting in the element paying out at 92% of maximum. Free cash flow was an outstanding €142 million at budget rates, resulting in the element paying out at 100% of maximum. China and non-China Bookings were €628 million and €1,214 million respectively, resulting in the elements paying out at 57% and 100%.

As a result, management achieved an overall ABP award of 89.3% of maximum. In line with the policy, the first 100% of salary, on a gross basis before tax, will be paid in cash and any element above that will be deferred into shares for a two-year holding period when Executive Director’s holdings do not meet their shareholding guideline. Full details of the targets and performance against them are set out on page 110.

LTIP vesting in respect of 2023

The 2021 LTIP award is due to vest shortly in respect of performance to 31 December 2023. The awards are based 60% on cumulative adjusted free cash flow, 20% on relative total shareholder return (TSR) and 20% on improvements to our ISS scores in respect of 'Environmental' and 'Social'.

Despite the excellent performance of management in navigating the business through the economic challenges of the last three years, the stretching cash flow targets were not met, largely due to an overly optimistic view of the industry's recovery at the time targets were set, and TSR performance against the FTSE 250 was below median. Therefore, these two elements will lapse. However, due to the Group's increased focus on ESG initiatives, external body ISS has increased our 'Environmental' and 'Social' score by 43%, which exceeded the maximum target. As such, Hans Dieltjens will receive 20% of his 2021 LTIP award, which will be subject to a post-vesting two-year holding period. Full details of the targets and performance against them are set out on page 111.

Overall

As part of their determination of the ABP and LTIP outturns, the Committee gave careful consideration to the underlying performance of the Company and the Executives over the respective performance periods. The Committee was satisfied that the incentive outturns were fair, appropriate, proportionate and in line with pay culture and approach at TI Fluid Systems.

Review of the Directors' Remuneration policy

A key area of focus for the Committee this year has been the review of the Directors' Remuneration policy, which is being submitted for shareholder approval at the 2024 AGM in line with the normal three-year timetable.

Policy review context

The Committee is aware of the mounting debate around the competitiveness of UK governance expectations for companies competing in a global talent pool. These discussions are particularly relevant for TI Fluid Systems, as we are a UK-listed Company, but with a management team based in the United States. As a result, TI competes for talent with automotive peers, all of which are listed outside of the UK.

The Committee recognises that it is critical that our Remuneration policy can appropriately meet the governance expectations of UK shareholders, without limiting our ability to attract, retain, and incentivise Executives working in the United States. Since listing in 2017, we have made a number of decisions in response to shareholder feedback and the expectations of the UK market. The following changes were made as part of the 2021 policy renewal:

- the ABP payout for target performance was reduced from 70% to 50% of maximum in line with the guidance of proxy body ISS
- shareholding guidelines were increased from 300% to 500%/400% of salary for the CEO/CFO respectively and are now at market-leading levels for a FTSE 250 company
- post-employment shareholding guidelines were introduced in line with the expectations of the UK Corporate Governance Code

In addition, the Committee has a track record of operating the policy responsibly, including for example:

- applying negative discretion to the 2021 ABP outturn (reducing it by 25% of maximum)
- scaling back LTIP grants in 2023 to mitigate the risk of windfall gains

The Committee is committed to its practice of setting pay levels competitively in the country in which the Executive Director is based, whilst balancing against remuneration expectations in the UK. We feel this practice is largely supported by our shareholders despite some proxy advisories' historic approach of comparing pay exclusively against UK-based PLCs. It is also important to note that our pay framework includes typical UK governance features, which do not exist in other US-based executive pay arrangements.

Remuneration policy review

During the year, the Committee undertook a detailed review of the policy giving careful consideration to the business context set out above and the latest developments in shareholder expectations and best practice. Following our review, the Committee has concluded that the existing framework continues to be the most appropriate framework for TI Fluid Systems to support the achievement of our strategy and the long-term delivery of shareholder value. We also believe that our framework, opportunities and governance features strike the right balance of meeting UK shareholder expectations and enabling us to hire Executives of the calibre necessary to deliver our strategy.

Statement by the Chair of the Remuneration Committee continued

Therefore, we are proposing to continue with our current structure made up of fixed pay, an annual and deferred bonus plan (ABP) and a long-term incentive plan (LTIP) and are proposing relatively minor amendments to the policy in the interests of simplification and to provide sufficient operational flexibility for the next three years. We are not proposing any increases to incentives. The changes proposed are as follows:

- **LTIP:** Historically the LTIP has included an outperformance element, whereby awards could be increased by 33% for achieving particularly stretching financial targets. This was an unusual feature that added complexity and has not been used for the current Executives. Therefore, we are simplifying the policy by removing the concept of an outperformance element

  The policy includes an exceptional LTIP limit of 450% that has never been used and the Committee does not anticipate using this higher level of LTIP opportunity for the foreseeable future. However, we recognise that there may be unforeseen circumstances, during the life of the policy, where the creation of shareholder value would be aided by a greater LTIP opportunity; therefore, the Committee will retain flexibility to grant awards of up to 450% of salary to Executives where there are exceptional recruitment needs or in truly exceptional circumstances that support shareholder value creation
- **Bonus:** In direct response to shareholder feedback, we are amending the policy to formalise a minimum weighting of 60% on financial measures. As noted below, the actual weighting on financial measures for 2024 will be 65%. In addition, although we do not currently anticipate introducing personal/individual measures to the ABP, we recognise that best practice is to limit the proportion of the ABP that such measures can represent. Therefore, we are also amending the policy to introduce a maximum weighting of 20% on personal/individual measures for Executive Directors

Shareholder consultation

The Committee recognises the importance of shareholder views and during the review process we consulted with approximately 70% of our non-Bain shareholders. The Remuneration Committee thanks those shareholders that took part in the consultation process and provided invaluable feedback. We were pleased to find that the majority of shareholders appreciated TI Fluid Systems' relatively unique position and were supportive of us rolling forward our current framework with minimal changes. During the consultation process a number of shareholders expressed a preference for an increased weighting on EBIT margin within the ABP and you will see that we have taken their feedback on board for 2024.

Remuneration in 2024

Salary reviews

Taking into account the current macroeconomic uncertainty, 2024 discretionary base salary increases for Executives and the wider workforce have been deferred until later in the year.

Annual Bonus for 2024

The maximum bonus opportunities for Hans Dieltjens and Alexander De Bock in 2024 are 300% and 275% of base salary respectively. Reflecting on the competitive labour market for highly qualified public company CFOs, the CEO and Remuneration Committee thought it appropriate to raise each of Alexander De Bock's ABP and LTIP maximum opportunities. As part of their annual review, the Committee has reviewed the ABP framework to ensure that it continues to appropriately align management to creating long-term shareholder value through the achievement of short-term goals. Following this review, and taking into account current market sentiment and shareholder feedback received during the consultation process, the Committee is making two changes to the ABP performance measures.

Recognising the importance of achieving our short-term financial targets the weighting of the adjusted EBIT margin measure has been increased to 40%. Achieving new business wins in BEV/PHEV continues to be fundamental to the Company's future success and, therefore, bookings in these areas will continue to play an important role in the ABP framework. To account for the increased weighting on adjusted EBIT margin the weighting on the strategic measure has been reduced to 35% and will be defined and measured as total world BEV/PHEV bookings. The remaining 25% of the ABP will continue to be subject to adjusted free cash flow targets.

LTIP for 2024

LTIP awards for 2024 will be at 300% and 275% of salary for Hans Dieltjens and Alexander De Bock respectively. The LTIP continues to be a critical tool for incentivising the Company's senior leaders to create value for shareholders by delivering our long-term strategy. For 2024, the Committee has reintroduced an EPS measure in place of the previous relative TSR measure. EPS is one of the Company's KPIs and its introduction will incentivise management to deliver profit growth over the longer term as well as providing better line of sight and control for management compared to the relative TSR measure. In making the decision to replace the TSR measure the Committee was also mindful that participants are already strongly aligned with the Company's share price through their shareholding guidelines, bonus deferral and share denominated LTIP awards. The Committee has also simplified the LTIP framework for 2024 by removing the second sustainability metric and focusing management on improving our CO_2e emissions consistent with our public commitment to reducing Scope 1 & 2 emissions by 50% by 2030.

Annual General Meeting

At our 2024 AGM, shareholders will be presented with two remuneration-related resolutions, in respect of the Directors' Remuneration policy and the Directors' Remuneration report (excluding the policy part). As explained above, we strongly believe that our remuneration framework is the most appropriate for TI Fluid Systems at this time and that the Committee has implemented the framework appropriately. I look forward to receiving your support at the upcoming AGM.

Respectfully submitted,

John Smith
Chair of the Remuneration Committee

11 March 2024

Directors' Remuneration policy

Introduction

This part of the Directors' Remuneration report sets out the details of the Remuneration policy (the policy) for Executive and Non-Executive Directors of the Company that will be proposed for approval by shareholders by way of a binding vote at the Annual General Meeting on 14 May 2024. It is proposed that the policy will apply for the period of three years from the date of approval unless updated and approved by shareholders. The policy, as set out below, will operate until the Company's Annual General Meeting to be held in 2027.

Changes to the Remuneration policy

During the year, the Committee undertook a detailed review of the policy giving careful consideration to the business context set out above and the latest developments in shareholder expectations and best practice. Following our review, the Committee has concluded that the existing framework continues to be the most appropriate framework for TI Fluid Systems to support the achievement of our Taking-the-Turn strategy and the long-term delivery of shareholder value. We also believe that our framework, opportunities and governance features strike the right balance of meeting UK shareholder expectations and enabling us to hire Executives of the calibre necessary to deliver our strategy.

Therefore, we are proposing to continue with our current structure made up of fixed pay, an annual and deferred bonus plan (ABP) and a long-term incentive plan (LTIP) and are proposing relatively minor amendments to the policy in the interests of simplification and to provide sufficient operational flexibility for the next three years. We are not proposing any increases to incentives. The changes proposed are as follows:

LTIP: Historically the LTIP has included an outperformance element, whereby awards could be increased by 33% for achieving particularly stretching financial targets. This was an unusual feature that added complexity and has not been used for the current Executives. Therefore, we are simplifying the policy by removing the concept of an outperformance element.

The policy includes an exceptional LTIP limit of 450% that has never been used and the Committee does not anticipate using this higher level of LTIP opportunity for the foreseeable future. However, we recognise that there may be unforeseen circumstances, during the life of the policy, where the creation of shareholder value would be aided by a greater LTIP opportunity; therefore, the Committee will retain flexibility to grant awards of up to 450% of salary to Executives where there are exceptional recruitment needs or in truly exceptional circumstances that support shareholder value creation.

Bonus: In direct response to shareholder feedback, we are amending the policy to formalise a minimum weighting of 60% on financial measures. As noted, the actual weighting on financial measures for 2024 will be 65%. In addition, although we do not currently anticipate introducing personal/individual measures to the ABP, we recognise that best practice is to limit the proportion of the ABP that such measures can represent. Therefore, we are also amending the policy to introduce a maximum weighting of 20% on personal/individual measures.

Remuneration policy summary

The Remuneration Committee is responsible for determining the Remuneration policy for the Executive Directors and Chair for current and future years. In setting the policy, the Remuneration Committee has sought to ensure that it is sufficiently flexible to take account of future changes in the Group's business environment and in remuneration practice.

The policy is designed around the following key principles that allow for:

- alignment with the long-term interests of shareholders
- competitive remuneration, which is set at an appropriate level to attract, retain and motivate executive management from the automotive industry in the jurisdiction (country) in which the executive resides
- strategic alignment between remuneration and the Group's long-term strategic goals
- encouraging and supporting a high-performance culture with appropriate reward for superior performance
- avoiding the creation of incentives that, having regard to the risk appetite of the Board, will encourage excessive risk taking or unsustainable Company performance

The Remuneration Committee will review and approve annually the remuneration arrangements for the Executive Directors and the Executive Committee and will also review for alignment the remuneration of the wider workforce, taking into consideration:

- overall corporate performance
- market conditions affecting the Group
- the competitive recruitment market
- business strategy over the period
- changing practice in the markets where the Group competes for talent

Directors' Remuneration policy continued

Remuneration policy details

The details set forth below, and in the accompanying notes, summarise the key elements of the policy and how those elements support the Group's short and long-term strategic objectives.

Key elements

Base salary

Base salary shall be set to recruit and retain the Executive Directors with the experience and expertise required to develop and implement the Company's strategy.

Operation of base salary

- An Executive Director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility
- When determining an appropriate level of base salary, the Committee considers:
  - individual degree of responsibility and experience of the Executive Director
  - remuneration structures in which the Company would compete for talent that are comparable in terms of business activities, complexity, size and geographic scope of the Executive Director
  - wider remuneration practices within the Group
  - the need to acquire and retain Executives with the skills and experience to develop and implement the Company's strategy
  - the norms within the country in which the executive resides

Potential value of base salary and performance measure

In general, increases for Executive Directors will be in line with the increase for the wider workforce. In certain circumstances, such as, but not limited to, an increase in the size and scope of the role or where an individual is out of line with the market, higher salary increases may be given.

See the following section headed 'Implementation of Remuneration policy' for the salaries for the next year for each of the Executive Directors.

Benefits

The benefit package will be in line with the practice relative to our comparator group in the jurisdiction in which the Executive Director resides to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver our strategy.

Operation of benefits

- The Executive Directors are eligible to receive benefits coverage in the jurisdiction in which they reside. These benefits include medical, life and disability income protection insurance, executive medical assessments, perquisite allowances, car allowance or paid vehicle lease, relocation support and benefits when applicable, tax advice and tax return fees, support with respect to incremental overseas tax as well as other customary benefits, which are afforded to employees in the same jurisdiction. In some cases, the Group may pay the tax on these services and may coordinate or make available post employment benefits to the Executive Directors at their cost
- The Remuneration Committee recognises the need to maintain flexibility in the benefits provided to Executive Directors to ensure it is able to support the objective of attracting and retaining key personnel in order to deliver the Group's strategy. Additional benefits may, therefore, be offered at the discretion of the Remuneration Committee

Potential value of benefits and performance measure

- Generally, benefits do not represent a significant portion of the total remuneration package of Executive Directors
- Medical benefits coverage is provided through the Group's local operating unit of the jurisdiction in which the Executive Director resides and is consistent with the level of benefits afforded to other executives in the country. The cost of providing this benefit may vary on utilisation
- Perquisite and vehicle allowances or paid vehicle lease will be consistent with local practice for executives who reside in the Executive Director's jurisdiction
- Tax advice and tax return fees are paid by the Group. The Group will cover incremental overseas tax (i.e. duplicative tax or social insurance charges), which may arise as a result of the Executive Director discharging their responsibilities on behalf of the Group
- Executive Directors will participate in the qualified disability benefits, which are afforded to other executives in the jurisdiction the Executive Director resides

Key elements

Pensions

Pension provisions will be in line with competitive practice to enable the Group to recruit and retain Executive Directors with the experience and expertise to deliver our strategy.

Operation of pension

- Pension arrangements are provided in line with the practice relative to the country in which the Executive Director resides. Executive Directors will only be eligible for defined contribution pension schemes that are in line with the wider workforce
- If appropriate, and at the discretion of the Remuneration Committee, a competitive pension arrangement or cash alternative may be implemented provided that the terms and value of the arrangements are consistent with custom and practice of the jurisdiction in which it is to be applied

Potential value of pensions

- Executive Directors residing in the United States are eligible to participate in the Group's 401(k) defined contribution scheme in line with the wider US workforce
- In the event that a non-US-based Executive Director is engaged, a pension arrangement or alternative cash scheme may be implemented consistent with custom and practice in the jurisdiction in which the Executive Director is employed
- For all Executive Directors, the maximum pension or cash in lieu of pension will be in line with the rate available to the majority of the workforce

See the following section headed 'Implementation of Remuneration policy' for the pension contributions for the next year for each of the Executive Directors.

The Annual and Deferred Bonus Plan (ABP)

The ABP provides an incentive to the Executive Directors linked to achievement in delivering annual goals that are closely aligned with our strategy and the creation of value for shareholders.

Operation of Annual Bonus Plan

- The Remuneration Committee will determine the bonus to be awarded following the end of the relevant financial year based on the Group's performance against annual performance measures and targets
- The Company will set out in the Remuneration report in the following financial year details of the performance measures, targets, weight and their level of satisfaction for the year being reported to the extent that they are not commercially sensitive
- The Remuneration Committee may use different performance measures and weightings for each performance cycle as appropriate, in line with the strategic needs of the business with a minimum of 60% weighting on financial measures, and no more than 20% weighting on personal/individual performance measures
- The Remuneration Committee, at its discretion, can further align (when appropriate) the Executive Directors with shareholders by deferring a portion of ABP awards into shares:
  - where the Remuneration Committee determines that an Executive Director has not met their shareholding guideline, the first 100% of salary, on a gross basis before tax, will be paid in cash and any element payable above 100% of salary will normally be deferred into ordinary shares of the Company, and held for two years with no further performance conditions
  - where the Remuneration Committee determines that an Executive Director has met their shareholding guideline the entire bonus will be paid in cash
  - the Committee, at its discretion, may award dividend equivalents on deferred shares
- The Company will set out in the Remuneration report in the following financial year, the nature of the deferral mechanism being operated for the ABP awards to be made in that financial year

Potential value of Annual Bonus Plan

- The maximum bonus (including any part of the bonus that is deferred) will not exceed 300% of an Executive Director's annual base salary
- The percentage of the bonus earned for levels of performance will be:
  - Threshold: 30% of maximum bonus award
  - Target: 50% of maximum bonus award
  - Maximum: 100% of maximum bonus award

See the following section headed 'Implementation of Remuneration policy' for the details on the ABP plan design for the next year for each of the Executive Directors.

Key elements

Long-Term Incentive Plan (LTIP)

The LTIP is designed to incentivise and reward Executive Directors to create long-term value by successful delivery of our strategy. In addition, the plan is designed to increase Executive Directors shareholding in the Company to further align them with shareholders.

Operation of Long-Term Incentive Plan

- Awards are granted annually to Executive Directors in the form of either conditional shares, nil cost options, restricted stock units, or restricted shares
- These grants will normally vest over three years subject to:
  - the Executive Director's continued employment at the date of vesting
  - satisfaction of the performance conditions
- No more than 25% of an LTIP grant may vest for Threshold and 100% for Maximum performance, with vesting normally calculated using a straight-line scale between Threshold and Maximum
- The Committee may award dividend equivalents on LTIP grants in either shares or cash to the extent such grants vest
- A post-vesting holding period of two years will normally apply to Executive Director LTIP grants, unless:
  - exceptional circumstances arise in which the Remuneration Committee feels the holding period post vesting is not warranted
  - two years have passed since the final date of employment
- The Committee will have the discretion, acting fairly and reasonably, to determine that vesting can be reduced or enhanced if there are circumstances (relating to the Group's overall performance or otherwise) that make vesting when calculated by reference to the performance conditions alone inappropriate

The Committee reserves the right to:

- Amend the performance conditions for each new LTIP scheme during the period covered by this policy
- Amend 'in flight' schemes conditions where there is a significant change in economic circumstances or accounting standards or if there is a significant and material event that causes the Committee to believe the original measures, weighting and/or targets are no longer appropriate; provided that conditions are not materially less challenging to satisfy
- Adjust the number of LTIP shares on the occurrence of a corporate event or other reorganisation

Potential value of Long-Term Incentive Plan

- Maximum grant value of up to 300% of salary in respect of a year based on the market value at the date of grant set in accordance with the rules of the LTIP
- The Committee will retain flexibility to grant awards of up to 450% of salary in respect of a year to Executives where there are exceptional recruitment needs or in truly exceptional circumstances that support shareholder value creation

The 2024 LTIP weighting and measures are 50% on Adjusted Return on Capital Employed (ROCE), 25% on cumulative adjusted Earnings per Share (EPS) and 25% on CO_2(e) emissions reductions.

Non-Executive Director fees

Non-Executive Director fees support the recruitment and retention of high calibre Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.

- The Remuneration Committee is responsible for setting the remuneration of the Chair of the Board, and the Chair of the Board and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors
- Non-Executive Directors receive an annual fee, paid quarterly in arrears, which are reviewed annually in line with the review policy for the Executive Directors
- Non-Executive Directors do not participate in any variable remuneration or benefits arrangements
- The fees for Non-Executive Directors are competitive and are outlined on page 116
- In general, the level of fee increase for the Non-Executive Directors will be set taking into account any change in responsibility and the general increase in Non-Executive Directors' fees in the UK market
- The Company will pay reasonable expenses incurred by the Non-Executive Directors, may also arrange, and pay fees, for preparation of annual tax returns, and provide travel insurance

Malus and clawback

The ABP and LTIP include standard malus and clawback provisions.

- Malus is the adjustment of unpaid or unvested ABP or LTIP grants as a result of the occurrence of one or more circumstances listed below
- Clawback is the recovery of paid or vested ABP or LTIP grants as a result of the occurrence of one or more circumstances listed below
- Malus and Clawback may apply to all or part of a participant's award(s) and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of unvested ABP or LTIP grants

The circumstances in which malus and clawback could apply are:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company
- discovery that the assessment of any performance measure target or achievement or condition in respect of an ABP award and/or LTIP grant was based on inaccurate or misleading information
- action or conduct of a participant, which amounts to fraud, gross misconduct, or corporate failure
- events or the behaviour of a participant, have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant

Malus provisions may be applied to any unpaid or unvested ABP or LTIP grants.

Clawback provisions may be applied, with respect to any ABP award, during the three-year period following determination by the Board of such ABP award and, with respect to any LTIP award, during the two-year period following vesting of such LTIP award.

The Committee believes that the rules of the plans provide sufficient powers to enforce malus and clawback where required.

Discretion

The Remuneration Committee has discretion in several areas of policy as set out in the Directors' Remuneration report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Remuneration Committee has discretion to amend the policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

Minimum shareholding guidelines

The Committee has adopted formal shareholding guidelines that will encourage Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of the Executive Director's base salary. The Remuneration Committee will take into account adherence to these guidelines when considering participation in the Company's equity incentive arrangements. These guidelines ensure that the interests of Executive Directors and those of shareholders are closely aligned.

The following table sets out the minimum shareholding guidelines:

Role	Shareholding guideline (percentage of salary)
Chief Executive Officer	500%
Chief Financial Officer	400%

Post-employment shareholding guideline

Executive Directors will normally be expected to maintain a shareholding (i) equal to their in-employment shareholding guideline for the first 12 months post-departure; and (ii) equal to 50% of their in-employment shareholding guideline for the second 12 months post-departure (or, in either case, their actual shareholding on departure if lower). This post-employment guideline will apply to shares from incentive awards granted from the date of the policy. The Committee retains discretion to waive this guideline if it is not considered appropriate in specific circumstances.

Selection of performance targets

The remuneration arrangements are designed to incentivise the delivery of the Group's strategy and the creation of value for shareholders. The performance measures are reviewed annually to ensure that they continue to support our strategy and are set to align with budgets. The details regarding performance targets to be applied to the 2024 ABP and LTIP for Executive Directors are set out in the following section headed 'Implementation of Remuneration policy'.

Group employee considerations

The Remuneration Committee considers the Executive Directors' remuneration in the context of the wider employee population and is kept regularly updated on pay and conditions across the Group. Increases in base salary for Executive Directors will take into account the level of salary increases granted to employees within the Group and the competitive environment of the employing country.

The Group seeks to pay a competitive package of base pay and benefits in each market and at all job levels to attract and retain high-quality employees. The proportion of variable pay increases with progression through management levels with the highest proportion of variable pay at Executive Director level, as defined by the Remuneration policy.

Selected senior management and key employees participate in formal short and/or long-term incentive programmes that are based on financial and other strategic measures. In a number of countries in which the Group operates, due to custom and practice or the desire to apply flexible compensation arrangements, an annual local bonus may be granted to employees based on the achievement of both financial and non-financial key performance indicators.

The key element of remuneration for those below senior management grades is base salary and it is the Group's practice to ensure that base salaries are competitive in the local markets. An annual review of gender pay is also completed each year, after which adjustments, if any, are made where appropriate. General pay increases take local salary norms and business conditions into account.

Directors' Remuneration policy continued

Recruitment policy

The section below sets out the Remuneration Committee's approach to recruitment and remuneration of new Executive Directors.

The Company's principal objective is that the remuneration of a new Executive Director will be assessed in line with the same principles as for the current Executive Directors, as set out in the Remuneration policy. The Committee wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate qualifications and experience needed for the role.

In setting the remuneration for a new Executive Director, the Committee will have regard to guidelines and shareholder sentiment, when using its discretion, regarding one-off or enhanced short or long-term incentive payments, as well as giving consideration for the appropriateness of any performance measures associated with an award.

The Company's Recruitment policy regarding Base Salary, Annual and Deferred Bonus Plan and Long-Term Incentive Plan will be governed by the terms set out in the Remuneration policy outlined on pages 97–107. The Committee may use its discretion to tailor (for example the timeframe, form, performance criteria) the ABP or LTIP award based on the commercial circumstances at the time of hire. Normally the maximum combined incentive opportunity for an Executive Director would be 600% of base salary. The Committee will retain flexibility to grant LTIP awards of up to 450% of salary where there are exceptional recruitment needs in circumstances that support shareholder value creation, in which case the value of the maximum incentive opportunity is 750% of base salary excluding any buyout provisions.

Buyout of incentives forfeited on cessation of employment: Where the Remuneration Committee determines that the individual circumstances of recruitment justify the provision of a buyout, the Committee will determine the size of the buyout grant based on the commercial value of any incentives that will be forfeited on cessation of an Executive Director's previous employment, taking into account the following:

- the proportion of the performance period completed on the date of the Executive Director's cessation of employment
- the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied
- any other terms and conditions having a material effect on their value

To the extent that it is not possible or practical to provide the buyout within the terms of our existing incentive plans, a bespoke arrangement will be used as permitted under the LSE Listing Rules (9.4.2).

The structure of the remuneration package would normally be in line with our Remuneration policy. In exceptional circumstances, other elements of remuneration may be awarded. Such circumstances include an interim appointment being made to fill an Executive Director role on a short-term basis or a Non-Executive Director taking on an executive function on a short-term basis.

In the event relocation is required, the Remuneration Committee will use its discretion in determining the financial limits of relocation assistance considering the needs and location requirements of the Executive Director and the Group.

Where an existing employee is appointed to the Board as an Executive Director, the policy will apply from the date of promotion, but there will be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee will be honoured and form part of the ongoing remuneration of the person concerned. These will be disclosed to shareholders in the Remuneration report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy that applies to current Non-Executive Directors.

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) in accordance with:

- the policy/rules in effect at the time the arrangement was initiated
- the status of the Director at the time the arrangement was initiated, when in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company

Service contracts and payments for loss of office

The section below sets out the Remuneration Committee's approach to service contracts and policy on termination payments.

The Remuneration Committee will honour Executive Directors' contractual entitlements. The Executive Directors' service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. Except as provided herein, there is no agreement between the Group and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a Change of Control.

The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Service agreement basis: Hans Dieltjens' contract is dated 16 February 2021, which came into effect upon his ascension to Chief Executive Officer in the fourth quarter of 2021, remains in effect until 1 March 2026. Alexander De Bock's contract is dated 28 October 2022 remains in effect until terminated in accordance with the terms of his Agreement. All Executive Directors' contracts are made through TI Group Automotive Systems L.L.C.

Notice period: For Executive Directors, if employment is terminated by the Executive Director without 'good reason', a six-month notice period is required. If employment is terminated by the Executive Director with 'good reason', a 30-day notice period is required, provided that the Company is not able to cure the issue in those 30 days. The Company is not required to provide notice for termination of the Executive Directors' contracts without cause or due to non-renewal. H. Dieltjens must provide six months' notice if he decides not to renew the term at the end of the initial term, or any renewal term.

Post-termination restrictions: Each Executive Director is subject to a confidentiality undertaking without limitation in time and to non-compete, non-solicit, and non-interference restrictive covenants. These restrictive covenants are for a period post termination of employment of 12 months in the case of H. Dieltjens and A. De Bock.

Summary termination: The employment of Executive Directors is terminable for 'cause' either immediately, or where the cause is curable, on five days' notice for each H. Dieltjens and A. De Bock (provided that they are not able to cure the cause for termination in this period) without payment or provision of any severance or additional benefits beyond salary and other accrued obligations until the termination date.

In the event of a termination for cause, there will be no entitlement to receive an ABP bonus or be granted an LTIP grant for the year of termination and all unvested deferred ABP bonus shares and LTIP grants will lapse.

Termination – severance payments: In the event of termination without 'cause', the Executive Directors will be entitled to the following payments:

In the case of H. Dieltjens, (i) payment and provision of salary and other accrued obligations up to the termination date; (ii) any unpaid ABP award in respect of the previous financial year; and (iii) payment of an amount equal to 100% of base salary, payable as a lump sum within six months of termination. H. Dieltjens will also be entitled to these payments in the event of the Company's non-renewal of his term of employment.

In the case of A. De Bock, (i) payment and provision of salary and other accrued obligations up to the termination date; (ii) any unpaid ABP award in respect of the previous financial year; and (iii) continuation of payment of an amount equal to his base salary payable in instalments over a 12-month period. A pro-rated payout of his CFO Buyout Awards based on his applicable time of service with his prior employer plus his time of employment with the Company would occur in the event of termination without 'cause'.

Termination – benefits: In the event that the Executive Director is terminated without 'cause', or in the case of H. Dieltjens in the event of the Company's non-renewal of his term of employment, health benefits will continue to be provided for 12 months,at the Company's cost, in the case of both H. Dieltjens and A. De Bock and their covered dependents.

Termination – treatment of ABP awards:

Good leaver reason

- Performance conditions will be measured at the bonus measurement date. Bonus payments will normally be prorated for the period worked during the financial year
- All subsisting deferred share awards will be released on the normal release date

Other

- No bonus payable for year of cessation
- Deferred shares that are subject to a holding period will lapse

Change of Control

- In the event of a Change of Control occurring during the Term of Employment, the employee shall be entitled to a pro rata bonus, paid in cash upon consummation of the Change of Control, provided that the employee is employed by the Company through the consummation of the Change of Control
- Deferred shares are released from restrictions at a Change of Control event

Discretion

The Committee has the following elements of discretion:

- to determine that an Executive Director is a good leaver – it is the Remuneration Committee's intention only to use this discretion in circumstances where there is an appropriate business case. The reasons for the use of discretion, if applied, will subsequently be disclosed to shareholders
- to determine whether to pro rate the bonus for the year of cessation for time – the Remuneration Committee's policy is that it will pro rate bonus for time unless otherwise stated in the Executive Director's employment contract or where circumstances exist that establish an appropriate business case not to pro rate for time. The reasons for the use of discretion, if applied, will subsequently be disclosed to shareholders
- to allow release of deferred shares at the end of the original deferral period or at the date of cessation – the Remuneration Committee will make this determination depending on the good leaver reason resulting in the cessation
- to determine whether to pro rate the maximum number of unreleased deferred shares based on the period from the date of grant to the date of cessation as a proportion of the full holding period – the Remuneration Committee's policy is that it will not pro rate deferred share awards for time in cases where the Executive Director is a good leaver. The reasons for the use of discretion, if applied, will subsequently be disclosed to shareholders

Malus and Clawback

- Malus and Clawback provisions apply to awards under the ABP

Termination treatment of LTIP:

Good leaver reason

- Prorated for time and performance in respect of each subsisting LTIP award, unless otherwise stated in the Executive Director's employment contract
- Awards will normally be released on the earlier of the end of the post-vesting holding period or the second anniversary of departure

Other

- Lapse of any unvested LTIP grants
- Vested LTIP grants would ordinarily continue to be subject to any applicable post-vesting holding period unless subject to Clawback
- In the event of a Change of Control occurring during the Term of Employment, the Executive Director shall be entitled to a pro rata annual LTIP grant, paid in cash upon consummation of the Change of Control, provided that the employee is employed by the Company through the consummation of the Change of Control

Directors' Remuneration policy continued

Discretion

The Committee has the following elements of discretion:

- to determine that an Executive is a good leaver – it is the Remuneration Committee's intention only to use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders
- to measure performance over the original performance period or at the date of cessation – the Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- to determine whether to pro rate the maximum number of shares for the time period from the date of grant to the date of cessation – the Remuneration Committee's policy is that it will pro rate awards for time. It is the Remuneration Committee's intention only to use discretion to not pro rate in circumstances where there is an appropriate business case, which will be explained in full to shareholders
- to accelerate the post-vesting holding period in exceptional circumstances in which the Remuneration Committee feels the holding period is not warranted, for example termination due to ill health

Malus and Clawback

Malus and Clawback provisions apply to awards under the LTIP.

A 'good leaver reason' is defined as cessation in the following circumstances:

- death
- ill-health
- injury or disability
- redundancy
- retirement
- employing company ceasing to be a Group company
- 'good reason'
- in other circumstances set forth in the LTIP agreement
- transfer of employment to a company which is not a Group company
- any other circumstances at the discretion of the Committee (as described above), except for dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal

Cessation of employment in circumstances other than those set out above is cessation for 'other' reasons. Circumstances constituting 'good reason' for an Executive Director in the service contracts include:

- a material diminution in their title, duties or responsibilities (including reporting responsibilities) or removal from the Board
- a material reduction in their annual basic salary, annual bonus opportunity or severance pay
- a failure of the Company to pay any compensation payable under the service contract when due
- a significant relocation of their principal place of employment
- TI Group Automotive Systems L.L.C.'s failure to fulfil certain obligations under the service agreement

Upon resignation for 'good reason', each Executive Director generally is entitled to the same payments and benefits as upon a termination without 'cause'.

In the event of termination for death or disability, the Executive Directors will be entitled to the following payments:

In the case of H. Dieltjens, (i) payment and provision of salary and other accrued obligations up to the termination date; and (ii) any unpaid ABP or LTIP grants in respect of previous financial years, as well as prorated awards for the year of termination if any death, disability or termination occurs during the calendar year.

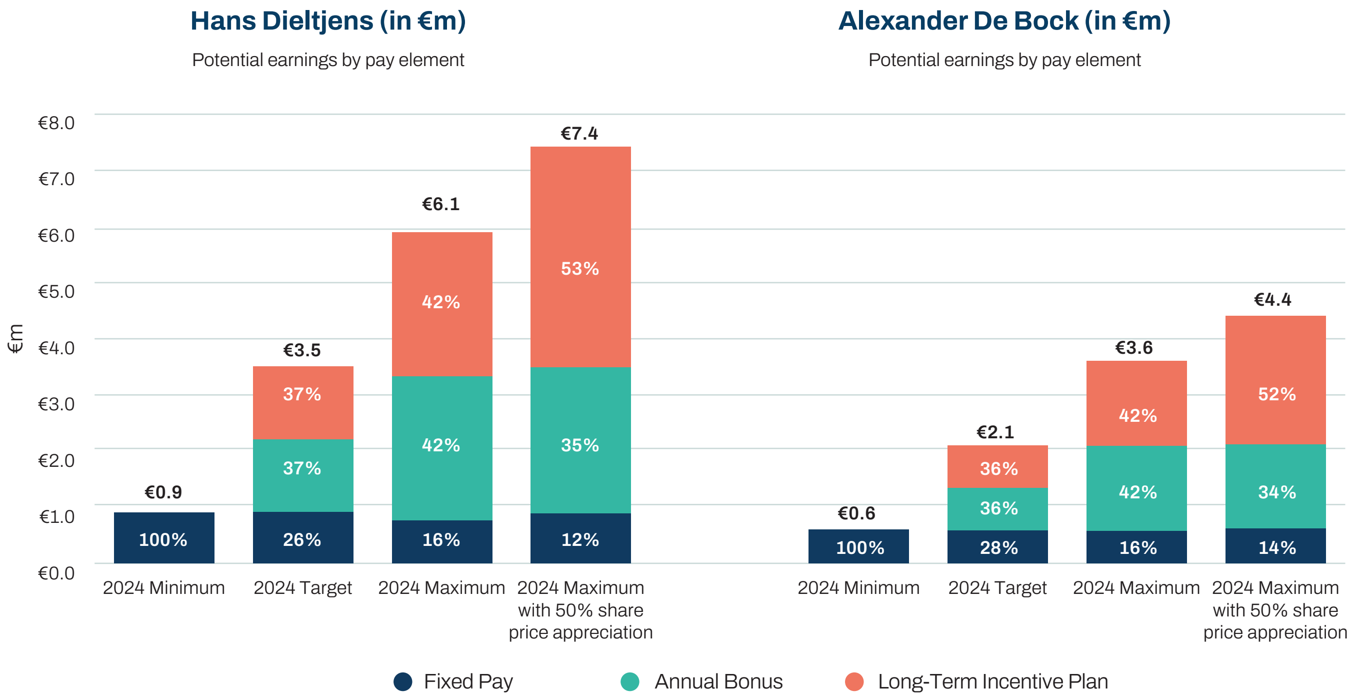
In the case of A. De Bock, (i) payment and provision of salary and other accrued obligations up to the termination date; (ii) any unpaid ABP or LTIP grants in respect of previous financial years; and (iii) a pro-rated payout of his CFO Buyout Awards based on his applicable time of service with his prior employer plus his time of employment with the Company.

Remuneration scenarios

The following charts illustrate Executive Directors' remuneration under four different performance scenarios:

- Minimum – basic salary, company matching US retirement savings contributions and benefits as set out in the Remuneration policy, no bonus and no vesting of the LTIP
- Target – basic salary, company matching US retirement savings contributions and benefits as set out in the Remuneration policy
  - a bonus at target of 150% of basic salary and LTIP vesting at target of 150% of basic salary for the CEO
  - a bonus at target of 137.5% of basic salary and LTIP vesting at target of 137.5% of basic salary for the CFO
- Maximum – basic salary, company matching US retirement savings contributions and benefits as set out in the Remuneration policy
  - a bonus at maximum of 300% of basic salary and LTIP vesting at maximum of 300% of basic salary for the CEO
  - a bonus at maximum of 275% of basic salary and LTIP vesting at maximum of 275% of basic salary for the CFO
- Maximum with 50% share price appreciation – indicative maximum remuneration, assuming LTIP vesting at maximum with share price appreciation of 50% on the LTIP during the performance period

In accordance with the regulations, share price growth has not been included, except where indicated. In the following scenarios, the potential value of the ABP is estimated for the current plan year. Any amount earned would be paid in the following year with any bonus earned over 100% of salary deferred into Company shares with a two-year holding period to apply. The deferral would only apply to an Executive Director who has not met the new higher shareholding guideline. The potential value of the Long-Term Incentive Plan is estimated for the current three-year performance period beginning in 2024. Any amount earned would be paid following the three-year performance period with a two-year holding period to apply.



Fixed pay consists of the 2024 annualised basic salary and estimated value of retirement contributions and benefits provided under the Remuneration policy, excluding any one-offs. Actual figures may vary in future years.

The value of the annual bonus is calculated on the annualised 2024 basic salary and assumes a constant share price for the value of any deferred element.

The value of the LTIP award is as proposed to be awarded in 2024 and does not include additional shares awarded in lieu of dividends that may have been accrued during the vesting period.

The basis of the calculation of the share price appreciation is that the share price in the calculation for the 'maximum' bar chart is assumed to increase by 50% across the performance period.

€1 = $1.10

Statement of conditions elsewhere in the Company

The Remuneration Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. The Remuneration Committee considers the range of base pay increases across the Group. Whilst the Group does not directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration policy set out in this report, the Group does receive updates from the Executive Directors on their discussions and reviews with senior management and employees. In addition, employees are able to ask questions regarding remuneration and other business matters during routine all employee meetings.

Consideration of shareholder views

The Company welcomes dialogue with its shareholders, and the Remuneration Committee will consult with key shareholders prior to any significant changes to its Remuneration policy.

In 2023, the Group invited shareholders representing over 80% of outstanding shares to comment on, and participate in the development of, our 2024 Remuneration policy. The resulting engagement helped to form parts of the proposed Remuneration policy outlined.

Implementation of Remuneration policy

Remuneration in brief

The table below summarises the Director's Remuneration policy, the remuneration outcomes in respect of 2023, and the implementation of the policy.

Element and overview of policy	Outcomes in respect to 2023	Implementation for 2024
Base salary Set at a level that is market competitive to attract and retain Executives, and at a level that reflects an individual's experience, role, competency, and performance.	When Hans Dieltjens was appointed as CEO on 1 October 2021, he volunteered to reduce his salary incrementally. He did not receive an inflationary salary increase for 2023 as his full salary of €868k was restored with effect from 1 January 2023. With the announcement that Ron Hundzinski intended to retire, he did not receive an inflationary salary increase in 2023. The salary of our incoming CFO Alexander De Bock had been set at €545k. Annualised salaries for 2023 were as follows: **Executive Director** | **2023 €000** | **Increase in salary** Hans Dieltjens | 868 | Nil Alexander De Bock | 545 | n/a Ron Hundzinski | 590 | Nil €1 = $1.10	Considering the uncertainty of the economic environment, the Company will delay discretionary base pay increases to Executive Directors and the wider workforce. The current intention is that at that time, an increase in annual base pay, which is in line with the range of increases to be awarded to the US workforce, would be implemented.
Benefits Provide benefits packages in line with practices relative to the Company's wider workforce and the Company's comparator group in the country in which the Executive Director resides.	Access to health insurance, group term life insurance, vehicle, and perquisite allowance.	No significant change for 2024. Benefits remain in line with the Remuneration policy.
Pension Normal matching defined contribution retirement savings plan.	Total matching contribution up to the 401k tax deferral limit, resulting in the Company matching contributions in respect to services as an Executive Director as follows: **Executive Director** | **Amount €000** Hans Dieltjens | 14 Alexander De Bock | 9 Ron Hundzinski | 10 €1 = $1.10	No substantial changes for 2024. Pensions remain in line with the Remuneration policy and in line with the wider workforce and other executives in the US, which are below typical pension provisions in Europe.

Element and overview of policy	Outcomes in respect to 2023	Implementation for 2024

Annual and Deferred Bonus Plan (ABP)

Element and overview of policy

Annual incentive of up to 300% of base pay based on financial and strategic targets measured over a one-year period.

Until shareholding guidelines are met, the Committee may use its discretion to pay up to the first 100% of salary in cash, with any element above 100% of salary deferred into ordinary shares and subject to a holding period of two years.

Outcomes in respect to 2023

Maximum opportunity for the CEO and CFO of 300% and 250% of base pay, respectively.

Following the end of the financial year, the Committee considered management's performance relative to the measures and targets set in the 2023 ABP. Management's performances in 2023 has been exemplary, earning payouts across all plan measures, whilst adding 191 bps of adjusted EBIT margin at budget rates over prior year. These results are anticipated to deliver significant value for shareholders.

Following this review, the Committee determined that Executive Directors would receive 2023 ABP awards of 89.3% of maximum.

Measure	Weight	Achievement
Adj. EBIT Margin	25%	22.9%
Adj. Free Cash Flow	25%	25.0%
BEV/PHEV Bookings China	20%	11.4%
BEV/PHEV Bookings Rest of World	30%	30.0%
Total	100%	89.3%

With the announcement that Ron Hundzinski intended to retire, he was not eligible for the ABP in 2023.

Further details are provided on page 110.

Implementation for 2024

Maximum opportunity for the CEO and CFO of 300% and 275% of base pay, respectively.

Resulting from our shareholder engagement, a greater priority on an ABP profit measure is preferred, thus, going forward, a minimum of 60% weighting of the ABP will be based on financial measures.

The Company's Strategic Initiative in 2024 again relates to the achievement of new business wins in customer BEV and PHEV-related platforms, which continue to set the foundation for long-term success as the automotive industry continues its transformation.

The table below summarises the measures and weightings of the Company's ABP in 2024:

Measure	Weight
Adj. EBIT Margin	40%
Adj. Free Cash Flow	25%
BEV/PHEV Bookings	35%
Total	100%

Long-Term Incentive Plan (LTIP)

Element and overview of policy

Annual conditional share grant of up to 300% of base pay. Vesting is subject to performance conditions measured over a three-year period. Awards are subject to a post-vesting holding period of two years.

Outcomes in respect to 2023

In 2023, a grant of conditional shares was made to the Executive Directors as follows:

Executive Director	Position	% of salary(1)
Hans Dieltjens	CEO	300%
Alexander De Bock	CFO	250%

(1) To mitigate the risk of 'windfall gains' the number of shares granted was determined using a higher share price of £1.20, which effectively reduced the number of shares granted by circa 13%.

The Committee and Mr Dieltjens agreed to remove the outperformance element of the LTIP valued at up to 100% of salary in light of UK remuneration sensitivity, and this feature has been permanently removed in the 2024 Remuneration policy.

With the announcement that Ron Hundzinski intended to retire, he did not receive a LTIP Award in 2023.

The performance measures for the 2023 LTIP are as follows:

Measure	Weight
Adj. Return on Capital Employed	50%
Sustainability: ISS Social Score(1)	10%
Sustainability: CO_2(e) Emission(2)	15%
Relative TSR Rank vs auto peers(3)	25%
Total	100%

(1) Sustainability Social performance will be measured against relative improvement on Social 'S' scoring as measured by ISS against their Social score benchmark.

(2) CO_2 equivalent emission in line with the 1.5°C global warming climate ambition.

(3) Relative TSR Rank will be measured against automotive peers described on page 112.

Implementation for 2024

In 2024, the Committee intends to make conditional share grants of 300% and 275% of salary for both the CEO and new CFO, respectively.

Under the terms of the new policy, there will be no outperformance opportunity.

Performance measures for the 2024 LTIP are intended to be:

Measure	Weight
Adj. Return on Capital Employed	50%
Sustainability: CO_2(e) Emission(1)	25%
Cumulative Adjusted Earnings per Share(2)	25%
Total	100%

(1) CO_2 equivalent emission in line with the 1.5°C global warming climate ambition.

(2) Cumulative Adjusted Earnings per Share will be measured as described on page 116.

Shareholding guidelines

Element and overview of policy

Executive Directors are required to build up and hold a shareholding equal to 500% of base and 400% of base for the CEO and CFO, respectively.

Outcomes in respect to 2023

The following table outlines the shareholding levels of Executive Directors as of 31 December 2023:

Executive Director	Ownership guideline(1)	Shares owned(1)
Hans Dieltjens	500%	263%
Alexander De Bock	400%	–

(1) % of salary.

Implementation for 2024

Shareholding guidelines will apply in accordance with the Remuneration policy.

The full Remuneration policy, approved on 13 May 2021 at the 2021 Annual General Meeting, can be found in the 2020 Annual Report on our website at www.tifluidsystems.com in the Investor Relations section, under Reports and Presentations.

Annual report on remuneration

UK Corporate Governance Code and shareholder consultation

During the review of the Remuneration policy, the Remuneration Committee considered a wide range of factors, including the views of guidance from UK proxy bodies and institutional shareholders and the provisions of the UK Corporate Governance Code. The following table summarises how the Remuneration policy, and its operation, addresses the factors set out in the UK Corporate Governance.

Factor	Details
Clarity	The Remuneration Committee is mindful of operating a Remuneration policy that is transparent and clear for both shareholders and participants.
Simplicity	We operate a standard UK incentive structure that is appropriately aligned to our strategy, and which has been designed to avoid complexity.
Risk	Performance measures and targets are aligned with the Group's strategy with appropriate regard to the risk appetite of the Group. In addition, our policy has a number of features to mitigate excessive risk-taking, including LTIP holding periods, recovery provisions, and significant shareholding guidelines, which extend post-departure.
Predictability	Our Remuneration policy provides four illustrations of the application of the policy. Payments are directly aligned to the performance of the Group and the Executive Directors.
Proportionality	Targets under the ABP and LTIP reflect the Group's strategic priorities and have been set at an appropriate level so that full payout requires exceptional performance.
Alignment to culture	The Remuneration policy has been designed to support a high-performance culture with an appropriate reward for superior performance.

In addition to considering the expectations of the UK Corporate Governance Code, the Committee took into account shareholder feedback and developments in market practice when making decisions in respect of executive remuneration for 2023 and 2024.

Executive Directors' and Non-Executive Directors' contracts

The Executive Directors of the Company are employed through service contracts executed through the Company's wholly owned subsidiary TI Group Automotive Systems LLC. Hans Dieltjens' contract is dated 16 February 2021 and came into effect as an Executive Director upon his ascension to Chief Executive Officer on 1 October 2021 and remains in effect until 1 March 2026. Alexander De Bock has a service contract dated 28 October 2022, which came into effect when he joined as Chief Financial Officer in April 2023 and remains in effect for an indefinite period of time. All Executive Directors' contracts are maintained at the U.S. Corporate Offices.

The Non-Executive Directors of the Company do not have service contracts but are appointed by letter of appointment. Each Non-Executive Director's term of office runs for an initial period of three years unless terminated earlier upon written notice or upon their resignation. The terms of the Non-Executive Directors' appointments are subject to their re-election by the Company's shareholders at the Annual General Meeting scheduled to be held on 14 May 2024 and to re-election at any subsequent Annual General Meeting at which the Non-Executive Directors stand for re-election.

The date of appointment of each of the Directors is set out below:

	Appointment date	Unexpired term[1]
Executive Directors		
Hans Dieltjens	1 October 2021	6 months[2]
Alexander De Bock	6 April 2023	6 months[2]
Non-Executive Directors		
Tim Cobbold	4 November 2019	19 months
Julie Baddeley	3 August 2021	3 months
Susan Levine	11 December 2019	At will, per Bain Relationship Agreement
Jane Lodge	6 June 2022	14 months
Elaine Sarsynski	14 August 2018	4 months
Trudy Schoolenberg	5 September 2022	18 months
John Smith	24 October 2017	30 months
Stephen Thomas	22 January 2015	At will, per Bain Relationship Agreement

(1) Subject to election or re-election by shareholders at the upcoming Annual General Meeting and any subsequent Annual General Meeting.

(2) Each Executive Director has a six-month termination notice provision under their service agreement.

Directors’ remunerations (audited results)/single figure table

The table below sets out a single total figure for the remuneration received by each Executive and Non-Executive Director (apportioned for time in office) for the years ended 31 December 2023 and 31 December 2022:

Executive Directors

	Basic salary[1]		Taxable benefits[1],[2]		Annual bonus[1],[3]		LTIP[1],[4]		Pension[1]		Other[1],[5]		Total[1]		Fixed pay[1]		Variable pay[1]	
€000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Hans Dieltjens[6]	868	819	37	35	2,326	1,229	189	489	14	12	–	–	3,434	2,584	919	866	2,515	1,718
Alexander De Bock[6], [7]	402	–	239	–	898	–	–	–	9	–	948	–	2,496	–	650	–	1,846	–
Ron Hundzinski[6][7]	172	586	20	55	–	737	120	824	10	12	–	273	322	2,487	202	653	120	1,834

Non-Executive Directors

	Fees[1]		Taxable benefits		Annual bonus		LTIP		Pension		Other		Total[1]		Fixed pay[1]		Variable pay	
€000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Tim Cobbold[8]	397	296	–	–	–	–	–	–	–	–	–	–	397	296	397	296	–	–
Trudy Schoolenberg[9]	150	48	–	–	–	–	–	–	–	–	–	–	150	48	150	48	–	–
John Smith	121	117	–	–	–	–	–	–	–	–	–	–	121	117	121	117	–	–
Elaine Sarsynski[10]	121	117	–	–	–	–	–	–	–	–	–	–	121	117	121	117	–	–
Julie Baddeley	121	117	–	–	–	–	–	–	–	–	–	–	121	117	121	117	–	–
Jane Lodge[11]	121	68	–	–	–	–	–	–	–	–	–	–	121	68	121	68	–	–
Susan Levine[12]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Stephen Thomas[12]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(1) Figures in the table above are in respect to services for the time as an Executive Director or Non-Executive Director in 2023 and converted at the following exchange rates: €1 = $1.10 and €1 = £0.87, except as otherwise noted.

(2) Taxable benefits include perquisite allowance, car allowance, life insurance, health care coverage, and tax assistance in accordance with the Remuneration policy. Taxable benefits for A De Bock also include relocation, temporary living, and related expenses (€209k) to support his move from Switzerland to the US.

(3) Awards in respect of 2023 will consist of a cash payment of 100% of base salary with the remainder of the bonus deferred into an award of shares, 168% of base salary for H Dieltjens and 123% of base salary for A De Bock to be held for two years with no further conditions. Additional detail can be found on page 110. In respect of the bonus paid in 2022, the total deferred into shares for Dieltjens was 50% of base salary and 25% of base salary for Hundzinski.

(4) The value of the LTIP for 2023, which had a three-year performance period ending 31 December 2023, is estimated as the number of shares earned (117,089 for H Dieltjens and 74,130 for R Hundzinski) multiplied by an illustrative share price of £1.33, based on the average share price over the final quarter of the 2023 financial year. The value in the LTIP column for 2023 also includes payment of dividend equivalents for H Dieltjens (€9k) and R Hundzinski (€6k). The values in the LTIP column for 2023 will be re-stated in next year's Single Figure Table to reflect the share price on the date of vesting (12 March 2024).

The value of the LTIP for 2022, which had a three-year performance period ending 31 December 2021, has been re-stated in this year's Single Figure Table using the share price on the date of vesting (16 March 2023) of £1.01 at the following exchange rates: €1 = $1.10 and €1 = £0.87. The value in the LTIP column for 2022 also includes payment of dividend equivalents for H Dieltjens (€43k) and R Hundzinski (€72k).

(5) On joining the Group, in line with the Remuneration policy, A De Bock received a like for like buyout payment to compensate him for forfeited incentives awarded to him by his former employer. A cash payment of CHF 616,830 (€628k) was paid in September 2023. To compensate him for the pro-rated portion of his lost 2023 annual bonus opportunity from his former employer, he will receive a cash payment of €320k in respect of the period prior to joining TI Fluid Systems. This represents 89.3% of the maximum opportunity calculated in accordance with the TI Fluid Systems annual bonus as shown on page 110.

The value in the Other column for 2022 for R Hundzinski includes a payment of the final buyout award (€273k) to compensate him for forfeited incentives awarded to him by his former employer on joining the Group, in line with the Remuneration policy.

(6) The Company has advanced and paid directly PAYE obligations to HMRC in respect to tax equalisation for duplicative tax. These are shown net of repayments made to the company by H Dieltjens, R Hundzinski, and A De Bock in respect of prior year foreign tax credits claimed. The net amounts of PAYE paid or refunded in 2023 were (€1 /£0.86) €26,043 paid for CEO H Dieltjens, €18,775 refunded for former CFO R Hundzinski up to leaving the business, and €14,961 for A De Bock from appointment as CFO in April 2023. These amounts will be reimbursed to the Company by HMRC directly or by the Executive Director to the extent foreign tax credits used in their local tax filings provide a benefit over and above their normal local tax obligations.

(7) As announced on 6 April 2023, A De Bock was appointed the Group's new CFO, replacing R Hundzinski. The remuneration shown in the table above is in respect of their services for their time as an Executive Director.

(8) As announced on 25 January 2022, Tim Cobbold was appointed Chair of the Board effective 18 May 2022 following the AGM, succeeding Manfred Wennemer who stepped down from the Board effective 18 May 2022.

(9) As announced on 6 September 2022, Trudy Schoolenberg was appointed as Senior Independent Director, joining the Company on 5 September 2022.

(10) As announced on 24 March 2022, Elaine Sarsynski was appointed an Independent Non-Executive Director, joining the Company on 23 March 2022.

(11) As announced on 7 June 2022, Jane Lodge was appointed an Independent Non-Executive Director, joining the Company on 6 June 2022.

(12) Susan Levine and Stephen Thomas are nominees of the Bain Shareholder, Bain Capital Fund XI, LP and its affiliates, and RGIP, LP and elected by our shareholders. They are not remunerated and receive no payment from the Company with respect to their qualifying services as Non-Executive Directors.

Compensation attributed to share price growth (audited)

For the purposes of the Single Figure Table, the 2021 LTIP award has been valued using the average share price over the final quarter of the 2023 financial year (£1.33). This price is lower than the price used to determine the number of shares at grant and, therefore, none of the amount in the table is attributable to share price appreciation.

Executive Director remuneration detail

Base salary (audited)

Base salaries are typically reviewed and eligible for adjustments once per year. Hans Dieltjens was appointed as CEO on 1 October 2021, at which time his base salary was originally set at €868k, which was 16% lower than his predecessor. Considering the economic environment at that time, Mr Dieltjens agreed to discount his salary by 11% (€773k annualised) for 2021 and by 5.7% (€819k annualised) for 2022. He did not receive an inflationary salary increase for 2023 as his full salary of €868k was restored with effect from 1 January 2023.

With the announcement that Ron Hundzinski intended to retire, he did not receive an inflationary salary increase in 2023. The annualised salary of our incoming CFO Alexander De Bock was set at €545k.

The table below outlines Executive Director annualised base salaries:

Executive Director	2023 €000	2022 €000	Increase in salary
Hans Dieltjens	868	Discounted to 819	Nil
Ronald Hundzinski	590	590	Nil
Alexander De Bock	545	–	n/a

€1 = $1.10

Pension (audited)

Executive Directors have a nominal matching defined contribution retirement savings plan consistent with the retirement savings plan offered in the United States. For 2023, the total matching contribution resulted in contributions of €13,500 for Mr Dieltjens, €9,874 for Mr Hundzinski and €9,435 for Mr De Bock.

€1 = $1.10

Annual Bonus for 2023 performance (audited)

In 2023, unexpected and significant inflation pressures added to the Company's operating challenges. The Company was, again, challenged by customers modifying supply demands, frequently causing misalignment with inventories and production needs. However, the management team have successfully navigated the Company through these challenges to deliver robust financial results, achieving 7.5% of Adjusted EBIT Margin and €142m of Adjusted Free Cash Flow at budget rates.

In addition, the Company achieved over €1.8 billion of lifetime sales bookings related to BEV/PHEV products, such as coolant or heat pump components relevant to electric vehicle platforms, which fully aligns with our Company's Taking-the-Turn strategy. This strong booking performance remains the key to the long-term success of the business and delivering value to shareholders.

The exceptional performance in delivering Adjusted EBIT Margin, Adjusted Free Cash Flow, and BEV/PHEV bookings resulted in an overall 2023 ABP achievement level of 89.3% of maximum. The table below outlines the 2023 ABP measures and performance outcomes:

Measure	Weighting	Threshold 30% of maximum	Target 50% of maximum	Maximum 100%	Actual performance[1]	Achievement
Adjusted EBIT Margin	25%	6.0%	6.5%	7.7%	7.5%	22.9%
Adjusted Free Cash Flow	25%	€90m	€100m	€130m	€142m	25.0%
BEV/PHEV Bookings China	20%	€500m	€600m	€800m	€628m	11.4%
BEV/PHEV Bookings Rest of World	30%	€900m	€1.1b	€1.2b	€1.2b	30.0%
Total Achievement of Maximum						89.3%

(1) Actual performance calculated using budget exchange rates consistent with exchange rates used in setting targets.

The following table outlines the Executive Directors' 2023 ABP awards:

	2023 Annual Bonus Awards				
Executive Director	% Achievement of maximum	Total Award €000	Shareholding requirement met	Value paid in cash €000	Value deferred in shares €000
Hans Dieltjens	89.3%	2,326	No	868	1,458
Alexander De Bock [1]	89.3%	898	No	402	496

(1) The bonus opportunity for Alexander De Bock has been pro-rated to reflect his start date of 6 April 2023.

€1 = $1.10

LTIP Grants in 2023 and awards granted during the year (audited)

The current Remuneration policy provides for Long-Term Conditional Share Grants of 300% of base salary, with the potential to increase to 400% of base salary with outperformance.

In 2023, LTIP awards were made at 300% and 250% of salary for Hans Dieltjens and Alexander De Bock respectively. However, mindful of the suppressed share price and in order to mitigate the risk of 'windfall gains', the Committee applied discretion to use a higher share price of £1.20 to determine the number of shares granted. As this price was higher than the prevailing price, the number of shares granted was effectively reduced by circa 15%. LTIP grants did not include the outperformance feature. With the announcement that Ron Hundzinski intended to retire, he did not receive a LTIP Award in 2023. The Committee also applied discretion to scale back LTIP grants in 2023 to mitigate the risk of windfall gains in the future. The following table sets out the performance conditions, which will be assessed over a three-year performance period (2023 to 2025):

	Number of conditional share units granted (% of base salary)				
Measure	Weight	Threshold[1]	Maximum	H Dieltjens	A De Bock
Adjusted Return on Capital Employed	50%	14%	20%	1,006,937 (150% of base)	527,159 (125% of base)
Sustainability: ISS Social Score	10%	3	2	201,387 (30% of base)	105,432 (25% of base)
Sustainability: CO_2(e) emission improvement (in tonnes)	15%	670,913	645,105	302,081 (45% of base)	158,148 (38% of base)
Relative TSR ranks vs auto peer group	25%	50th Percentile	75th Percentile	503,469 (75% of base)	263,579 (63% of base)
Total shares awarded				2,013,874 (300% of base)	1,054,318 (250% of base)
Face value at grant (000)[2]				€2,604	€1,363

(1) Threshold vests at 25% of maximum.

(2) The face value of each award is reflected at 300% and 250% of annualised salary for H Dieltjens (€868k) and A De Bock (€545k) respectively.

In line with the Remuneration policy, vesting will occur on a straight-line basis from threshold to maximum, and a holding period of two years will apply post vesting, subject to a two-year hold maximum post-termination.

2021 LTIP vesting (audited)

The Company's 2021 Plan concluded in 2023. The majority of the plan was subject to the achievement of Adjusted Cumulative Free Cash Flow targets with the remainder subject to relative TSR and ESG targets. Unfortunately, due to the general market dynamics related to post-COVID-19 supplier shortages, and automotive industry production volumes during the performance period, Management were not able to generate the €500 million threshold of free cash flow in the three-year period and the Company's TSR results were also not achieved leading to zero vesting for these measures. As a result of various initiatives throughout the period, Management was able to achieve the maximum performance level in improving their ISS Environmental and Social score.

As a result, 20% of the award to the Executive Directors and other members of the senior management team vested. The Committee considered that this level of vesting was appropriate.

The table below outlines the vesting outcomes of the Company's 2021 LTIP:

Measure	Weight	Threshold	Maximum	Achievement
Basic LTIP				
Adjusted Cumulative Free Cash Flow	60%	€500m Vests 20% of maximum	€620m Vests 100% of maximum	Below €500m No vesting
Relative TSR Rank vs FTSE 250	20%	50th percentile Vests 25% of maximum	75th percentile Vests 100% of maximum	Below 50th percentile No Vesting
Improvement in average of ISS environmental and social quality scores	20%	10% Vests 25% of maximum	20% Vests 100% of maximum	43% Vests 100% of maximum
Outperformance Plan[1]				
Adjusted Cumulative Free Cash Flow	100%	n/a	€675m	Below €500m No vesting
Total Achievement of Maximum				20% of maximum

Final overall performance is measured using the management performance exchange rates of the plan year in which the targets were set.

(1) Not applicable to the current Executive Directors.

Payments to past Directors (audited)

During the year, the Company has not made any payments to past Directors that have not been previously disclosed in prior Annual Reports.

Payments for loss of office (audited)

During the year, the Company has not made any payments to any Directors for loss of office.

Statement of Directors' shareholdings and share interests (audited)

Interests of the Executive and Non-Executive Directors in the share capital of the Company as of 31 December 2023 are shown in the table below:

	Current shareholding[1]	Beneficially owned	Deferred shares not subject to performance conditions	LTIP interests subject to performance conditions	Options vested but not exercised	Options unvested	Shareholding requirements as a % of base salary	Shareholding requirement met?[2]
Executive Directors								
Hans Dieltjens	1,491,830	1,327,574	164,256	3,632,576	–	–	500%	No
Alexander De Bock	–	–	–	1,054,318	–	–	400%	No
Ron Hundzinski	659,318	613,782	45,536	691,750	–	–	400%	No
Non-Executive Directors								
Tim Cobbold	–	–	–	–	–	–	N/A	N/A
Julie Baddeley	–	–	–	–	–	–	N/A	N/A
Susan Levine[3]	–	–	–	–	–	–	N/A	N/A
Jane Lodge	–	–	–	–	–	–	N/A	N/A
Elaine Sarsynski	–	–	–	–	–	–	N/A	N/A
Trudy Schoolenberg	–	–	–	–	–	–	N/A	N/A
John Smith[4]	156,316	156,316	–	–	–	–	N/A	N/A
Stephen Thomas[3]	–	–	–	–	–	–	N/A	N/A

(1) Current shareholding includes deferred bonus shares. No share movement between year-end and the date of publication.

(2) Shareholding requirement measured by multiplying the current shareholding amount on 31 December 2023 by an illustrative share price of £1.33, based on the average share price over the final quarter of the 2023 financial year, then dividing by the annualised base salary on 31 December.

(3) Susan Levine and Stephen Thomas are nominees of the Bain Shareholder, Bain Capital Fund XI, LP and its affiliates, and RGIP, LP and elected by our shareholders. They are not remunerated and receive no payment from the Company with respect to their qualifying services as Non-Executive Directors.

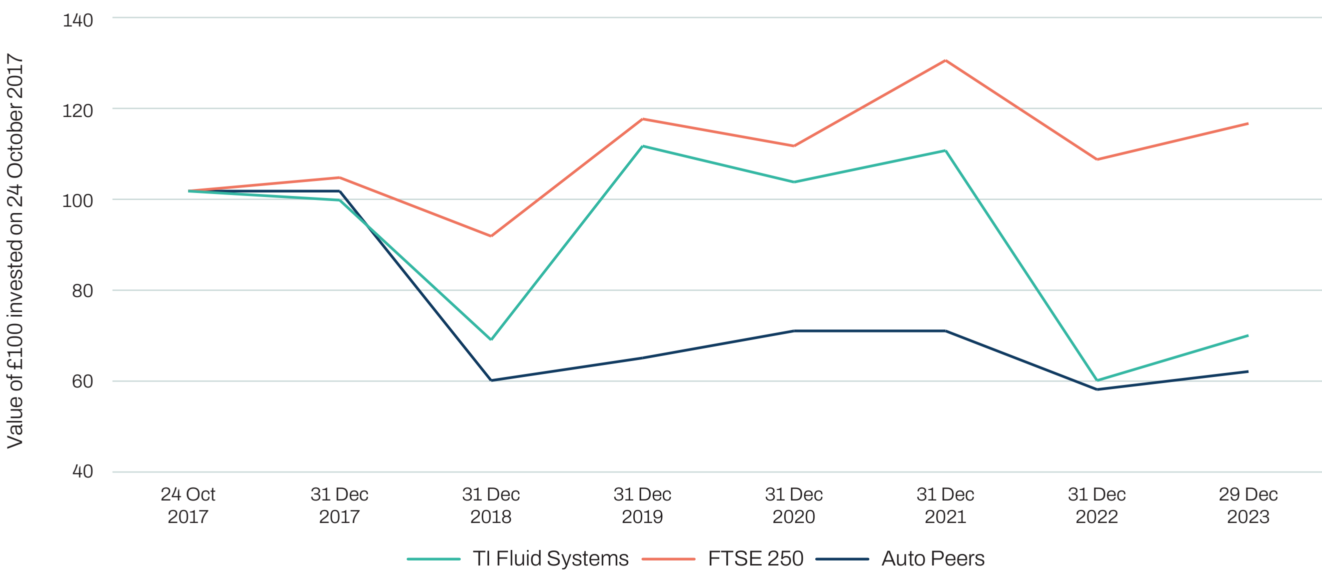
(4) Includes whole shares only; excludes fractional interests in 0.90889 ordinary shares held by a nominee on John Smith's behalf that were acquired under the Company's dividend reinvestment programme.

Total Shareholder Return

The chart below shows the Company's Total Shareholder Return (TSR) relative to the FTSE 250 Index, as well as a set of automotive peers. The FTSE 250 Index was chosen as we are a constituent of the FTSE 250. In addition, we have shown the performance for the following set of automotive peers to provide a relevant sector comparison.

Adient plc	Continental AG	Lear Corporation
American Axle & Manufacturing Holdings, Inc.	Cooper-Standard Holdings Inc.	NORMA Group SE
Autoliv Inc.	Dana Incorporated	Schaeffler AG
BorgWarner Inc.	ElringKlinger AG	Valeo SA
Brembo S.p.A.		

The chart shows the total return to investors since the Company listed on the London Stock Exchange on 24 October 2017.



Historical CEO payouts

The following table sets out details of the CEO's single figure and incentive payouts for the last seven financial years (apportioned for time in office):

Year	CEO	CEO single figure of total remuneration €000	Annual bonus award (% of maximum)	Long-Term Incentive vesting (% of maximum)
2023	**Hans Dieltjens**	**3,434**	**89.3%**	**20.0%**
2022	Hans Dieltjens	2,584	50.0%	80.0%
2021	Hans Dieltjens	452	37.4%	13.4%
2021	William Kozyra	2,334	37.4%	13.4%
2020	William Kozyra	3,571	75.0%	–
2019	William Kozyra	2,963	60.0%	–
2018	William Kozyra	2,897	60.0%	–
2017	William Kozyra	9,122	N/A	N/A

See notes under single figure table.

Mr Kozyra was CEO until 1 October 2021, at which time Hans Dieltjens became CEO.

Pay ratio data

The following table sets out pay ratio data in respect of the CEO's total remuneration compared to the 25th percentile, median and 75th percentile of UK employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option A**	**107:1**	**86:1**	**48:1**
2022	Option A	97:1	78:1	44:1
2021	Option A	95:1	69:1	40:1
2020	Option A	145:1	84:1	54:1
2019	Option A	93:1	77:1	47:1

Employee	2023 single figure remuneration €000	Salary component €000
Chief Executive Officer	3,434	868
UK employee at 25th percentile	32	24
UK employee at median	40	37
UK employee at 75th percentile	72	52

€1 = $1.10 = £0.87

Supporting information for reporting

The Regulations provide flexibility to adopt one of three methods of calculation and we have chosen Option A to calculate the CEO Pay Ratio as it is the most statistically accurate manner to calculate the ratios and the recommended approach. Employees included in the pay ratio calculation were active employees on 31 December 2023. The total pay and benefits of employees identified at the 25th, 50th, and 75th percentiles were used to calculate the pay ratios to be consistent with the calculation of the CEO's remuneration for the purposes of the Single Total Figure of Remuneration (STFR), found on page 109. Total pay and benefits for the UK comparison employees include base salary, bonus, pension benefits, taxable benefits, and any share-based remuneration. Total pay and benefits were annualised to convert to full-time equivalent employee pay and benefits.

Annual report
on remuneration continued

Factors influencing our CEO pay ratio

Our CEO pay ratio data compares the CEO's remuneration to selected UK employees, as required by the regulations. Our UK workforce represents approximately 1% of our total employee population and is largely made up of production-related employees in the manufacturing industry. These employees have different eligibility to variable incentives than our US-based CEO. Taking this into account, the Committee considers that the CEO pay ratios are appropriately aligned with our remuneration principles and are consistent with the relative roles and responsibilities. A significant proportion of the CEO's remuneration is delivered in variable pay, in line with our remuneration structure supporting our high-performance culture with an appropriate reward for superior performance. As a result, the pay ratios are likely to fluctuate in line with performance, depending on the outcome of incentive plans each year.

Year-on-year comparisons reflect the increase in performance-related pay outcomes in 2023 compared to 2022, which form a larger portion of CEO pay. In prior years, any differences in year-on-year pay ratio were again due to differences in performance-related pay.

Whilst the Company complies with all UK remuneration structure standards, we believe it is difficult to deduce relevant comparative information from this pay ratio calculation, as we compare a US-based CEO against UK-based employees as required by the Companies Act 2006.

Percentage change in the remuneration of the Directors compared with employees

2022 to 2023	Avg. Employee[1]	Hans Dieltjens[2]	Alexander De Bock[2]	Ron Hundzinski[3]	Tim Cobbold	Trudy Schoolenberg	John Smith	Elaine Sarsynski	Julie Baddeley	Jane Lodge	Stephen Thomas[4]	Susan Levine[4]
Salary/Fees[5]	11.5%	–	N/A	N/A	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	–	–
Bonus[6]	78.6%	78.6%	N/A	N/A	–	–	–	–	–	–	–	–
Benefits[7]	–	–	N/A	N/A	–	–	–	–	–	–	–	–

2021 to 2022	Avg. Employee[1]	Hans Dieltjens[2]	Alexander De Bock[2]	Ron Hundzinski[3]	Tim Cobbold	Trudy Schoolenberg	John Smith	Elaine Sarsynski	Julie Baddeley	Jane Lodge	Stephen Thomas[4]	Susan Levine[4]
Salary/Fees[5]	9.3%	–	N/A	3.0%	3.0%	N/A	3.0%	3.0%	3.0%	N/A	–	–
Bonus[6]	33.7%	33.7%	N/A	33.7%	–	N/A	–	–	–	N/A	–	–
Benefits[7]	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–

2020 to 2021	Avg. Employee[1]	Hans Dieltjens[2]	Alexander De Bock[2]	Ron Hundzinski[3]	Tim Cobbold	Trudy Schoolenberg	John Smith	Elaine Sarsynski	Julie Baddeley	Jane Lodge	Stephen Thomas[4]	Susan Levine[4]
Salary/Fees[5]	4.0%	N/A	N/A	5.0%	–	N/A	–	–	N/A	N/A	–	–
Bonus[6]	(62.6)%	N/A	N/A	(57.3)%	–	N/A	–	–	N/A	N/A	–	–
Benefits[7]	–	N/A	N/A	–	–	N/A	–	–	N/A	N/A	–	–

2019 to 2020	Avg. Employee[1]	Hans Dieltjens[2]	Alexander De Bock[2]	Ron Hundzinski[3]	Tim Cobbold	Trudy Schoolenberg	John Smith	Elaine Sarsynski	Julie Baddeley	Jane Lodge	Stephen Thomas[4]	Susan Levine[4]
Salary/Fees[5]	5.2%	N/A	N/A	N/A	(4.2)%	N/A	(4.2)%	(4.2)%	N/A	N/A	–	–
Bonus[6]	66.7%	N/A	N/A	N/A	–	N/A	–	–	N/A	N/A	–	–
Benefits[7]	–	N/A	N/A	N/A	–	N/A	–	–	N/A	N/A	–	–

(1) Theoretical assumptions for 'average employee' were made as there are no employees of the PLC entity for comparison purposes.

(2) As announced on 21 September 2021, Hans Dieltjens was appointed the Group's new CEO effective 1 October 2021. In 2021, Mr Dieltjens had volunteered that his salary would be discounted 11.0% relative to his full salary. In 2022, he had volunteered that his salary would be discounted 5.7% relative to his full salary. The discounting of salary previous volunteered by Mr Dieltjens will end in 2023 and be returned to his full salary level. No inflationary increases were provided during these periods. Additional details can be found in the Base salary section on page 110.

(3) As announced on 2 November 2022, and again on 6 April 2023, Alexander De Bock was appointed the Group's new CFO, effective 6 April 2023 replacing Ron Hundzinski.

(4) Stephen Thomas and Susan Levine are nominees of the Bain Shareholder, Bain Capital Fund XI, LP and its affiliates, and RGIP, LP and elected by our shareholders. They are not remunerated and receive no payment from the Company with respect to their qualifying services as Non-Executive Directors.

(5) The percentage change calculation is based on the year over year change in annualised salary/fees.

(6) Annual bonus comparator group is all ABP eligible employees. The percentage change in the average employee's bonus and that of the Executive Directors has been calculated based on the change in the payout as a percentage of maximum for each year. Note that the figure for 2019 to 2020 was calculated using an alternative approach and has been updated for consistency.

(7) There were no material changes to the benefit programmes provided to the average employee, or that of the Executive Directors. Note that the figures presented in prior reports were calculated using an alternative approach and have been updated for consistency.

As there are no employees in the TI Fluid Systems plc parent entity to be used as the 'average employee' for comparison, our voluntary disclosure is based on the following assumptions. Base salary comparator group is all employees globally. Annual bonus comparator group is all ABP eligible employees. The percentage change in annual bonus is based on the best available estimates at the time of publication. During 2023, the Company engaged with employees through all employee meetings, during which employees were able to comment and provide feedback on our approach to pay practices. Furthermore, at local levels, ongoing discussions are held with representatives of employees (i.e. Works Councils and Unions) on a variety of matters, including pay.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2023 and 2022 financial periods. All figures provided are taken from the relevant Company's accounts.

	Disbursements from profits in financial year €m		
	2023	2022	% change from the prior year
Profit distribution by way of dividend	19.8	12.6	57.1%
Overall spend on pay including Executive Directors	850.4	801.6	6.1%

Implementation of remuneration policy for Executive Directors in 2024

The following section summarises how remuneration arrangements will be operated from 1 January 2024 onwards.

Base salary

As outlined earlier in this report, the Company has elected to delay discretionary base pay increases to Executive Directors and the wider workforce considering the uncertainty of the economic environment. Until then the Executive Directors' salaries will be unchanged at €868k for Hans Dieltjens and €545k for Alexander De Bock. The current intention is that any increases for Executive Directors would be aligned with the range of increases to be awarded to the US workforce.

The table below sets out the annualised base salary of the Chief Executive Officer and Chief Financial Officer in 2024 and the comparison with the annual salary received in 2023.

Executive Director	2024 €000	2023 €000	Increase in base salary
Hans Dieltjens	TBD	€868	TBD
Alexander De Bock	TBD	€545	TBD

€1 = $1.10

Benefits and pension

No significant changes in benefit and pension schemes. Please refer to the Remuneration policy for details.

Annual bonus plan (ABP)

The maximum opportunity for the year ending 31 December 2024 for the CEO and new CFO will be 300% and 275% of salary, respectively.

Consistent with the Remuneration policy, if the Executive Director has not achieved the shareholding guideline, any awards under the ABP will consist of a cash payment of up to 100% of base salary with the remainder of the bonus (if any) deferred into an award of shares to be held for two years, which will also be subject to malus and clawback provisions as detailed in the policy.

As part of their annual review the Committee has reviewed the ABP framework to ensure that it continues to appropriately align management to creating long-term shareholder value through the achievement of short-term goals. Following this review, and taking into account current market sentiment and shareholder feedback received during the consultation process, the Committee is making two changes to the ABP performance measures, electing to use the following overall framework for the 2024 ABP:

- To reflect shareholder sentiment, the financial measure weighting has been increased to 65% for 2024. Of the opportunity, 40% will be measured by Adjusted EBIT margin and 25% measure by Adjusted Free Cash Flow
- Achieving new business wins in BEV/PHEV continues to be fundamental to the Company's future success and, therefore, the remaining 35% of the opportunity will continue to be based on the BEV/PHEV bookings for 2024, a decrease from 50% from the prior year recognising market sentiment on slowing BEV/PHEV adoption rate. In addition, the measure will no longer consider China bookings separately
- Specific targets will not be disclosed because the Remuneration Committee considers forward-looking targets to be commercially sensitive. However, the Committee intends to disclose these retrospectively in next year's Remuneration report to the extent that they do not remain commercially sensitive

Annual report on remuneration continued

Long-Term Incentive Plan (LTIP)

LTIP awards for 2024 will be made at 300% and 275% of salary for Hans Dieltjens and Alexander De Bock respectively. The Committee is mindful of shareholder guidance around 'windfall gains' and has full discretion to ensure that the level of any vesting outcome is appropriate based on the overall performance of the Group and the shareholder experience.

The LTIP continues to be a critical tool for incentivising the Company's senior leaders to create value for shareholders by delivering our long-term strategy. For 2024, the Committee has reintroduced a cumulative adjusted EPS measure in place of the previous relative TSR measure. EPS is one of the Company's KPIs and its introduction will incentivise management to deliver profit growth over the longer term as well as providing better line of sight and control for management compared to a relative TSR measure. In making the decision to replace the TSR measure the Committee was also mindful that participants are already strongly aligned with the Company's share price through their shareholding guidelines, bonus deferral and share denominated LTIP awards. The Committee has also simplified the LTIP framework for 2024 by removing the second sustainability metric and focusing management on improving our CO_2(e) emissions.

For the 2024 LTIP awards, the Committee has elected to apply the following framework:

- 50% will be based on Adjusted Return on Capital Employed (ROCE) again in 2024. This measure was selected as management of returns on capital, through the industry transition to electric vehicles, which is seen as critical to a successful deployment of the strategy. It complements the proportion of the annual bonus aligned to BEV/PHEV bookings by rewarding an ongoing, long-term attention to margin through the transition and beyond

ROCE shall be calculated by averaging, over the performance period, Income divided by Investments for each year of the performance period, where Income is defined as adjusted Earnings Before Interest and Taxes and Investment is defined as invested capital adjusted down for purchase price allocation (PPA). Investment does not include borrowings and debt like items net of cash, derivatives, tax assets/liabilities. The Committee will determine, to what extent, any acquisitions not contemplated when setting the target should be included in the calculation.

A change compared to the prior two LTIP designs, is that the ROCE measure for 2024 will be calculated without the inclusion of Goodwill as, the value of Goodwill on the Company's balance sheet is related Bain's acquisition of the Company in 2015, and is not a controllable element for management.

- 25% will be based on cumulative adjusted Earnings per Share (EPS). As discussed above, for 2024 the Committee has reintroduced an EPS measure in place of the previous relative TSR measure
- The remaining 25% will be based on CO_2(e) emissions which were set against our 2021 baseline and aligned with the 1.5°C global warming climate ambition. The Committee has also simplified the LTIP framework for 2024 by removing the second sustainability metric and focussing management on improving our Scope 1 & 2 CO_2(e) emissions

The following table sets out the performance measures applicable to the 2024 awards:

Measure	Weight	Threshold vests at 25% of maximum	Maximum vests at 100%
Adj. Return on Capital Employed	50%	22%	29%
Cumulative adjusted earnings per share	25%	€0.70	€1.20
Sustainability: CO_2 emission improvement[1]	25%	636,509	602,098
Total	100%		

(1) Targets set against 2021 emissions baseline and in line with the 1.5°C global warming climate ambition.

The Remuneration Committee reviews LTIP metrics and targets each year to ensure that they align with the Group's strategic objectives and are appropriately stretching. All measures are assessed over a three-year performance period (2024 to 2026).

Implementation of Non-Executive Director Remuneration policy in 2024

Chairman and Non-Executive Director fees

The Company operates an all-inclusive Non-Executive Director fee, which includes any additional fees for responsibilities on committees. Taking into account the delay of discretionary base pay increases for the workforce, increases to Non-Executive Directors fees for 2024 will also be deferred until wider workforce base pay increases are implemented in the UK. The following table outlines the current Non-Executive fees, with the expectation that Directors will participate in various Committees.

Role	2024 £000	2023 £000
Chair	TBD	£348
Senior Independent Director (SID)	TBD	£132
Non-Executive Director (NED)	TBD	£106

€1 = £0.87

Remuneration Committee

Membership: The Remuneration Committee consists of three Non-Executive Directors: John Smith, Julie Baddeley, and Jane Lodge. There were five formal meetings of the Committee during the year.

The Board considers each Committee member to be independent in accordance with the UK Corporate Governance Code. The Chair of the Board, Chief Executive and/or other persons may also attend meetings of the Committee by invitation but will not be present when matters relating to their own remuneration are discussed.

Role of the Remuneration Committee

The Remuneration Committee's responsibilities are set out in its Terms of Reference, which are available to shareholders on request and on the Company's website. Its role includes:

- setting the Remuneration policy for all Executive Directors of the Company, the Chair of the Board and senior management
- within the terms of the Remuneration policy and in consultation with the Chair of the Board and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each Executive Director and the Chair including bonuses, incentive payments, and share options or other share awards
- approve the design of, and determine targets for, the ABP and LTIP and approve total annual payments made under such schemes
- ensure that contractual terms on termination, and any payments made, are fair to the individual and Company, that failure is not rewarded, and that the duty to mitigate loss is fully recognised

In carrying out its duties, the Remuneration Committee considers any legal and regulatory requirements, including the UK Corporate Governance Code and the UK Listing Rules. Determining the fees of the Non-Executive Directors is a matter for the Executive Directors and the Chair.

Advisers to the Committee

The Committee receives advice and guidance on Executive Directors' remuneration from the Chief Human Resources & Communications Officer and the Company Secretary in respect of the UK Corporate Governance Code and share schemes.

The Company Secretary acts as Secretary to the Committee and ensures that the Remuneration Committee fulfils its duties under its Terms of Reference and provides regular updates to the Remuneration Committee on relevant regulatory developments in the UK.

Deloitte LLP has been appointed by the Committee as the independent advisers since 2018, following a competitive tender process. Deloitte is a founding member of the Remuneration Consultants Group and operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is more than satisfied that the advice received from Deloitte is objective and independent.

Total fees for the year in relation to executive remuneration consulting were £69,482, based on time and materials. In the year, Deloitte also provided advice in relation to share schemes and employment taxes.

Statement of shareholder voting

The voting outcomes in respect of the Directors' Remuneration report at the 2023 AGM and the Directors' Remuneration policy at the 2021 AGM were as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors Remuneration report (2023 AGM)	382,322,016	87.49	54,669,245	12.51	474,442,130	37,450,869
Directors Remuneration policy (2021 AGM)	368,648,750	75.34	120,632,574	24.66	489,281,324	1,625

Approval

This report was approved by the Board of Directors, on the recommendation of the Remuneration Committee, on 4 March 2024 and signed on its behalf by:

John Smith
Chair of the Remuneration Committee

11 March 2024

ESG
Committee report

> As the Chair of the ESG Committee, I am happy to present the Committee's 2023 report. The Committee continues to support the management team's strategy and engagement on ESG. I would like to thank the members of the Committee and management team for their commitment, and I look forward to working with the team in 2024."

Elaine Sarsynski
ESG Committee Chair

Committee membership

	Meetings attended
Elaine Sarsynski (Chair)	6/6
Susan Levine	6/6
Julie Baddeley	6/6
Hans Dieltjens	6/6
Alexander De Bock	4/4
Meetings held during the year	6

2023 highlights

- Supported the Group's TCFD reporting initiative and initial analysis of the procurement of a VPPA for the Group's operations located in European Association of Issuing Bodies (AIB) countries
- Further developed the Group's diversity and inclusion programme, including key focus areas and metrics
- Received SBTi-approved science-based CO_2(e) emissions reduction targets consistent with the 1.5°C scenario
- Progressed data collection for water and waste and new enhanced waste targets established for landfill avoidance and recycling

Focus for 2024

- Implementation of the Group's renewable electricity plan and energy efficiency initiatives
- Refine measurement of Scope 3 emissions
- Evaluate potential net zero pathway for the Group
- Monitor progress on the Group's CO_2(e) emissions reduction targets
- Support further development of the Group's supplier sustainability policy and engagement process to support Scope 3 reduction

Dear shareholder,

I am pleased to present the ESG Committee report for the year ended 31 December 2023.

The Committee supports the Board to fulfil its oversight responsibilities with respect to sustainability matters. The Committee's Terms of Reference are available on our website and the Terms of Reference were revised in 2023.

We recognise that the Group, as a leader in the automotive industry, has an obligation to operate its business in an environmentally responsible and sustainable manner in order to provide long-term success for all stakeholders. As such, the Group's strategy includes sustainability as a core element.

From an environmental standpoint, it is critical to address climate change not only by supporting vehicle electrification with an expanded product portfolio, but also by decarbonising the Group's operations, reducing waste, and conserving water. On behalf of the Group, I am pleased to report in 2023 the Group progressed on all fronts.

The Group gained SBTi approval for its CO_2(e) emissions reduction targets that call for a 50% reduction of Scope 1 & 2 emissions and a 30% reduction of Scope 3 emissions, in each case, by 2030 on an absolute basis from a 2021 baseline. During 2023, the Group implemented elements of its 2022 renewable electricity plan. These elements revolved around energy efficiency programmes to support achievement of the plan's targets and the procurement of renewable electricity. I am proud to report that the Group has already decreased its CO_2 emissions by 15% compared to the baseline.

The Group was actively engaged in evaluating a Pan European Virtual Power Purchase Agreement (VPPA) for the EU-based manufacturing and office locations. In 2023, we evaluated a large number of photovoltaic and wind projects offered from more than 25 developers. In 2024, the final evaluation will occur on whether one of these VPPA projects is the right fit for the organisation.

I am happy to report that the Group received a B grade for Climate Change and a C score for Water Security from CDP. These scores recognise the Group's progress, and ability to maintain our ratings for two consecutive years. CDP is the Group's reporting mechanism for SBTi targets and remains an important transparent disclosure to which we are committed to report. On the social side, the Group has taken a number of steps to support safety, diversity and inclusivity.

The teams have implemented enhanced safety processes to protect our workforce, including expanding our ISO 45001 safety management framework to cover 96 plants in 2023, with a goal of having every manufacturing location included by the end of 2024. The Group has hired additional EHS personnel in every region to assist with the training and implementation of safety programmes. We supported the Global Safety Week campaign to bring awareness to slip, trip and fall accidents in the workplace and at home.

To further support our employees, we have continued diversity and inclusivity training and assessments for the entire senior management team. Progress will be tracked by monitoring against gender diversity targets, which are based on local university graduation rates.

In order to connect to our larger communities and prepare the next generation of women to succeed in the automotive industry, the Group has established scholarship programmes in Germany, Poland, Mexico, the US, and China for female students enrolling in universities to study STEM subjects. In 2023, the Group awarded more than 43 scholarships totalling €120,000. These scholarship recipients are also introduced to local TI facilities for potential internships and other extracurricular learning opportunities. Within the business, a Women's Mentorship programme has been established to support and guide women on strategies for success.

Environmental targets continue to be included as a performance element of our Long-Term Incentive Plan for Executive Directors and senior management. The alignment of remuneration with our purpose and strategy ensures that the Group will continue to focus on Taking-the-Turn to develop and manufacture products to support vehicle electrification in the most sustainable way.

The Committee is pleased with the Company's work this year to build a more sustainable business. We will continue to review measures and targets to gauge progress and ensure accountability at all levels of the organisation.

I look forward to updating you on the Group's continuing sustainability journey.

Elaine Sarsynski
ESG Committee Chair

11 March 2024

Directors' report

"The Directors present their Annual Report and the audited financial statements for the Group for the year ended 31 December 2023."

Janis Acosta
Company Secretary

The Directors present their Annual Report and the audited financial statements for the Group for the year ended 31 December 2023. The Directors' report comprises pages 120–122 and the below sections of the Annual Report, incorporated by reference, which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

	Pages
Future developments of our business and the Group (Our strategy)	20–21
Section 172(1) statement	36–39
Non-financial and sustainability information statement	68–69
Corporate Governance report	80–85
Board membership	76–78
Directors' long-term incentives	100
Issued share capital	177
Dividends	164
Diversity and involvement	122
Information to the independent auditor	126–133
Subsidiaries	201–203

General information

The Company is incorporated and domiciled in the United Kingdom and was registered in England and Wales on 22 January 2015 as a limited company under the name Omega Holdco II Limited and with registered number 09402231. On 27 September 2016, the Company changed its name to TI Fluid Systems Limited and, on 18 October 2017, the Company was re-registered as a public company limited by shares with the name TI Fluid Systems plc. The Company is premium listed on the London Stock Exchange (TIFS). The Company's registered address is 4650 Kingsgate, Oxford Business Park South, Cascade Way, Oxford OX4 2SU.

Subsidiaries

The Company's subsidiary undertakings, including its operating and non-operating subsidiaries, are listed on pages 203–205.

Articles of Association

The Company's Articles of Association (the Articles) are available by request to the Company Secretary at the registered address. Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the Company's shareholders.

Issued share capital

Following settlement and cancellation of all purchased ordinary shares as part of the Company's share buyback programme, as at 31 December 2023, the issued capital of the Company comprised 516,814,055 ordinary shares of £0.01 each.

All of the issued ordinary shares carry voting rights of one vote per share. As at 31 December 2023, there were no ordinary shares held in treasury and no restrictions on transfer of issued shares, apart from vested shares awarded to the Executive Directors, which have a two-year holding period. No shares hold special rights regarding the control of the Company. Additional detail on the issued share capital can be found in Note 24 on page 177.

Voting

Subject to any special terms as to voting upon, which any shares may be issued, or may, for the time being, be held, and to any other provisions of the Articles, on a show of hands, every member who is present in person or by proxy or represented by a corporate representative at a general meeting of the Company, has one vote. On a poll, every member who is present in person or by proxy or represented by a corporate representative has one vote for every share of which they are the holder. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register in respect of the joint holding.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 135. Two dividends were paid in 2023 totalling 3.84 Euro cents per share. The Group paid a dividend of 1.54 Euro cents per share, amounting to €8.0 million on 23 June 2023, based on the overall strength of the Group's financial position and prospects at that time. The 2023 interim dividend of 2.30 Euro cents per ordinary share (1.96 pence per ordinary share), was paid on 15 September 2023 amounting to €11.8 million.

Employee Benefit Trust

Equiniti Trust (Jersey) Limited, as Trustee of the TI Fluid Systems Employee Benefit Trust holds 3,719,994 being 0.72% of the issued share capital of the Company at 31 December 2023 on trust for the benefit of the employees of the Company. The voting rights in relation to these shares are exercised by the Trustee and the Trustee is obliged to waive all dividends on the shares unless requested to do otherwise by the Company in writing.

Directors and Directors' interests

The Directors who served the Company during 2023, and at the date of this report, are listed on pages 76–78, which include brief biographical details. Their remuneration and interests in the share capital of the Company are set out in the Report on Directors' Remuneration on pages 108–117.

The Company has adopted best practice guidelines and the UK Corporate Governance Code. Executive, and Non-Executive Directors, apart from Susan Levine, will offer themselves for re-election at the 2024 Annual General Meeting. The rules for re-election of Directors are contained in the Company's Articles. They include that the number of Directors must not be less than two, or more than 15, in number and the Board may appoint any person to be a Director. Any Director so appointed by the Board shall hold office only until the next general meeting and shall then be eligible for election.

Substantial shareholdings

At 31 December 2023, the following interests in 3% or more of the Company's ordinary share capital had been notified to the Company:

Shareholder	Number of shares	Percentage held (%)
BC Omega Holdco Ltd	191,064,632	36.97
Liontrust Special Situations Fund	44,277,535	8.57
EQMC Europe Development Capital Fund	21,926,178	4.24
Aberforth Smaller Companies Trust plc	19,394,686	3.75

At 6 March 2024, the following interests in 3% or more of the Company's ordinary share capital had been notified to the Company based on the latest practical ordinary share capital of the Company:

Shareholder	Number of shares	Percentage held (%)
BC Omega Holdco Ltd	**191,064,632**	37.14
Liontrust Special Situations Fund	**43,023,759**	8.36
EQMC Europe Development Capital Fund	**20,219,225**	3.93
Aberforth Smaller Companies Trust plc	**19,394,686**	3.77

Change of control

The Company has in place a number of agreements with advisers, financial institutions and customers, which contain certain termination rights, which would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and that their disclosure would be seriously prejudicial to the Company; accordingly, they do not intend to disclose specific details of these. In addition, all of the Company's share schemes contain provisions which, in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a change in control.

Directors' indemnity

The Company's Articles provide, subject to the provisions of UK legislation, that the Company may indemnify Directors in respect of liabilities incurred in the discharge of their duties. During 2023, the Company entered into Deeds of Indemnity with each Director documenting the terms of this indemnification.

Directors' and officers' liability insurance is in place in respect of all the Company's Directors.

Directors' power

As set out in the Articles, the business of the Company is managed by the Board who may exercise all powers of the Company. The Directors were granted authority at the 2023 Annual General Meeting to allot relevant securities up to a nominal amount of £1,734,230. At this year's Annual General Meeting, shareholders will be asked to grant an authority to allot relevant securities up to a nominal amount equal to one third of the Company's issued ordinary share capital at 21 March 2024, such authority to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 14 August 2025).

Special resolutions will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash up to a nominal amount equal to 10% of the Company's issued ordinary share capital at 21 March 2024 and, in connection with any such non-pre-emptive issue, to issue a further 2% of the Company's issued share capital at 21 March 2024 for the purposes of a follow-on offer, provided that the Directors determine that such follow-on offer is of a kind contemplated by the Pre-Emption Group's Statement of Principles (the 'Pre-emption Principles'). This authorisation will expire on the earlier of the conclusion of the Annual General Meeting of the Company for 2025 (or, if earlier, at the close of business on 14 August 2025). This disapplication authority is in line with institutional shareholder guidance, and, in particular, with the Pre-emption Principles. The Pre-emption Principles were revised in November 2022 to allow the authority for an issue of shares otherwise than in connection with a pre-emptive offer to be increased from 10% to 20% of the Company's issued ordinary share capital, provided that the Company confirms that it intends to use the additional 10% authority only in connection with an acquisition or specified capital investment. In addition, the Pre-emption Principles allow for a further 2% of the Company's issued share capital at 21 March for the purposes of a follow-on offer, provided the Directors determine that such follow-on offer is of a kind contemplated by the Pre-emption Principles. The Directors have no present intention of exercising any such authority.

The Company was also authorised at the Annual General Meeting held in 2023 to make market purchases of up to 52,026,914 ordinary shares being 10% of the Company's issued ordinary share capital at 5 April 2023 and sets the minimum and maximum prices that may be paid. This authorisation will expire on the earlier of the conclusion of the Annual General Meeting of the Company for 2024 (or, if earlier, at the close of business on 16 August 2024).

Our people

The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, ethnicity, religion, sexual orientation or disability not related to job performance. Every consideration is given to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

The Group places considerable value on the involvement of its employees and encourages the development of employee involvement in each of its operating companies through formal and informal meetings. It is the Group's policy to ensure that all employees are made aware of significant matters affecting the performance of the Group through the operation of employee forums, information bulletins, informal meetings, team briefings, internal newsletters and the Group's website and intranet.

Diversity

Details of diversity can be found in the Nomination Committee report on pages 86–87 in terms of the Board and Executive Committee team balance and their independence. Employee diversity information details are in the Sustainability section on pages 40–41.

Suppliers, customers and others

As set out in the Large Company Regulations, Schedule 7, Part 4, paragraph 11B, the Directors confirm that they have regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. Details can be found as to how the Board fulfils this duty in the Section 172(1) Statement on pages 36–39 and throughout the Strategic report located on pages 08–69.

Research and development

The Company's primary activities in the field of research and development are engineering, prototyping, validation and testing activities related to products and product enhancements, with emphasis on EV applications. Details of the activities can be found in Note 1.6 on pages 141-142 and expenditure in Note 6.2 on page 156 in the Group financial statements.

Key performance indicators

Details of the Group's key performance indicators can be found on pages 30–31.

Principal risks and uncertainties

Details of the principal risks and uncertainties faced by the Group can be found in the Strategic report on pages 42–55.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments are set out in Note 1.10 on pages 143–144 and Note 4 on pages 154–155 of the Group financial statements. Details of how we use hedging to manage foreign currency and interest rate risks can be found in Note 4 on pages 154–155 of the Group financial statements.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held on 14 May 2024 will be provided to shareholders with this Annual Report and Accounts and will also be available on our website.

Corporate Governance

The Company's statement on Corporate Governance can be found in the Corporate Governance report on pages 72–119. The Corporate Governance report forms part of this Directors' report and is incorporated into it by cross reference.

Disclosure statements

In line with the Corporate Governance Code 2018, the disclosure statements have been prepared and confirmed on page 74.

- Section 172(1) statement summarising the key areas of disclosure in this Annual Report required by the Non Financial Directive can be found on pages 36–39. The Board of Directors of TI Fluid Systems plc consider, both individually and together, that they have acted in the way they judge to be in good faith and would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Board decision-making process takes into regard the stakeholders and matters set out in Section 172(1) (a–f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. Non-financial and sustainability information statement can be found on pages 68–69
- Greenhouse gas emissions disclosure can be found in the Sustainability section on page 41
- Task Force on Climate-related Financial Disclosures (TCFD) can be found on pages 56–65

Financial and business reporting

When reporting externally, the Board aims to present a fair, balanced and understandable assessment of the Group's position and prospects. During the year, the Board, or Committees of the Board, have been satisfied that appropriate procedures are in place to enable it to state that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. A statement of this responsibility, together with additional responsibilities of the Directors in respect of the preparation of the Annual Report, is set out on page 123.

Going concern and viability statement disclosure

We agree with the basis of the assessments and the disclosures included on pages 66–67.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness under section 489 of the Companies Act 2006 to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- in so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps necessary to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Janis Acosta
Company Secretary

11 March 2024

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent Company financial statements, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the information included on the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section of this report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- the parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent Company
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces

This responsibility statement was approved by the Board of Directors on 11 March 2024 and is signed on its behalf:

By order of the Board

Hans Dieltjens
Chief Executive Officer and President

Alexander De Bock
Chief Financial Officer

11 March 2024

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
Carrying value of goodwill, tangible, right of use and intangible assets (Group) 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. All Cash Generating Units (CGUs) containing goodwill must be tested for impairment annually and also when there are indicators of impairment. 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. 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. 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. 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. 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.	We evaluated management's impairment assessment and focused our audit on challenging key judgements and estimates. Procedures we performed included: • 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. 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.

Key audit matter	How our audit addressed the 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.	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

Continuing operations	Note	2023 Before and after exceptional items €m	2022 Before exceptional items €m	2022 Exceptional items (Note 9) €m	2022 After exceptional items €m
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			
Items that will not be reclassified to profit or loss			
– 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
Items that may be subsequently reclassified to profit or loss			
– 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.

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.

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. 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	2023 Average	31 December 2023 Year-end	2022 Average	31 December 2022 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.

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.

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.

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.

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.

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:

2023	FCS €m	FTDS €m	Total €m
Revenue	922.9	698.6	1,621.5

2022	FCS €m	FTDS €m	Total €m
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

31 December 2023	FCS €m	FTDS €m	Total €m
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

31 December 2022	FCS €m	FTDS €m	Total €m
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

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.

Adjusted EBITDA	Note	2023 €m	2022 €m
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

Adjusted Net Income	Note	2023 €m	Restated 2022 €m
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

Adjusted Free Cash Flow	Note	2023 €m	2022 €m
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.

Return on Capital Employed	Note	2023 €m	2022 €m
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%

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.

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.

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, CO_2 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.

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'.

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.

	Assets						Liabilities					
Gross deferred tax assets and	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	Total €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.

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.

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)

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 2022	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.

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**

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.

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		Pre-tax	
	FCS	FTDS	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.

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.

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.

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.

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 New leases €m	Fees expensed €m	Currency translation €m	Remeasurement and disposals €m	At 31 December 2023 €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	Non-cash changes 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:

Financial assets	Note	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
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

Financial liabilities	Note	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
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:

Financial assets	Note	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
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

Financial liabilities	Note	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
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'.

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

Net liability	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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)

Net liability	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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).

30. Retirement benefit obligations continued

b. Income Statement

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

Net (expense)/income	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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).

Net (expense)/income	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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:

(Expense)/income	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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

(Expense)/income	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
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)

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 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)

30. Retirement benefit obligations continued

a. US pensions

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Total €m
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)

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Total €m
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

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
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)	–

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Accounting surplus €m	Asset ceiling €m	Total €m
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

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Total other post-employment liabilities €m	US healthcare €m	Total €m
At 1 January 2023	(79.7)	31.1	(48.6)	(28.0)	(76.6)
Current service cost	(8.0)	–	(8.0)	–	(8.0)
Curtailment 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)

Movements in net defined benefit obligations	Present value of obligation €m	Fair value of plan assets €m	Total other post-employment liabilities €m	US healthcare €m	Total €m
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:

US Pensions	2023	2022
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

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:

		2023		2022	
Decrease/(increase) in DBO	Change in assumption	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.

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.

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.

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

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-Negron, 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, Györ, 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 Cisliano Srl	Italy	100%	100%	Via Abbiategrasso, 20080 Cisliano (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.zo.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 Lidkoping, 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, Tamu 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 PanThong, Chonburi, Thailand, 20160
TI Automotive ROH (Thailand) Ltd	Thailand	**100%**	100%	700/652 Moo 1, Amata Nakorn Industrial Estate, Tambon PanThong, Amphur PanThong, 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.

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

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 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

			Unaudited		
	2023 €m	2022 €m	2021 €m	2020 €m	2019 €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)
Exceptional items	**–**	(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)
Exceptional items	**–**	(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)
Exceptional items	**–**	–	(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)
Exceptional items	**–**	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.

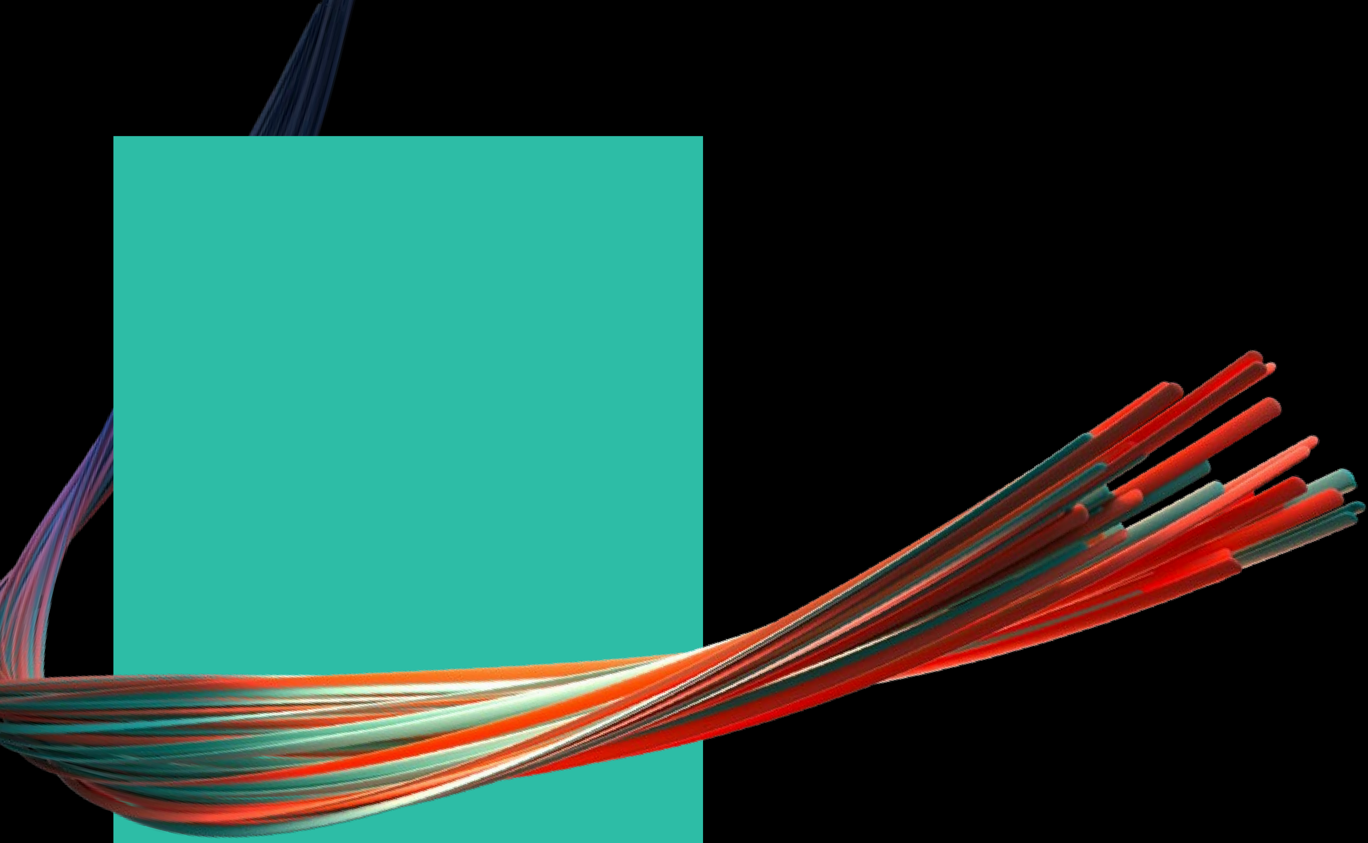
The material in this report has been carbon balanced.

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.

Planting trees to catch carbon • Planting trees to catch carbon
22039900788
Printed on Carbon Captured paper

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

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