

Summit Motors Slovakia, spol. s r.o.

Independent Auditors' Report
issued on the Consolidated Annual
Report and Consolidated Financial
Statements as at 31 March 2023

Content

Consolidated Annual Report

Consolidated Financial Statements including Independent Auditors' Report

SUMMIT MOTORS SLOVAKIA, spol. s r.o.
CONSOLIDATED ANNUAL REPORT
4/2022 - 3/2023

Basic information about the company, business characteristics and relationships with external entities

Business name: Summit Motors Slovakia, spol. s r.o.

Address: Tuhovská 9
831 07 Bratislava

Identification no.: 35 837 331

Date of incorporation: 15.05.2002

Date of establishment: 30.05.2002

Legal form: Limited liability company

Core business:

- Purchase of goods for the purpose of its sale to the final customer (retail) in the scope of free trade licence
- Purchase of goods for sale to other companies (wholesale) in the scope of free trade licence
- Intermediation activity in the field of trade, production and services in the scope of free trade licence
- Motor vehicle rental

Statutory representatives: Executives:

Hideto Asada
Yuki Ura

The Executive of the company is its statutory representative; represents the company and acts on its behalf externally and can authorise individually in all matters.

Share capital: 7.029.345 EUR

Share capital paid: 7.029.345 EUR

Partners:

Sumitomo Corporation
OTEMACHI PLACE EAST TOWER
3-2 Otemachi 2-Chome, Chiyoda-ku
Tokyo 100-8601, Japan

Share participation: 2 811 738 EUR

Share participation paid: 2 811 738 EUR

Sumitomo Corporation Europe Limited
Vintners' Place, Upper Thames Street 68
London EC4V 3BJ
United Kingdom of Great Britain and Northern Ireland

Share participation: 4 217 607 EUR

Share participation paid: 4 217 607 EUR

Information on the consolidated group:

The consolidated financial statements include the financial statements of the company and its subsidiary Summit Motors Bratislava, spol. s r.o., established in November 2004 and with its registered office in Bratislava, Tuhovská 9. The Company and its subsidiary are hereinafter referred to as the Group.

The Group is included in the consolidated financial statements of Sumitomo Corporation Europe Holding Limited (London). The consolidated financial statements can be obtained directly at the registered office of the company.

The group does not have a branch abroad.

Information on business activities:

The company is the exclusive importer of Ford new vehicles and spare parts in the Slovak Republic and has concluded Sales and Service Agreements with 14 dealerships within Slovakia and Service Agreements with 5 partners, which are independent legal entities:

1. Summit Motors Bratislava, spol. s r.o., Bratislava
2. N motor, s.r.o., Nitra
3. AUTO KOIŠ spol. s r.o., Bánovce nad Bebravou
4. AUTO KOIŠ spol. s r.o., Trenčianska Turná,
5. EUROMOTOR, spol. s r.o., Banská Bystrica
6. SZILCAR PARTNERS s.r.o., Košice
7. BUILT, spol. s r.o., Prešov
8. CarComplex, spol. s r.o., Michalovce
9. AUTONOVA, s.r.o., Poprad
10. AUTOPOLIS, s.r.o., Bratislava
11. J.M. MARTIN, spol. s r.o., Martin
12. UNICAR, s. r. o., Liptovský Mikuláš
13. INTRO.CO, s.r.o., Holíč
14. Autocomodex spol. s r.o., Trnava
15. SZILCAR PARTNERS s.r.o., Bratislava (authorised service)
16. EKOAUTO s.r.o., Bardejov (quick lane service)
17. Eurocar s.r.o. Nove Zamky (quick lane service)
18. N7 s.r.o. Senica (quick lane service)
19. MRJ s.r.o., Zvolen (quick lane service)

The company did not have any research and development costs.

During the 12 months ended 31 March 2023, the Company did not acquire its own business shares or the business shares of the parent company.

Information about financing:

The Group has all domestic bank accounts opened with Československá obchodná banka, a.s. Through this bank, it executes all its domestic and foreign payments. In addition, it has 1 bank account opened at Citibank Europe plc, a branch of a foreign bank, which is connected to the Cash Pooling system of Sumitomo Corporation Europe Limited.

Taxes:

The Group is a payer of value added tax, corporate income tax, real estate tax and motor vehicle tax.

Employees:

The average number of employees of the group for the period of 12 months ending on 31 March 2023 was **113**.

Top management	3
Management	9
Employees	101

The average number of employees of the group for the previous year was 99 (out of which 3 managers).

Report on economic results for the period 4/2022 - 3/2023

In 2022, the new car market is gradually recovering from the pandemic crisis (2020-2021), but with the onset of the material supply crisis, especially supply of semiconductors, sales volumes still do not reach pre-crisis numbers. In addition, the Slovak market was affected by the war in Ukraine, the energy crisis and high inflation, which represents the purchasing power of customers. In the calendar year 2022, the market recorded a 1,6% increase of sold vehicles compared to the previous year and the number of sold vehicles was 89T.

The number of registered FORD vehicles in the monitored period amounted to 2 079 registrations (FY2021: 1 827) and the market position of the brand improved from 2,1% year-on-year to 2,33%.

Overview of Ford's share of the Slovak market:

	4/2018- 3/2019	4/2019- 3/2020	4/2020- 3/2021	4/2021- 3/2022	4/2022- 3/2023	Change
Vehicles registered in Slovakia	106 697	104 929	79 418	87 900	89 282	2%
FORD vehicles registered	2 662	1 927	1 201	1 827	2 079	14%
FORD market share	2,49%	1,84%	1,51%	2,08%	2,33%	12%

Consolidated revenues for sales of goods and services in the reported period decreased to **TEUR 75,964** and were in the following structure:

Revenue (TEUR)	4/2018- 3/2019	4/2019- 3/2020	4/2020- 3/2021	4/2021- 3/2022	4/2022- 3/2023	Change
Sale of vehicles	45 344	39 130	31 373	53 876	64 429	20%
Sale of spare parts	5 046	5 898	5 120	6 069	6 479	7%
Sale of services	3 902	4 592	4 297	4 736	5 056	7%
Total sales	54 292	49 621	40 790	64 681	75 964	17%

The Group achieved a total profit after tax of **TEUR 2 367** in the following structure:

Item (TEUR)	4/2018- 3/2019	4/2019- 3/2020	4/2020- 3/2021	4/2021- 3/2022	4/2022- 3/2023	Change
Revenues	54 292	49 621	40 790	64 681	75 964	17%
Cost of sales	-44 632	-39 289	-32 409	-52 999	-62 166	17%
	9 660	10 331	8 381	11 682	13 798	18%
Material, energies and services	-3 845	-4 202	-3 909	-4 839	-5 280	9%
Advertising	-1 676	-668	-438	-576	-693	20%
Personnel expenses	-4 378	-4 199	-3 592	-3 966	-4 014	1%
Depreciation	-1 117	-1 232	-317	-328	-341	4%
Other operating income, net	423	242	125	125	87	-30%
Other operating expenses, net	0	0	-191	-190	-323	70%
	-10 593	-10 059	-8 301	-9 774	-10 564	8%
Profit from operating activities	-933	272	80	1 908	3 234	69%
Interest expense	-34	-56	-23	-1	-18	1700%
Other financial expenses, net	-22	-23	-18	-21	-23	10%
Profit before tax	-989	193	39	1 886	3 193	69%
Income tax	-52	-44	67	-273	-826	203%
Profit/(loss) for the period	-1 041	149	106	1 614	2 367	47%

In FY22 despite the crises and high inflation the number of registered vehicles increased by 14% and FORD market share reached 2,33%. Mainly as a result of successful sales of new vehicles, total revenues of the Group increased by 17% to TEUR 75,964. The Group has continued its activities in area of cost efficiency and closed FY22 with a profit of TEUR 2,367.

Assets of the Group

As at 31 March 2023, the Group reported assets in the total amount of **TEUR 41,604** in the following structure of assets and liabilities:

Item (TEUR)	4/2018- 3/2019	4/2019- 3/2020	4/2020- 3/2021	4/2021- 3/2022	4/2022- 3/2023	Change
Property, plant and equipment	9 257	7 248	5 292	5 154	5 095	-1%
Intangible assets	68	89	130	175	181	3%
Trade and other receivables	0	0	0	0	0	
Prepaid expenses	35	23	17	13	13	0%
Deferred tax asset	84	41	166	232	479	106%
Non-current assets	9 444	7 401	5 605	5 574	5 767	3%
Inventories	22 933	14 538	14 768	11 753	29 760	153%
Trade and other receivables	1 705	1 763	2 079	2 798	4 211	51%
Borrowings granted	0	0	0	9 843	0	-100%
Income tax receivable	76	19	0	0	0	
Prepaid expenses	136	88	105	93	129	39%
Cash and cash equivalents	919	9 029	1 187	608	1 738	186%
Current assets	25 769	25 438	18 139	25 095	35 837	43%
Total assets	35 213	32 838	23 744	30 669	41 604	36%
Share capital	7 029	7 029	7 029	7 029	7 029	0%
Share premium	169	169	169	169	169	0%
Legal reserve fund	803	803	803	803	803	0%
Other capital funds	24	24	24	24	24	0%
Retained earnings	9 433	9 582	9 688	11 196	11 949	7%
Total equity	17 458	17 607	17 713	19 221	19 974	4%
Other non-current liabilities	238	337	518	742	1 105	49%
Non-current liabilities	238	337	518	742	1 105	49%
Trade and other liabilities	7 326	4 834	4 666	10 162	13 417	32%
Loans and borrowings	10 005	9 747	756	0	6 022	
Provisions	186	314	65	248	354	43%
Income tax payable	0	0	26	297	732	146%
Current liabilities	17 517	14 895	5 513	10 707	20 525	92%
Total equity and liabilities	35 213	32 838	23 744	30 669	41 604	36%

During the year ended 31 March 2023, balance sheet volume has increased by **36%** compared to the previous year, with the following significant impacts in the structure:

1. The Group recorded a **153%** increase in inventories due to renewal of deliveries of vehicles, especially in the last month of the financial year.
2. As a result of sales volume increase, especially in new vehicles sales, the Group recorded a **51%** increase in trade and other receivables.
3. The Group recorded a **106%** increase in deferred tax assets as a result of increase temporary tax differences in liabilities.
4. The Group recorded a **186%** increase in cash and cash equivalents due to collection of cash for payment of VAT.
5. The Group recorded a 49% increase in other non-current liabilities due to an increase in the provision for customer discounts and provision for free service.
6. The Group recorded a 43% increase in provisions due to an increase in the provision for customer discounts and provision for free service.

Basic financial indicators for the period 4/2022 - 3/2023

Net working capital: 16.269 TEUR

Fixed assets / equity: 346%

Fixed assets / (equity + non-current liabilities): 365%

Fixed assets of the company are fully covered by equity.

Current liquidity ratio: 1,84*

Quick liquidity ratio: 0,31*

Immediate liquidity ratio: 0,09*

Individual indicators confirm a sufficient level of liquidity of the company.

Return on equity (ROE): +11,85%

Return on total assets (ROA): +5,69%

The company improved its economic result, which was also positively reflected in profitability indicators.

Distribution of profit or loss for the period 4/2022 - 3/2023

The company's management proposes to pay shareholders a total consolidated profit for the year ended 31 March 2023 in a form of dividends.

The impact of the Group on the environment

The Group carries out all its business activities in strict accordance with the applicable legislation relating to environmental protection and is not aware of any adverse effects caused by it, whether current or future.

The impact of company on the employment

113 employees of the Group contributed to excellent results, not only in financial terms. The fiscal year was affected by the war situation in Ukraine, as well as high inflation and overall cost growth. Despite the difficult situation, the company was able to maintain employment and partially reflect the high rate of inflation in wages.

The Group also invested in the development of mental health and, by supporting online events in particular, helped to spread awareness among employees about various topics that are currently a challenge for most of the company.

The Group continues to invest in improving the working environment for individual teams in order to strengthen team cooperation and mutual communication so that our employees have the best possible conditions that will enable us to respond flexibly to new challenges in the automotive industry.

Significant subsequent events after the balance sheet date

After the end of the accounting period and until the date of preparation of this report, the Group did not record any other events of special significance.

Group targets

For the following period, the group sets the following business targets:

1. Contribution to a sustainable society.
2. Implementation of new electric car charging infrastructure and after-sales service.
3. Optimization of administrative processes.

In Bratislava, 25.08.2023



Yuki Ura
Managing director

Attachment:

- 1) Audited consolidated financial statements for the period 4/ 2022 - 3/2023

Summit Motors Slovakia, spol. s r.o.

Consolidated Financial Statements
Prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union

For the year ended 31 March 2023
(English translation)

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Translation of the Independent Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Owner(s) and Director(s) of Summit Motors Slovakia, spol. s r.o.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Summit Motors Slovakia, spol. s r.o. (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position as at 31 March 2023;
- and, for the period then ended:

- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and

- notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with IFRS Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended (“the Act on Statutory Audit”) including the Code of Ethics for an Auditor that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Statutory Body and Those Charged with Governance for the Consolidated Financial Statements

The statutory body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body;

- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Reporting on other information in the Consolidated Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Consolidated Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting") but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information in the Consolidated Annual Report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the Consolidated Annual Report that we have obtained prior to the date of the auditors' report on the audit of the consolidated financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With respect to the Consolidated Annual Report, we are required by the Act on Accounting to express an opinion on whether the other information given in the Consolidated Annual Report is consistent with the consolidated financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the consolidated financial statements, in our opinion, in all material respects:

- the other information given in the Consolidated Annual Report for the year ended 31 March 2023 is consistent with the consolidated financial statements prepared for the same financial year; and
- the Consolidated Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the consolidated financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Consolidated Annual Report. We have nothing to report in this respect.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96



Responsible auditor:
Ing. Peter Nemečkay
License UDVA No. 1054

Bratislava, 14 September.2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023

	Note	31.03.2023 EUR	31.03.2022 EUR
Assets			
Non-current assets			
Property, plant and equipment	4	5 095 257	5 154 264
Intangible assets		180 665	174 777
Prepaid expenses		12 919	12 890
Deferred tax asset	5	478 589	232 338
		<u>5 767 431</u>	<u>5 574 269</u>
Current assets			
Inventories	6	29 759 765	11 752 870
Trade and other receivables	7	4 210 756	2 797 722
Loan receivable		0	9 843 242
Prepaid expenses		128 525	92 823
Cash	8	1 737 821	608 483
		<u>35 836 867</u>	<u>25 095 140</u>
TOTAL ASSETS		<u>41 604 298</u>	<u>30 669 409</u>
Equity			
Share capital	9	7 029 345	7 029 345
Share premium		169 023	169 023
Legal reserve fund	10	802 517	802 517
Other capital funds	10	24 246	24 246
Retained earnings	10	11 949 326	11 195 781
Total equity		<u>19 974 458</u>	<u>19 220 912</u>
Liabilities			
Non-current liabilities			
Other non-current liabilities	12	1 104 503	741 725
		<u>1 104 503</u>	<u>741 725</u>
Current liabilities			
Trade and other payables	12	13 417 378	10 162 048
Loans and borrowings	11	6 021 557	0
Provisions	13	354 173	247 842
Income tax payable		732 230	296 882
		<u>20 525 338</u>	<u>10 706 772</u>

The notes on pages 10 to 32 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	FY2022 EUR	FY2021 EUR
Revenue from merchandise sold	14	70 908 118	59 945 102
Revenue from services	16	5 055 879	4 735 983
Revenue from contracts with customers		75 963 997	64 681 085
Other income		87 253	125 038
Cost of merchandise sold	15	(62 165 682)	(52 998 587)
Consumption of material and energy	17	(2 537 676)	(2 237 434)
Services	19	(2 742 222)	(2 601 909)
Advertising		(692 972)	(575 860)
Personnel expenses	18	(4 013 857)	(3 966 482)
Depreciation and amortisation expenses	4	(341 102)	(327 953)
Other expenses		(323 381)	(189 851)
Result from operating activities		3 234 359	1 908 047
Interest expense		(18 008)	(1 094)
Other finance costs		(22 884)	(20 575)
Total finance costs	20	(40 892)	(21 669)
Profit / (loss) before tax		3 193 467	1 886 378
Income tax	21	(826 057)	(272 515)
Profit / (loss) for the period		2 367 409	1 613 863
Total comprehensive income for the period		2 367 409	1 613 863

Note: Financial year ended 31 March 2023 is referred as „FY2022“ and financial year ended 31 March 2022 is referred as „FY2021“.

The notes on pages 10 to 32 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital	Share premium	Legal reserve fund	Other capital funds	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
At 31 March 2021	7 029 345	169 023	802 517	24 246	9 687 918	17 713 049
Profit for the year	-	-	-	-	1 613 863	1 613 863
Dividends paid	-	-	-	-	(106 000)	(106 000)
At 31 March 2022	7 029 345	169 023	802 517	24 246	11 195 781	19 220 912
Profit for the year	-	-	-	-	2 367 409	2 367 409
Dividends paid	-	-	-	-	(1 613 863)	(1 613 863)
At 31 March 2023	7 029 345	169 023	802 517	24 246	11 949 327	19 974 458

The notes on pages 10 to 32 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	FY2022 EUR	FY2021 EUR
Profit before tax		3 193 467	1 886 378
Cash flows from operations			
Adjustments for non-cash items:			
Depreciation and amortization		341 102	327 953
Interest expenses		18 008	1 094
Increase/(decrease) in provisions		106 331	182 927
Change in impairment allowance		27 241	41 461
Other		-	-
Operating profit before changes in working capital		3 686 149	2 439 813
Change in working capital			
Increase in inventories		(18 036 323)	2 973 768
Decrease/(increase) in trade receivables, other receivables and prepaid expenses		(1 446 579)	(993 667)
(Decrease)/Increase in trade and other payables		3 274 324	5 990 751
		(12 522 429)	10 410 665
Interest paid		-	-
Interest received		-	-
Income tax paid, net		(293 178)	(47 313)
Net cash flows from operating activities		(12 815 607)	10 363 352
Cash flows from investing activities			
Acquisition of property, plant and equipment		(244 067)	(169 888)
Acquisition of intangible assets		(43 916)	(65 874)
Income / (repayment) of loans		15 846 791	(10 600 213)
Net cash flows from investing activities		15 558 808	(10 835 975)
Cash flows from financing activities			
Dividends paid		(1 613 863)	(106 000)
Net cash flows from financing activities		(1 613 863)	(106 000)
Net increase/(decrease) of cash and cash equivalents		1 129 338	(578 623)
Cash and cash equivalents at the beginning of the year		608 483	1 187 106
Cash and cash equivalents at the end of the year	8	1 737 821	608 483

Note: Financial year ended 31 March 2023 is referred as „FY2022“ and financial year ended 31 March 2022 is referred as „FY2021“.

The notes on pages 10 to 32 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 GENERAL INFORMATION

General

Summit Motors Slovakia, spol. s r.o. (“the Company”) was established on 15 May 2002 and registered in the Commercial Register on 30 May 2002 (Commercial Register of the Municipal Court Bratislava III., Section Sro., file 26651/B). The identification number of the Company (IČO) is 35 837 331, and the tax identification number (DIČ) is SK 202 024 7900.

The Company Summit Motors Slovakia, spol. s r.o. is a subsidiary of SUMITOMO CORPORATION EUROPE LIMITED, London, United Kingdom of Great Britain and Northern Ireland which owns 60% of its share capital.

The Company owns 100% of the share capital of Summit Motors Bratislava, spol. s r.o., established in November 2004, which has its registered office at Tuhovská 9, Bratislava.

The consolidated financial statements for the year ended 31 March 2023, comprise the financial statements of the Company and those of its subsidiary, Summit Motors Bratislava, spol. s r.o. (together referred as the “Group” and individually as “Group entities”).

The financial statements of Group entities are included in the consolidated financial statements of SUMITOMO CORPORATION EUROPE HOLDING LIMITED, London, United Kingdom of Great Britain and Northern Ireland. These consolidated financial statements are available at the parent company’s registered office at Vintners Place, 68 Upper Thames Street, London.

SUMITOMO CORPORATION prepares consolidated financial statements for the whole Group. These consolidated financial statements are available at the company’s registered office 8-11, Harumi 1-chome, Chou-ku, Tokyo, Japan. The address of the registration court maintaining the Commercial Register in which these consolidated financial statements are filed is Kudan, Dai-ni Godochosha, 1-1-15, Kudan Minami, Chiyoda-ku Tokyo, 102-8225, Japan.

The Group entities are not partners with unlimited liability in other companies according to Article 56 (5) of the Commercial Code.

Name and registered office

Summit Motors Slovakia, spol. s r.o.
Tuhovská 9
Bratislava 831 07

Principal activities:

- import and wholesale of Ford motor cars in Slovakia,
- motor car leases,
- motor car repairs.

Employees

In FY2022, the average number of employees of the Group was 113, of which were 3 managers (in FY2021 it was 99, of which 3 managers).

Statutory representatives

During the year ended 31 March 2023, the statutory representatives of the Company were:

- Hideto Asada
- Yuki Ura

Date of authorization of the consolidated financial statements for issue

These consolidated financial statements have been prepared as at and for the year ended 31 March 2022 and were authorized for issue by the Company’s statutory body on 13 September 2022.

Information on shareholders

The Company’s shareholders and their ownership interest in share capital as of 31 March 2023 and 31 March 2022 are shown in the table below:

	Ownership interest in share capital		Voting rights
	EUR	%	%
Sumitomo Corporation, Japan	2 811 738	40%	40%
SUMITOMO CORPORATION EUROPE LIMITED, United Kingdom	4 217 607	60%	60%
Total	7 029 345	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2 BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS/EU").

These consolidated financial statements have been prepared as "ordinary consolidated financial statements" in accordance with Article 22 of Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from 1 April 2022 to 31 March 2023.

These consolidated financial statements indicate the current financial year ended 31 March 2023 as a year FY2022 and the preceding financial year ended 31 March 2022 as a year FY2021.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These consolidated financial statements are presented in euro, which has been the Group's functional currency. All financial information presented in euros is rounded to the nearest euro, unless otherwise indicated.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on management experience and other events including expected future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of assumptions and estimation uncertainty in applying accounting policies that would have the significant effect on the amounts recognised in the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to both periods presented in these consolidated financial statements.

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group transactions and balances and any unrealised gains or losses on intra-group transactions are eliminated when preparing the consolidated financial statements.

b) Foreign currency

Transactions in foreign currencies are translated into euro at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euro at the exchange rate ruling at that date. Gains and losses arising on translation are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**c) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises expenses that are directly attributable to the acquisition of property, plant and equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure incurred after the asset is put in use are capitalised only in cases when it is probable that there will be additional future economic benefits for the Group and these expenses can be reliably measured. Expenses for repairs and maintenance are included in profit or loss as incurred.

Substantial technical improvements are capitalised if it is probable that these can be reliably matched with future economic benefits for the Group.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences when the asset is available for use intended by management. Land is not depreciated. The estimated useful lives are as follows:

<i>Type of asset</i>	<i>Estimated useful life</i>	<i>Annual depreciation rate</i>
Buildings	20/40 years	5% - 2.5%
Assembled structures	12 years	8.3%
Machinery and equipment	4, 6, 12 years	8.3%; 16.7%; 25%
Vehicles	4 years	31.2%, 6.4%
Low-valued fixed assets – depreciated	3-5 years	20 – 33 %
Low-valued fixed assets – recorded	various	100%

Vehicles are depreciated in the first three years 31.2% and in the last year 6.4%.

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

d) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Cost comprises expenses that are directly attributable to the acquisition of non-current intangible assets.

Subsequent expenditure incurred after the asset is put in use are capitalised only in cases when it is probable that there will be additional future economic benefits for the Group and these expenses can be reliably measured.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of intangible assets. The amortisation commences when the asset is available for use. The estimated useful lives are as follows:

<i>Type of asset</i>	<i>Estimated useful life</i>	<i>Annual depreciation rate</i>
Software	5 years	20.0 %
Low-valued intangible fixed assets	various	100%

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

e) Leasing*Operating lease – the Group as a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group considers a contract to be a lease in case that all following conditions are met:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and
- the Group has the right to obtain substantially all of the economic benefits from use of asset, and
- the Group has the right to direct the use of the asset.

At inception and subsequent reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease component on a pro rata basis and on the total value of the non-lease components if agreed separately and on the total value of the non-lease components if agreed separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred less adjusted for any lease incentives received. In determining the lease term, the Group considers the length of the lease term and early termination or extension option of contract. In assessing the likelihood of exercise extension or early termination option of lease term, the Group considers all relevant facts and circumstances that provide economic impulse to exercise (not exercise) those options. The period by which the contract can be extended (or period which follows after early termination option of contract) will be included in the lease term only if the Group is sufficiently certain that the extension will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease contains transfer of ownership or call option, the right-of-use asset is depreciated using the straight-line method during the useful life of the asset. Depreciation begins on the date of commencement of the lease. The impairment assessment of the right-of-use asset is described in accounting policy i) ii. below.

The lease liability is initially measured on the date when the leased asset is made available to the lessee (the lease commencement date). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Group's incremental borrowing rate was determined based on available financial information relating to the Group. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero (so that the final right-of-use asset will amount to zero).

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases for all types of leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has also elected not to recognise right-of-use assets and lease liabilities for contracts where the value of the leased asset is below EUR 5 000. The estimated value of asset is based on the assumption that the asset is new. If the value of the asset cannot be reliably measured, the optional exception is not applied.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and the cost includes the purchase price and related other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price less the estimated costs necessary to make the sale. The company classifies the company cars, which are in use below 12 months, under Inventory caption from FY2020.

g) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

The financial assets at amortised cost consist of trade and other receivables, cash and cash equivalents, and intercompany loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Financial assets – Business model assessment

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

— the stated policies and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

— how the performance of the portfolio is evaluated and reported to the Group's management;

— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

— how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

— contingent events that would change the amount or timing of cash flows;

— terms that may adjust the contractual coupon rate, including variable-rate features;

— prepayment and extension features; and

— terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

iii. Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized costs

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

iv. Financial liabilities – Classification, subsequent measurement and gains and losses

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

v. Derecognition

Financial assets

The Group derecognises a financial asset when:

— the contractual rights to the cash flows from the financial asset expire; or

— it transfers the rights to receive the contractual cash flows in a transaction in which either:

-- substantially all of the risks and rewards of ownership of the financial asset are transferred; or

-- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

vi. Offsetting

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

h) Cash and cash equivalents

Cash and cash equivalents include petty cash, bank accounts repayable on demand, and other highly liquid assets with a maturity of less than three months. Cash and cash equivalents are stated at nominal value.

i) Impairment of assets

i. Financial assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortized costs.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are not discounted as they don't include any significant financial component.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets in the statement of financial position.

Impairment losses related to trade and other receivables are recognized in profit and loss.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised directly in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided by the employee. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pension plan

The Group contributes to the government defined contribution pension plans. The Group makes contributions to the obligatory health, sickness benefit, retirement benefit, accident insurance and also contributions to the guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments.

k) Income tax

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

i. Current tax

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

ii. Deferred tax

Deferred tax is calculated using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and tax losses carried forward. Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit are not considered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

l) Provisions

A provision is recognised if, as a result 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, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

m) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

New motors and old motor vehicle sales

The Group recognizes the revenue from sale of new cars as well as sale of use cars, when the control passes to its customers, which is determined based on the acceptance date of take over from the customer. The controls over cars passes usually at a point the cars are given available to the customer or when the transportation is completed to the customer.

For some contracts for new motors vehicle sales the amount invoiced to customer may include two separate performance obligations - sale of car and extended service. In such case, the amount on invoice is split to the two separate performance obligations based on proportion of the standalone selling prices that are determined using costs plus margin method. The revenue from extended service is recognized as a contract liability (within long term other operating liabilities – refer to Note 12) and recognized to revenue when the performance obligation is fulfilled.

Some old motor vehicles are used by the Group prior to the sale to final customers temporarily. Such sales and cost of sales are presented within lines Revenues and Costs of merchandise sold.

Sale of spare parts

The Group recognizes the revenue from sale spare parts, when the control passes to its customers, which is determined based on the delivery to the customer. The controls over spare parts passes usually at a point the spare parts is delivered to the customer or is installed within the repair services and repair service is completed.

Repair, technical inspections and service control

The Group recognize revenues from repair, technical inspections and service control (together also maintenance) at a point in time when the service is completed and the the car subject to service is accepted by the customers, as the customer consumes the benefit from the service once the service is completed.

The transaction price of sale of new motor vehicle, sale of old motor vehicles and sale of maintenance may include future discounts that are granted to the customers. Management determines these discounts and recognise them when is it highly probable the discount will be granted. The discount is presented as contract liabilities – refer to Note 12 Trade and other payables.

Revenues and related cost of sales from sale of own and demo cars are presented within Revenues and Costs of merchandise sold.

n) Net finance costs

Finance income and expenses comprise interest expense on loans, interest income from cash pooling activities and foreign exchange gains and losses.

Interest income and expense are recognised in profit of loss as they accrue, using the effective interest method.

o) Adoption of new standards and interpretations

The standards and interpretations, which were applied for the reporting period starting after 1 April 2022, did not have a significant impact on the Group's reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

p) New standards and interpretations not yet adopted

The following new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 April 2023, and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Effective for annual periods beginning on or after 1 January 2023 Early application is permitted .

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

The Adoption of the amendments have no material impact on its consolidated financial statements when initially applied.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Group does not expect the Amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IAS 12 Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

However, the quantitative impact of the adoption of the Amendments can only be assessed in the year of initial application of the Amendments, as this will depend on the transfer of asset or businesses to the associate or joint venture that take place during that reporting period.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Group does not expect the Amendments to have a material impact on its consolidated financial statements when initially applied.

Amendments to IFRS 16 Leases, Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted.

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Group does not expect the Amendments to have a material impact on its consolidated financial statements when initially applied.

4 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Acquisition of property, plant and equipment	Advance payments made for property, plant and equipment	Total
	EUR	EUR	EUR	EUR		EUR
Acquisition costs						
1 April 2021	1 306 048	8 202 650	1 510 529	-	-	11 019 227
Additions	-	52 323	103 879	-	-	156 202
Disposals	-	-	(20 580)	-	-	(20 580)
Transfers	-	-	-	-	-	-
31 March 2022	1 306 048	8 254 973	1 593 828	-	-	11 154 850
1 April 2022	1 306 048	8 254 973	1 593 828	-	-	11 154 850
Additions	-	90 001	169 566	-	-	259 567
Disposals	-	(23 012)	(170 721)	-	-	(193 734)
Transfers	-	-	-	-	-	-
31 March 2023	1 306 048	8 321 962	1 592 673	-	-	11 220 684
Accumulated depreciation and impairment losses						
1 April 2021	-	4 466 011	1 261 572	-	-	5 727 583
Depreciation for the year	-	222 144	71 439	-	-	293 583
Disposals	-	-	(20 580)	-	-	(20 580)
Transfers	-	-	-	-	-	-
31 March 2022	-	4 688 155	1 312 431	-	-	6 000 586
1 April 2022	-	4 688 155	1 312 431	-	-	6 000 586
Depreciation for the year	-	223 213	95 361	-	-	318 574
Disposals	-	(23 012)	(170 721)	-	-	(193 734)
Transfers	-	-	-	-	-	-
31 March 2023	-	4 888 355	1 237 071	-	-	6 125 426
Net book value						
1 April 2021	1 306 048	3 736 639	248 957	-	-	5 291 643
31 March 2022	1 306 048	3 566 818	281 397	0	0	5 154 264
31 March 2023	1 306 048	3 433 606	355 603	0	0	5 095 257

*The carrying amount of Company cars used by employees of the Group for a period up to 12 months were transferred on 1 April 2021 to inventories. The amount transferred was included in the cash flows statement within changes in inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Land	Buildings	Machinery and equipment	Acquisition of property, plant and equipment	Advance payments made for property, plant and equipment	Total
	EUR	EUR	EUR	EUR		EUR
Acquisition costs						
1 April 2020	1 306 048	8 202 650	3 406 828	-	-	12 915 526
Additions	-	-	38 659	-	-	38 659
Disposals	-	-	-	-	-	-
Transfers*	-	-	(1 934 958)	-	-	(1 934 958)
31 March 2021	1 306 048	8 202 650	1 510 529	-	-	11 019 226
1 April 2021	1 306 048	8 202 650	1 510 529	-	-	11 019 227
Additions	-	52 323	103 879	-	-	156 202
Disposals	-	-	(20 580)	-	-	(20 580)
Transfers	-	-	-	-	-	-
31 March 2022	1 306 048	8 254 973	1 593 828	-	-	11 154 850
Accumulated depreciation and impairment losses						
1 April 2020	-	4 244 179	1 423 597	-	-	5 667 776
Depreciation for the year	-	221 832	95 448	-	-	317 280
Disposals	-	-	-	-	-	-
Transfers*	-	-	(257 473)	-	-	(257 473)
31 March 2021	-	4 466 011	1 261 572	-	-	5 727 583
1 April 2021	-	4 466 011	1 261 572	-	-	5 727 583
Depreciation for the year	-	222 144	71 439	-	-	293 583
Disposals	-	-	(20 580)	-	-	(20 580)
Transfers	-	-	-	-	-	-
31 March 2022	-	4 688 155	1 312 431	-	-	6 000 586
Net book value						
1 April 2020	1 306 048	3 958 471	1 983 231	-	-	7 247 750
31 March 2021	1 306 048	3 736 639	248 957	0	0	5 291 643
31 March 2022	1 306 048	3 566 818	281 397	0	0	5 154 264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5 DEFERRED TAX ASSET

Deferred tax asset is attributable to the following:

	31.03.2023			31.03.2022		
	Assets EUR	Liabilities EUR	Net EUR	Assets EUR	Liabilities EUR	Net EUR
Property, plant and equipment	12 589	(345 540)	(332 951)	1 270	(316 400)	(315 130)
Inventories	89 039	-	89 039	82 859	-	82 859
Provisions	722 501	-	722 501	415 574	-	415 574
Receivables	-	-	-	459	-	459
Tax losses carried forward	-	-	-	48 576	-	48 576
Deferred tax asset	824 129	(345 540)	478 589	548 738	(316 400)	232 338

	31.03.2023 EUR	31.03.2022 EUR
Balance at the beginning of the period - asset	232 338	166 299
Recognised as expense (Note 21)	246 251	66 039
Balance at the end of the period - asset	478 589	232 338

Deferred tax asset was calculated using the corporate income tax rate of 21%.

6 INVENTORIES

	31.03.2023 EUR	31.03.2022 EUR
New vehicles	25 213 217	7 021 888
Used cars	1 790 631	2 691 844
Spare parts	1 381 687	983 459
Company cars	1 374 230	1 055 679
Total	29 759 765	11 752 870

In FY 2020 the Group reclassified own company cars to inventories which are usually sold within one year from registration.

Spare parts stock represent merchandise for sale and for consumption in own workshop.

New vehicles are stored by a third party who has full responsibility for any loss or damage. Used cars risks are covered by inventory insurance contract. Spare parts are insured up to their net book value. Company cars are fully covered by standard KASKO (accident) insurance.

The movement in the provision for impairment of inventories during accounting period is as follows:

	31.03.2023 EUR	31.03.2022 EUR
As of 1 April	394 566	338 303
Creation	193 212	319 122
Release	(163 784)	(262 860)
As of 31 March	423 993	394 566

Creation and reversal of impairment allowance are recognised in cost of sales. Inventory was written down mainly due to expected market value of vehicles and spare parts being below their carrying amount as a reaction to pending pandemic situation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

7 TRADE AND OTHER RECEIVABLES

	31.03.2023	31.03.2022
	EUR	EUR
Trade receivables	3 309 530	2 106 074
Accrued income	838 281	462 309
Other receivables	62 945	231 525
	<u>4 210 756</u>	<u>2 799 908</u>
Value adjustment to receivables	-	(2 186)
Total	<u>4 210 756</u>	<u>2 797 722</u>

Movement of value adjustment during the accounting period:

	31.03.2023	31.03.2022
	EUR	EUR
Balance at the beginning of the year	2 186	2 432
Value adjustment to receivables, net	(2 186)	(246)
Balance at the end of the year	<u>-</u>	<u>2 186</u>

All trade and other receivables are in EUR currency.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 26 Financial risk management.

8 CASH AND CASH EQUIVALENTS

	31.03.2023	31.03.2022
	EUR	EUR
Bank accounts	1 668 517	578 113
Petty cash	53 004	23 085
Stamps and vouchers	16 299	7 285
	<u>1 737 821</u>	<u>608 483</u>

9 SHARE CAPITAL

	31.03.2023	31.03.2022
	EUR	EUR
Registered in the Commercial Register, subscribed and fully paid	<u>7 029 345</u>	<u>7 029 345</u>

10 RESERVES FUNDS, FUNDS CREATED FROM PROFIT AND THE PROFIT/LOSS FOR THE ACCOUNTING PERIOD

	Legal reserve fund	Other capital funds	Retained earnings	Total
	EUR	EUR	EUR	EUR
At 31 March 2021	802 517	24 246	9 687 918	10 514 681
Profit for the year	-	-	1 613 863	1 613 863
Dividends paid	-	-	(106 000)	(106 000)
At 31 March 2022	802 517	24 246	11 195 781	12 022 543
Profit for the year	-	-	2 367 409	2 367 409
Dividends paid	-	-	(1 613 863)	(1 613 863)
At 31 March 2023	802 517	24 246	11 949 326	12 776 090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Under the Slovak Commercial Code, all companies are required to maintain a legal reserve fund to cover losses. The Group entities are obliged to contribute an amount to the fund each year which is not less than 5 % of their annual net profit (based on statutory financial statements prepared in accordance with Slovak accounting regulations) until the fund's balance reaches 10% of registered share capital. The legal reserve fund is not intended for distribution to the owners. The legal reserve fund has already attained the limit stipulated by the legislation as of 31 March 2022 and 31 March 2021, respectively.

Other capital funds

Other capital funds can be used for distribution to owners or for an increase of share capital based on decision of annual general meeting.

11 LOANS AND BORROWINGS

Overview of received loans and borrowings is given in the following table:

<i>In EUR</i>	Currency	Current interest	Maturity	31.03.2023	31.03.2022
Loans and borrowings					
SUMITOMO					
CORPORATION EUROPE			30 June		
LIMITED	EUR	0.468%-3.934%	2023	6 021 557	0
				6 021 557	0

The fair value of current loans and borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the risk-adjusted discount rates and are within level 2 of the fair value hierarchy.

A loan in the amount of EUR 6 021 557 (31.3.2022: EUR 0) represents a cash management system into which the Group entered through Citibank with its parent company SUMITOMO CORPORATION EUROPE LIMITED. The credit limit is set to the amount of EUR 43 000 000. The interest rate is linked to ESTR, plus 0,8% p.a. and during the year ended 31 March 2023, the range was between 0,468% and 3,934%. The purpose of the loan is new cars inventory financing. The maturity date is not specified, the contract is renewed automatically by one year (as at 30 June).

12 TRADE AND OTHER PAYABLES

	31.03.2023	31.03.2022
	EUR	EUR
Long-term contract liability - Free service	1 052 224	685 742
Other non-current liabilities	52 279	55 983
Total Long-term liabilities	1 104 503	741 725
Trade payables	10 205 911	7 666 766
Value added tax liability	1 687 805	1 195 717
Employee liabilities	997 525	501 139
Bonuses	168 006	134 308
Untaken vacation pay	176 087	206 568
Short-term contract liability - Customer discounts	73 817	74 336
Other liabilities	-1 518	271 022
Liabilities from social insurance	109 744	112 194
Total Short-term liabilities	13 417 378	10 162 047
Total liabilities	14 521 880	10 903 773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Discounts are provided to customers after exceeding stated annual turnover. These discounts relate to performance obligation – revenue from maintenance services.

Information about the Group's exposure to currency and liquidity risks is included in Note 26 Financial risk management. Substantially all trade and other payables are in EUR currency.

Trade payables are not secured by a lien or other collateral.

Trade payables according to their maturity as of 31 March 2023 are presented in the table below:

Item	within maturity	Less than 360 days	More than 360 days	Total
	period	overdue	Overdue	
Trade payables	9 769 113	436 798	-	10 205 911

Trade payables according to their maturity as of 31 March 2022 are presented in the table below:

Item	within maturity	Less than 360 days	More than 360 days	Total
	period	overdue	Overdue	
Trade payables	7 503 358	163 408	-	7 666 766

Social fund is due from 1 to 5 years. Other payables are within maturity period and payable within one year.

The average due date on purchases of material, merchandise and services is 30 days. The Group's main supplier is the Ford Motor Company. All conditions with Ford were agreed at the group level, and Sumitomo Corporation Japan provides a guarantee to Ford for the trade payables of the Group.

Social fund:

	31.03.2023	31.03.2022
	EUR	EUR
As of 1 April	55 983	64 351
Creation	13 174	12 773
Drawing	(16 879)	(21 141)
As of 31 March	52 278	55 983

13 PROVISIONS

	1 April	Creation	Use/ release	31 March
	2022			2023
	EUR	EUR	EUR	EUR
Bank guarantee fee	8 371	23 070	8 371	23 070
Warranty reserves - used cars	24 800	-	7 917	16 883
Short-term provisions for service free	7 456	118 564	-	126 020
Dealer network support programm	200 000	-	13 000	187 000
Other	7 215	-	6 015	1 200
Provisions total	247 842	141 634	35 303	354 173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**14 SALES OF MERCHANDISE**

In the following table, revenue from contracts with customers related to sales of merchandise is disaggregated by major categories.

	FY 2022	FY 2021
	EUR	EUR
Sale of new vehicles	56 935 745	43 164 310
Sale of used cars	5 763 223	7 666 454
Sale of company cars	1 730 373	3 045 517
Sale of spare parts	6 478 777	6 068 821
	70 908 118	59 945 102

15 COST OF MERCHANDISE SOLD

	FY 2022	FY 2021
	EUR	EUR
Cost of sales of new vehicles	-50 752 671	-38 580 932
Cost of sales of used cars	-5 460 746	-7 056 302
Cost of sales of company cars	-1 362 318	-2 912 288
Cost of sales of spare parts	-4 589 946	-4 449 065
	-62 165 682	-52 998 587

16 SALE OF SERVICES

In the following table, revenue from contracts with customers related to services provided is disaggregated by major service lines.

	FY 2022	FY 2021
	EUR	EUR
Repairs, technical inspections, service controls	3 502 965	3 116 094
Warranties claimed from Ford Motor Company	1 302 448	1 467 577
Other	250 466	152 312
	5 055 879	4 735 983

17 MATERIAL AND ENERGY CONSUMPTION

In the following table, costs for material and energy consumption is disaggregated by major categories.

	FY 2022	FY 2021
	EUR	EUR
Material	-2 132 536	-2 025 383
Electricity	-213 081	-114 956
Gas	-189 332	-92 651
Water	-2 727	-4 444
	-2 537 676	-2 237 434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18 PERSONNEL COSTS

	FY 2022	FY 2021
	EUR	EUR
Wages and salaries	-2 936 178	-2 876 277
Social and health insurance	-950 937	-965 327
Other social expenses	-126 743	-124 878
Total	-4 013 857	-3 966 482

In FY2022 the average no. of employees represented 113 (FY2021: 106).

Personnel costs include emoluments of key management personnel, as disclosed in note 24.

19 SERVICES

	FY 2022	FY 2021
	EUR	EUR
Warranties	-998 165	-1 159 194
Repairs and maintenance	-218 702	-219 123
Rent	-400	-3 443
Software and licences	-246 124	-164 338
Security	-108 565	-108 298
Warehouse services	-69 416	-31 959
Experts and advisory services	-75 279	-68 640
Audit	-57 615	-44 220
Other services	-967 955	-802 694
Total	-2 742 222	-2 601 909

Services also include the costs of the audit of the individual statutory financial statements of the Company and its subsidiary and the audit of the consolidated financial statements of the Group in the amount of EUR 51 080 (FY 2021: EUR 44 220). The audit company did not provide any other assurance or advisory services during the 12 months ending 31 March 2023.

20 FINANCE COSTS, NET

<i>In EUR</i>	FY 2022	FY 2021
Interest expenses	-18 008	-1 094
Interest income	-	-
<i>Interest expenses, net</i>	<i>-18 008</i>	<i>-1 094</i>
Foreign exchange losses, net	-	-
Other financial expenses	-22 884	-20 575
<i>Other financial expenses, net</i>	<i>-22 884</i>	<i>-20 575</i>
Finance costs, net	- -40 892	-21 669
<i>Of which:</i>		
Finance income	-	-
Finance expenses	-40 892	-21 669

Interest expenses were paid to parent company. Other financial expenses represent mainly fees to local banks for customer payments by debit/credit cards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21 INCOME TAX

	FY 2022	FY 2021
	EUR	EUR
Current tax expense:		
Period income tax charge	1 017 261	385 571
Period adjustments to income tax expense	55 047	-47 017
Deferred tax expense:	-246 251	-66 039
Total income tax expense	826 057	272 515

Reconciliation of the effective tax rate

<i>In euro</i>	FY 2022	%	Income tax	FY 2021	%	Income tax
Profit / (Loss) before tax for the period	3 788 776			1 842 930		
Income tax using the Group's domestic tax rate		21%	795 643		21%	387 015
Tax effect of:						
Income not subject to tax	-2 953 355	21%	-620 205	-2 169 198	21%	-455 532
Tax non-deductible expenses	4 239 991	21%	890 398	2 564 897	21%	538 628
Tax losses claimed during the period	-231 314	21%	-48 576	-402 573	21%	-84 540
Adj. to Income tax prior periods	262 131	21%	55 048	-223 892	21%	-47 017
Income tax (income) / expenses in profit or loss			1 072 308			338 555
Effective tax rate			28%			21%

22 LEASES (Group as lessee)

During FY 2022, the Group concluded contracts on operational vehicle leasing with the company Tatra Leasing, a.s. As of 31 March 2023, 7 contracts were active, while the value of the obligation resulting from the contract as of 31 March 2023 was EUR 3 thousand (31 March 2022: 5 thousand EUR).

23 CONTINGENT LIABILITIES

Uncertainties in tax legislation

Many parts of Slovak tax legislation (such as transfer pricing regulation) remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set, or when the official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Group.

24 INFORMATION ON PAYMENTS AND BENEFITS TO MEMBERS OF THE ACCOUNTING ENTITY'S STATUTORY BODIES, SUPERVISORY BODIES, OTHER BODIES AND KEY MANAGEMENT PERSONNEL

Emoluments (comprising short-term income: salaries and bonuses) granted to the statutory representatives and key management, consisting of 4 members, during the period from April 2022 until March 2023 amounted to EUR 157 thousand and other benefits represented amount EUR 15 thousand (FY2021: EUR 154 thousand and EUR 11 thousand respectively, 4 members).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25 INFORMATION ON THE ACCOUNTING ENTITY'S TRANSACTIONS WITH RELATED PARTIES

The Group carried out the following transactions with related parties during the accounting period:

	FY 2022	FY 2021
	EUR	EUR
Transactions with subsidiaries under the control of Sumimoto Corporation (revenue)	-	-
Transactions with subsidiaries under the control of Sumimoto Corporation (expenses)		
Service fees	244 768	172 514
Other operating expenses	23 070	8 371

Assets and liabilities arising from transactions with companies within the Group (sister accounting entities) are presented in the table below:

<i>In euro</i>	31 March 2023	31 March 2022
Trade receivables / (payables) (Note 11)	(6 021 557)	9 843 242

The Group enters into transactions with related parties on an arm's-length basis.

Sumitomo Corporation Japan has provided a guarantee for trade payables on behalf of the Group to Ford Motor Company.

26 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks:

- credit risk
- market risk
- liquidity risk

The statutory representatives have overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Approximately 60 % of the Group's sales are attributable to 15 main customers, car dealers, with whom it has long-term relationships. The management has established a credit policy under which each new car dealer is analysed individually for credit worthiness.

The remaining sales are attributable to retailers which comprise mainly reputable companies or other companies and individuals who pay cash in advance.

Bank accounts

The table below shows the balances of receivables from banks at the reporting date:

	31.3.2023	31.3.2022
	EUR	EUR
Counterparty:		
ČSOB	1 668 517	608 483
Total bank accounts	1 668 517	608 483

The Group believes that these are low credit risk receivables to which the 12-month expected losses would be applied. Due to the insignificance, the Group did not recognise a provision for cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023*Expected credit loss for customers*

Management assess a credit risk grade for each customer and for every sales transaction. The financial receivables from sale of cars due from third party customers are historically paid within due date, whereby the risk is reduced to an acceptable low level. As the vast majority of third-party receivables are from sale of cars, the Group does not provide a split of receivable to different risk grades, but it provides the split of receivables by type of transaction.

Weighted average loss rate was calculated as 0% and therefore exposure to credit risk has been set as remote.

Ageing structure of not impaired gross trade receivables classified according to due date is presented in the table below:

	31.03.2023	31.03.2022
	EUR	EUR
Within maturity period	3 785 364	2 672 072
Overdue 1-30 days	321 453	118 681
Overdue 31-90 days	73 446	2 981
Overdue 91-360 days	30 172	1 901
Overdue > 360 days	321	2 086
Total	4 210 756	2 797 722

As at 31.03.2023, trade receivables in default were in the amount of EUR 425 thousand (31.03.2022: EUR 126 thousand).

The structure of trade receivables classified by subjects is presented in the table below:

	31.03.2023	31.03.2022
	EUR	EUR
Wholesale customers	1 471 488	1 214 655
Others	1 338 637	534 399
Retail customers	1 400 631	1 048 668
Total	4 210 756	2 797 722

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and share prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group is not exposed to any significant market risks. The Group has no significant positions in foreign currency. The Group is not exposed to significant interest rate risks.

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 manages its liquidity in order to secure sufficient disposable sources to be able to settle all its obligations due to be paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The structure of the Group's financial assets and liabilities classified according to their remaining maturity as of 31 March 2023 is presented in the table below:

31 March 2023

<i>In EUR</i>	< 1 month	1 - 3 months	3 -12 months	1 - 5 years	> 5 years	Without maturity	Total
Assets							
Cash and cash equivalents	1 737 821						1 737 821
Trade and other receivables	4 208 030		2 726				4 210 756
Total assets	5 945 851	-	2 726	-	-	-	5 948 577
Liabilities							
Trade and other payables	11 742 541	538 580	1 136 257				13 417 378
Provisions		23 070	331 103				354 173
Loans and borrowings	-	6 021 557					6 021 557
Total liabilities	11 742 541	6 583 207	1 467 360	-	-	-	19 793 108
2023	(5 796 690)	(6 583 207)	(1 464 634)	-	-	-	(13 844 531)

Undiscounted cash flows of the financial assets and financial liabilities do not significantly differ from their remaining maturity.

The structure of the Group's assets and liabilities classified according to their remaining maturity as of 31 March 2022 is presented in the table below:

31 March 2022

<i>In EUR</i>	< 1 month	1 - 3 months	3 -12 months	1 - 5 years	> 5 years	Without maturity	Total
Assets							
Cash and cash equivalents	608 483						608 483
Trade and other receivables	2 790 754	2 981	1 901	2 086			2 797 722
Loan receivable	9 843 242						9 843 242
Total assets	13 242 479	2 981	1 901	2 086	-	-	13 249 447
Liabilities							
Trade and other payables	10 113 607	47 925	516	-			10 162 048
Provisions	-		247 842				247 842
Total liabilities	10 113 607	47 925	248 358	-	-	-	10 409 890
2022	3 128 872	(44 944)	(246 457)	2 086	-	-	2 839 557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**27 Capital management**

The Group defines the capital as its equity. The Group's policy is to build a strong capital base to sustain future development of the business. The Group's needs for the capital are primarily satisfied through loans and borrowings.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the consolidated statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

<i>In EUR</i>	<i>Note</i>	<i>31 March 2023</i>	<i>31 March 2022</i>
Total liabilities		(13 417 378)	(10 162 048)
Less cash and cash equivalents	8	1 737 821	608 483
Net debt		(11 679 557)	(9 553 565)
Equity		19 974 458	19 220 912
Net debt to equity ratio		58%	50%

Refer also to Note 11.

28 FAIR VALUES

Fair value is the amount, at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of the Group's financial assets and liabilities at the year end were as follows:

<i>In EUR</i>	Net book value	Fair value	Net book value	Fair value
	31.03.2023	31.03.2023	31.03.2022	31.03.2022
Non-current financial assets and liabilities				
Other non-current liabilities	1 104 503	1 104 503	741 725	741 725
Current financial assets and liabilities				
Trade and other receivables	4 210 756	4 210 756	2 979 722	2 979 722
Trade and other payables	13 417 378	13 417 378	10 162 048	10 162 048
Loan receivable / (payable)	(6 021 557)	(6 021 557)	9 843 242	9 843 242

All items above are measured using Level 2 of the fair value hierarchy.

The following methods and assumptions were used in estimating the fair values of the Group's financial assets and liabilities:

Trade receivables and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date. Carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially at fair value and for disclosure purposes, at each reporting date. Fair value is calculated based on the present value of expected payments, discounted using a risk-adjusted discount rate at the measurement date. Carrying amount of non-derivative financial liabilities is approximately equal to their fair value.

28 Subsequent events

No events with a significant impact on the true and fair presentation that would require an adjustment or additional disclosure of the financial statements occurred after 31 March 2023.



Jana Farkašová
Responsible for preparation of
consolidated financial statements



Yuki Ura
Statutory Representative