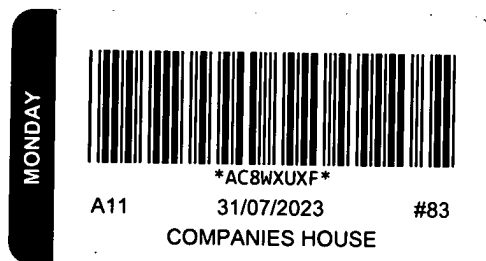


Sharp Electronics (Europe) Limited

Annual report and financial statements

Registered number 08060689

31 March 2023



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Strategic report

Review of performance

These audited financial statements represent the activities of Sharp Electronics (Europe) Limited in the UK together with Sharp (UK) Manufacturing's activities and those of the branch Sharp Electronics (Europe) Limited, Sucursal en Espana.

Sharp Electronics (Europe) Limited ('the Company') is a wholly owned subsidiary of Sharp Corporation and operates as the European headquarters for Sharp Corporation's European Division.

The Company was established to re-shape Sharp in Europe, to regenerate business and create a sustainable future. The Company holds strategic oversight of the markets and supply chain, is the key European Master Distributor (MD) and the Entrepreneur of the Business products into Europe, together with process and routine shared service responsibility and support. Sharp Electronics (Europe) Limited, Sucursal en Espana undertakes business system operations selling to primarily dealer businesses across Spain. Sharp (UK) Manufacturing undertakes its OEM activities, primarily focused on microwave manufacturing and sales to third parties. As shown on page 27, the Company's turnover is €127,385,000 (2022: €110,082,000). The increase in turnover is mainly due to an increase in variable strategic management fee to €37,980,631 (2022: €33,177,000) and increase in turnover for Sharp (UK) Manufacturing to €71,534,000 (2022: €60,554,000). The variable strategic management fee compensates Sharp Electronics (Europe) Limited for the functions and risks it undertakes as the European Master Distributor and is dependent on the results of the European business.

Sharp (UK) Manufacturing faced a number of challenges during the year, including the ongoing global container shipping crises, increase in lead times on specific components, USD exchange rate fluctuations and the energy crisis, which all impacted the supply chain including freight and manufacturing costs. The increase in customer orders post COVID19 pandemic continued throughout most of the year. Sharp (UK) Manufacturing has continued to maintain strict working practices to safeguard employees and secure continued production activity to cope with additional demand. Despite the above challenges, production continued at full capacity with strong support throughout the supply chain and optimised model mix allowed for an excellent result. Counter measures against a challenging environment included regular communication with customers and strategic management of stock to maximise sales. Turnover for Sharp (UK) Manufacturing increased to €71,534,000 (2022: €60,554,000) as demand continued to be strong for built-in microwave ovens.

Sharp Electronics (Europe) Limited Sucursal en Espana achieved a 7.7% growth in its turnover in the amount of €1,248,000, taking turnover to €17,500,000 (2022: €16,252,000). The main reason of the growth has been new distributors and the ability to deliver products despite the global shortage of materials, which gave a competitive advantage over other competitors. Sharp Electronics (Europe) Limited Sucursal en Espana has continued to strengthen its direct sales channel, increasing its headcount and win new tenders resulting in increased profitability.

Overall, the Company's profit before tax was €37,548,000 (2022: €29,106,000), the improvement was driven by an increase in the variable strategic management fee from €33,177,000 to €37,890,631, as a result of improved trading performance by the Company's Limited Risk Distributors (LRDs) across Europe and improved trading results of Sharp (UK) Manufacturing as mentioned above. The Company simplified its UK sub-group structure by hiving up the business from its subsidiary, Sharp Laboratories of Europe Ltd and all the trade & assets have been transferred to the Company with income from an investment property rentals being incorporated in these accounts from 1st January 2023, leaving Sharp Laboratories of Europe Ltd dormant.

Strategic Report *(continued)*

Principal risks and uncertainties

Business Performance

The Company's principal risks are twofold. Firstly, our ability to deliver technologically advanced products and services ahead of our competitors, that can deliver a profitable margin. Secondly, we must minimise production costs and selling expenses to cope with the continued price erosion we experience in all sectors as margins continue to decline and mature markets stagnate or reduce in terms of volume opportunities.

The negative effects of these risks and uncertainties are being mitigated through strategic planning, investment in new markets to grow cross selling opportunities, investment in research and development and product marketing together with operational efficiency improvements and strong controls. Management develops and regularly challenges the strategic direction of our business to enhance our ability to remain competitive.

The uncertainty of exchange rate movements continues to be a risk for the Company. These risks are being managed through appropriate Treasury techniques implemented by the Company's treasury function together with the European treasury hub, Sharp International Finance (U.K.) Plc. Examples include setting up foreign exchange contracts to hedge against anticipated currency exposures and operational netting which involves the consolidated settlement of receivables, payables and debt with the same entity and in the same currency.

Legal Developments

Throughout the financial year, the Company continued to monitor the impact of tax and legal developments, including developments relating to climate change, sustainable development, and reporting. There was no material impact on our business or financial performance as a result of these developments.

Impact of war and cost of living crisis

Uncertainty regarding the impact of the war on the global economy and inflationary pressure on costs will provide further operational challenges. These are being monitored continuously to ensure contingencies are placed to control costs.

Objectives and future developments in the business

The Company continues to address issues of complexity, duplication in processes and sales distribution models in order to improve efficiency. Following investment by Hon Hai Precision Industry Co. Ltd (trading as "Foxconn") in 2016, the European Business has continued to benefit from improvements in investment decision making as well as opportunities in product collaboration and sharing of business practices.

Performance of subsidiaries

Since the Company's acquisition of Sharp IT Services (UK) Ltd (Previously Complete I.T. Ltd), which provides end to end managed IT support and cloud services to the SME sector delivered through local network of offices within the UK, Sharp IT Services (UK) Ltd continues to provide the UK group with the opportunity for advancing efforts aimed at synergistic and collaborative growth. Sharp IT Services (UK) Ltd again had a strong performance in the year ended 31 March 2023, trading at 115.3% compared to the previous year as a result of increased demand for IT support services including Telephony, Business Application skills and Cyber security.

During 2020, Sharp Corporation entered a joint venture arrangement with NEC Corporation with the acquisition of 66% of shares of NEC Display Solutions Ltd. This arrangement continues to provide improved cross selling opportunities and synergies through a centralised approach.

Strategic Report *(continued)*

Objectives and future developments in the business *(continued)*

Environment

The Company operates in compliance with all EU and UK applicable laws and relevant regulations. Sharp Corporation has implemented a worldwide strategy focusing on the importance of protecting the environment and commits itself to minimise the impact it and its products have on the environment.

S172 Companies Act 2006

The Board ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, the Board acknowledges that the business can only grow and prosper over the long-term if it understands and respects the views and needs of the company’s investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Significant events for the Company during the year, which were also principal decisions, included the liquidation of the Company’s investment in Sharp Laboratories of Europe Ltd (SLE), a 100% subsidiary in the UK. This followed board’s decision to simplify its UK sub-group structure by hiving up the business from its subsidiary Sharp Laboratories of Europe Ltd to the Company. The board consulted with the parent and pension scheme trustees, and considered the long-term consequences to the Company before approving this transaction.

We detail our key stakeholders below and summarise their interests and how the Board has engaged with them. This section serves as our Section 172(1) statement.

Stakeholder	Their interests	How we engage	How the Board engages
Employees	Training and development, Health and safety, Diversity and inclusion, Equal treatment.	<p>Regular updates are provided to keep employees informed about business developments.</p> <p>Whistleblowing policies and procedures exists to ensure employees have the Company’s support to make disclosures about possible wrong doings.</p> <p>The company has an established performance management review process which allows for employee to receive regular feedback on performance & identify development needs.</p> <p>Employee engagement surveys are regularly conducted to ensure we understand employee engagement levels & what action needs to be undertaken to ensure these are maintained or improved.</p> <p>The company has an equal opportunities policy to promote & ensure the equal treatment of all employees. This policy is regularly reviewed & updated by the HR department.</p> <p>The Company has a comprehensive range of HR policies & practices covering such things as flexible working, family leave & grievance handling to ensure employee needs & issues can be addressed.</p>	<p>Information meetings are carried out on regular basis to provide corporate and business updates on matters of interest to all employees.</p> <p>A Talent Management Forum meeting is held on a biannual basis to review talent management processes and agree plans to improve the attraction, retention & development of employees.</p> <p>Focus on continuous improvement with employee satisfaction.</p> <p>The Company encourages the involvement of employees by means of employee briefings and the establishment of an Employee Forum.</p>

Strategic Report *(continued)*

Objectives and future developments in the business *(continued)*

S172 Companies Act 2006 (continued)

Stakeholder	Their interests	How we engage	How the Board engages
Suppliers	Business success, Fair trading, Terms and conditions, Payment terms, Anti-bribery and corruption, Anti-slavery, Ethical behaviour, Long term partnerships.	<p>Key account managers get to know their supplier and capabilities through initial meetings, this provides both parties with the opportunity to negotiate fair pricing and conditions.</p> <p>Senior management will engage with key suppliers on sensitive services and/or high value assignments to ensure engagements are carried out effectively.</p> <p>The Company encourages collaborative working arrangements with suppliers, this may be evaluated during de-briefing sessions and may also be measured against pre-agreed KPI measures.</p> <p>For high value suppliers (partnerships) either in terms of business importance or relative spend, Directors carry out annual/bi-annual business reviews which create the opportunity to share strategic direction of both parties and plan ahead.</p>	<p>There is a pre-set authorisation policy which includes Board approval for material purchases.</p> <p>The business values all its suppliers and has regular meetings throughout the year.</p>
Customers	Range and product availability, Price and consistency, Timely Service, Safety Effective supply chain, Engagement and management, Corporate and social responsibility, Campaigns (channel partner customers).	<p>The business strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the company. To do this, company needs to develop and maintain strong client relationships by engaging with all customers by either conference calls and/or meeting customers periodically.</p> <p>The Company's key business leaders regularly attend industry events, engage press & industry analysts to present the Company's product range, new developments and capabilities.</p> <p>The Company's corporate website is periodically updated with the latest news and developments, providing customers with an easy method of contacting people within the Company. Social media platforms are used to more broadly keep the markets updated on the Company's activities.</p> <p>Direct marketing and communications programmes including data privacy controls are regularly reviewed and approved by key business leaders. While key business leaders engage in press interviews and are kept abreast of media coverage on regular basis.</p>	<p>Board updates on trading and customer initiatives and Corporate website.</p> <p>Marketing programme reviews with European Director for Product Planning and Marketing.</p> <p>Briefings with European Public Relations Manager Monthly media coverage report.</p> <p>Briefings with European Director for Marketing reporting on web site activity and Social Media coverage.</p>
Parent Shareholder	Comprehensive view of the financial performance of the business.	<p>Regular communications are made between the Company's key management and the Parent company.</p> <p>Month end, quarter end and year-end financial reporting are made to the Parent company on a strict timely basis.</p>	<p>The Board attends regular calls regarding month end, quarter end, half year end and year end results with key representatives from Parent company.</p>

Strategic Report (continued)

Objectives and future developments in the business (continued)

S172 Companies Act 2006 (continued)

Stakeholder	Their interests	How we engage	How the Board engages
Regulatory Bodies & Communities	Compliance with regulations Carbon emission reduction Legal trading Health and safety.	SECR (streamlined energy carbon reporting) is included within this annual report from page 8 to 10, sets out the company's ongoing efforts to reduce its carbon footprint. The company's website endorses positive business behaviour (refer to business philosophy and creed and tax strategy), the company's intranet site also includes a number of policies which sets out the company's position and provides guidance to employees.	Provides oversight of corporate responsibility plans and reporting. Reviews regular reports from the business on range of regulatory issues and engagement.

Going Concern

The Company continues to hold a strategic management role for business products and services for the European market as the Master Distributor for business products into Europe and provides routine shared service support to the wider European group. The Company also continues to carry on its business systems trading activity from its Spanish branch and UK manufacturing sales to OEMs from its plant in Wales.

Following the lifting of Covid-19 restrictions and return of business activity to normal levels, the transfer pricing policies returned to normal levels for the LRDs and Sharp Manufacturing France S.A. (SMF), who also continue to earn positive operating margins for year ended 31 March 2023.

Trading activities continued to improve during the second half of year ended 31 March 2023 and we see signs of further improvement to the trading activities in the UK during the first half of fiscal year ending March 2024.

Based on the facts and circumstances known at this moment, management has determined that the use of the going concern assumption is warranted.

For going concern purposes, it is recognised that continued funding support is required from Sharp Corporation and its subsidiaries. Sharp Corporation have confirmed via a letter of support that the Company continues to be an important investment in Europe and will continue to provide support to enable the Company to continue to meet its liabilities as they fall due for 12 months from the approval of these financial statements.

On behalf of the board


Y Tomota

Director


S Nomura

Director

4 Furzeground Way
Stockley Park
Uxbridge
UB11 1EZ

21 July 2023

Company registered number: 08060689

Directors' report

Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

S Nomura
Y J Tung (Resigned 1 May 2023)
Y Tomota (Appointed 1 May 2023)
R M Bloom – Company Secretary

Proposed Dividend

The directors do not recommend the payment of a dividend (2022: €nil).

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors. These provisions were made during the year and remain in force at the date of approval of the directors' report.

Research & Development

The Company incurred research and development costs during the year at the branch of Sharp Electronics (Europe) Limited, Sucursal en Espana, of which €666,580 (2022: €637,000) were recharged to relevant Sharp subsidiaries.

Financial risk management objectives and policies

The Company is exposed to a number of financial risks including price, credit, cash flow, liquidity, currency and market risk. The Company has processes and procedures in place to address these risks.

Price risk

Sharp has increased price to cope with inflation and tough market conditions. This has been managed by maintaining optimum stock lead times for the demand levels and avoiding over-stocking in the supply chain.

Credit risk

The Company's principal financial assets are cash balances, trade and other receivables and investments. Most of the Company's third-party receivables are insured using credit insurance. In situations where normal credit insurance is unavailable, the Company seeks to obtain bank guarantees, letters of credit or ultimate customer guarantees for large projects or top-up premiums if appropriate.

Cash flow and Liquidity risk

Cash forecasts are prepared monthly for the parent company Sharp Corporation. All units of the company optimise their cash position and transfers any available spare cash to Sharp group treasury centre Sharp International Finance (U.K.) Plc for the benefit of the European operations. Intercompany loan arrangements with Sharp International Finance (U.K.) Plc. ensures that sufficient funds are available for ongoing operations and future developments.

Currency risk

Currency exposure risks are managed by the Company's treasury function, taking out currency contracts in line with Sharp Corporate policy and reflecting gains or losses through the profit and loss account.

Market risk

The Company continues to make strong efforts to control costs, seek support from its parent company Sharp Corporation and improve its cross-selling opportunities. The business continued to recover, with revenues for the European business again increase compared to its previous year by approximately 4.9%. For Sharp (UK) Manufacturing and Sharp Electronics (Europe) Limited, Sucursal en Espana, the revenue increase was 20.4% and 7.7% in comparison to last year.

The Company is the European headquarters of the Group and acts as a Master Distributor for Europe in respect of the business products. Sharp operates a Limited Risk Distributor ("LRD") model in order to consolidate risk, supply chain management and commercial decision making across Europe. The Company bears majority of the market risks, LRDs also bear an element of market risk as they are market/customer facing entities responsible for driving demand and sales in their local territory and therefore Sharp Manufacturing France S.A. (SMF) is also indirectly impacted by market risk. Management continues to maintain previous transfer pricing policies, to ensure all LRDs and SMF earned positive operating margins (OM) based on locally Generally Accepted Accounting Principles ("GAAPs") for year ended 31 March 2023.

Directors' report *(continued)*

Employee policies

Details of the number of employees and related costs can be found in note 5. All employees are encouraged to participate in training to develop their abilities.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors (financial and economic) affecting the performance of the Company. This is achieved through formal and informal meetings, intranet, email and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

Equality and diversity

The Company seeks to create a working environment free from unfair and unlawful discrimination and harassment. It is the Company's policy to promote equal treatment for all employees and potential employees and the Company is committed to equality of opportunity. In assessing applicants for employment, the Company undertakes to assess people on their ability, competence and performance in their job roles. No employee or potential employee will receive less favourable treatment due to their race, colour, nationality, ethnic origin, age, religious belief, language, political or other opinion affiliation, connections with a national minority, property, birth or other status, gender, gender reassignment, sexual orientation, marital status, family connections, membership or non-membership of a trade union or disability. By doing so, the Company believes that it can maximise each individual's potential to achieve corporate goals by adding value to the business through capitalising on these diverse talents and their abilities. We seek to foster an atmosphere in which our employees' diversity and individuality are valued, and in which they can fully demonstrate their skills and abilities. We will also strive to actively develop human resources.

Disabled employees

It is the Company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

Health and safety

The Company aims to ensure that all employees work in a safe and healthy environment, free from accident, illness and injury at work.

Harmony with the Community

It is the Company's policy to contribute to global development and understanding by conducting business activities in a manner that respects the cultures and customs of all countries and regions. As a good corporate citizen, the Company is committed to work to coexist harmoniously with the local communities where we live and work, by actively developing social contribution programs in the fields of the environment, education and social welfare as set out in the Section 172 statement.

Disclosure of information of strategic importance

In accordance with section 414C(11) of the Companies Act 2006 certain information required to be disclosed in the Directors' Report has been included in the Strategic Report. This includes information about the need to foster business relationship with suppliers, customers and others.

Carbon reporting (SECR)

During the reporting year, historical gas consumption at the Wrexham site was recalculated by the energy supplier. Therefore, 2021/2022's energy consumption, carbon emissions and intensity ratios have all been adjusted in this year's report to reflect this change.

Current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. As a consequence, energy use and emissions are aligned with financial reporting for Sharp Electronics (Europe) Limited and exclude the non-UK based subsidiaries that would not qualify under the 2018 Regulations in their own right. This includes the Head Office in Uxbridge, a factory in Wrexham and operational and grey fleet vehicles.

The annual reporting period is 1st April to 31st March each year and the energy and carbon emissions are aligned to this period.

Directors' report (continued)

Carbon reporting (SECR) (continued)

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2022 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

Where available electricity and gas consumptions were based on invoice records. Where invoices did not cover the reporting period, consumption was estimated using pro-rata and direct comparison estimation techniques. Mileage records were used to calculate energy and emissions from fleet vehicles and grey fleet. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities but occur from sources not owned or controlled by the organisation (scope 3).

Breakdown of energy consumption used to calculate emissions (kWh):

	2022/23	2021/22
Mandatory requirements:		
Natural gas	1,761,623	1,564,821
Company owned vehicles	123,679	152,218
Grid electricity	1,705,231	1,613,827
Total energy consumed (mandatory)	3,590,533	3,330,866

NOTE: Figures may not sum to total due to rounding

1. 2021/22 Figures changed from previous year's report due to discovery of error in gas consumption calculation at Wrexham factory.

Breakdown of emissions associated with the reported energy use (in tCO₂e)

	2022/23	2021/22
Scope 1		
Natural gas	321.6	286.6
Company owned vehicles	30.5	35.5
Total Scope 1	352.1	322.1
Scope 2		
Purchased electricity (location-based)	329.8	342.7
Total Scope 2	329.8	342.7
Total Gross emissions (mandatory)	681.8	664.8

NOTE: Figures may not sum to total due to rounding

1. 2021/22 Figures changed from previous year's report due to a recalculation in the gas consumption calculation at Wrexham.

Directors' report (continued)

Carbon reporting (SECR) (continued)

Intensity Ratios (mandatory emissions only)

The Company has chosen to use two intensity ratios: gross tonnes of carbon dioxide equivalent emissions per employee for transport related emissions, and per thousand meters square of floor area for building related emissions. These metrics are chosen as they are the most readily available and complete data over the period and 'normalise' the data. Rather than these two metrics being calculated on overall gross emissions, each is based on specific transport or building emissions, depending on the ratio.

	2022/23	2021/22
Tonnes of CO ₂ e per employee ¹	0.39	0.44
Tonnes of CO ₂ e per thousand square meter of floor space ²	30.7	28.5

¹ Average number of employees within the reporting year.

² Total GIA

NOTE: Figures may not sum to total due to rounding

1. 2021/22 Figures changed from previous year's report due to discovery of error in gas consumption calculation at Wrexham.

Energy efficiency action during current financial year

There were no energy efficiency actions recorded for this year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board



Y Tomota

Director



S Nomura

Director

4 Furzeground Way

Stockley Park

Uxbridge

UB11 1EZ

21 July 2023

Company registered number: 08060689

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that financial year. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

By order of the board


Y Tomota

Director


S Nomura

Director

4 Furzeground Way
Stockley Park
Uxbridge
UB11 1EZ

21 July 2023

Company registered number: 08060689

Independent auditors' report to the members of Sharp Electronics (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sharp Electronics (Europe) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

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

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

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

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

Independent auditors' report to the members of Sharp Electronics (Europe) Limited *(continued)*

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Corporate Tax Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the valuation of investments;
- Risk based testing of journal entries;
- Reviewing the disclosures in the Directors' Reports and Financial Statements against the specific legal requirements; and
- Review of board minutes for consideration of known or suspected instances of non-compliance with laws and regulations or fraud.

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

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

Independent auditors' report to the members of Sharp Electronics (Europe) Limited
(continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sandeep Dhillon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

24 July 2023

Statement of Comprehensive Income
for year ended 31 March 2023

	Note/(s)	2023 €000	2022 €000
Turnover	3	127,385	110,082
Cost of sales		(75,206)	(60,327)
Gross profit		52,179	49,755
Administrative expenses	4, 5	(27,007)	(26,002)
Operating profit	6	25,172	23,753
Interest payable and similar expenses	7	(1,712)	(628)
Interest receivable and similar income	8	3,649	1,021
Income from shares in group undertakings	13	10,439	4,960
Profit before taxation		37,548	29,106
Tax on profit	9	(2,610)	(1,780)
Profit for the financial year		34,938	27,326
Other comprehensive expense/(income)		2023 €000	2022 €000
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain recognised in the pension scheme		(40,534)	20,603
Deferred tax arising on gain/(loss) in the pension scheme	18	13,419	(7,861)
Foreign exchange on pension		948	(113)
Items that may be reclassified to profit or loss			
Foreign exchange (loss)/gain on translation of foreign operation		(3,059)	754
Total other comprehensive (expense)/income		(29,226)	13,383
Total comprehensive income for the year		5,712	40,709

Statement of Financial Position

as at 31 March 2023

	Note	2023 €000	2022 €000
Fixed assets			
Intangible assets	10	245	399
Tangible assets	11	1,540	1,539
Investment Property	12	4,435	-
Right-of-use assets	21	1,931	1,630
Investments	13	60,570	76,430
		<u>68,721</u>	<u>79,998</u>
Current assets			
Debtors: amounts falling due after more than one year	15	2,713	2,767
Pension asset	19	41,544	69,938
Stocks	14	7,664	9,335
Debtors: amounts falling due within one year	15	94,534	94,679
Cash at bank and in hand		14,018	10,808
		<u>160,473</u>	<u>187,527</u>
Creditors: amounts falling due within one year	16	<u>(133,980)</u>	<u>(168,108)</u>
Net current assets		<u>26,493</u>	<u>19,419</u>
Total assets less current liabilities		<u>95,214</u>	<u>99,417</u>
Creditors: amounts falling due after more than one year	16	<u>(1,346)</u>	<u>(2,122)</u>
Provisions for liabilities	17	<u>(16,169)</u>	<u>(25,308)</u>
Net assets		<u>77,699</u>	<u>71,987</u>
Capital and reserves			
Called up share capital	20	80,469	80,469
Share premium account		30,824	30,824
Capital contribution		65,516	65,516
Profit and loss account		(99,110)	(104,822)
Total Shareholders' funds		<u>77,699</u>	<u>71,987</u>

The accompanying notes are an integral part of these financial statements. The financial statements on pages 15 to 41 were approved by the board of directors on 21 July 2023 and were signed on its behalf by:


Y Tomota

Director


S Nomura

Director

Company registered number: 08060689

Statement of Changes in Equity
for year ended 31 March 2023

	Called up share capital €000	Share premium account €000	Capital surplus €000	Profit and loss account €000	Total equity €000
Balance at 1 April 2021	80,469	30,824	65,516	(145,531)	31,278
Total comprehensive income for the year					
Profit for the financial year	-	-	-	27,326	27,326
Other comprehensive income	-	-	-	13,383	13,383
Total comprehensive income for the year	-	-	-	40,709	40,709
Balance at 31 March 2022	80,469	30,824	65,516	(104,822)	71,987

	Called up share capital €000	Share premium account €000	Capital surplus €000	Profit and loss account €000	Total equity €000
Balance at 1 April 2022	80,469	30,824	65,516	(104,822)	71,987
Total comprehensive income for the year					
Profit for the financial year	-	-	-	34,938	34,938
Other comprehensive expense	-	-	-	(29,226)	(29,226)
Total comprehensive income for the year	-	-	-	5,712	5,712
Balance at 31 March 2023	80,469	30,824	65,516	(99,110)	77,699

Notes

1 Accounting policies

Sharp Electronics (Europe) Limited is a private company limited by shares incorporated and domiciled in United Kingdom. The company registered in England and its registered office address is 4 Furzeground Way, Stockley Park, Uxbridge, UB11 1EZ, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sharp Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Sharp Corporation are available to the public and may be obtained from <https://global.sharp/corporate/ir/index.html> Investor Relations | Sharp Global.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosure in respect of the compensation of Key Management Personnel
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Sharp Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below, unless otherwise stated, have been applied consistently throughout the year and to the preceding year.

Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with the Companies Act 2006.

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

The following amendments are effective for annual periods beginning on or after 1 January 2022:

IAS 16	Property, plant and equipment before intended use
IFRS 3	Business combinations
IAS 1	Presentation of financial statements
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 12	Income taxes

These do not have a material effect on the company's financial statements

New standards and interpretations not yet adopted

The following amendments are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements. The Directors are considering the potential impact of these amendments, but at the current time they are not expected to have a material effect on the company's financial statements.

Notes (continued)

1 Accounting policies (continued)

IAS 1	Presentation of financial statements – narrow scope amendments
IAS 1	Presentation of financial statements – non-current liabilities with covenants
IAS 12	Income taxes - deferred tax related to assets and liabilities arising from a single transaction

There are no amendments to IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the company's financial statements

Going Concern

The Company has net current liabilities, excluding the impact of the pension assets and debtors falling due after more than one year, of €17,764,000. The ultimate parent undertaking Sharp Corporation, 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan, has confirmed its intention to provide any financial support required by the Company or its subsidiaries, including not seeking repayment of amounts currently made available by Sharp Corporation or other of its subsidiaries, for each company to meet its financial obligations as they are due as long as they remain within the Sharp Group for 12 months from the approval of these financial statements.

For the reasons explained, the Directors consider that Sharp Corporation has the ability and intention to continue to support the Company and therefore deem it appropriate to adopt the going concern basis in preparing the financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated to functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The division of the Company, Sharp (UK) Manufacturing, operates under a functional currency of Great British Pound Sterling. The company's policy is to translate profit and loss items to the company's functional currencies at the foreign exchange rate using an average of monthly exchange rates for the year. Balance sheet items are translated at the foreign exchange rate ruling at that date. The resulting exchange differences are recognised in other comprehensive income.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Tangible assets costs include the purchase cost and any costs incurred to bring the asset to the location and condition needed for it to operate in the manner intended by management.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold land and buildings	10 - 25 years or life of lease
Vehicles and equipment	2 - 10 years
Tool, fixtures and fittings	2 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1 Accounting policies (continued)

Intangible assets

Computer software

Cost associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software products are available, and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

Investment property

Investment property, which is property held to earn rentals, is initially measured at cost including transactions costs. The company has adopted the cost model as accounting policy, so investment property is stated at its historical cost less depreciation at the balance sheet date. Historical cost includes expenditure that is directly attributable to the acquisition of the assets and to bring items to the location and condition needed for it to operate in the manner intended by management.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit and loss in the period in which the property is derecognised.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks 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.

Notes (continued)

1 Accounting policies (continued)

Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to

determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company’s net obligation in respect of defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company’s obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss. The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements. The Company’s employees are members of a group wide defined benefit pension plan. The net defined benefit cost of the plan is charged to participating entities on the following basis: share of the assets and liabilities in the scheme based on an allocation of liabilities performed by the scheme’s actuaries. The contributions payable by the participating entities are determined on the following basis: as per the share of the schemes liabilities allocated to the entity.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured 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 risks specific to the liability.

Turnover

The Company operates in five key revenue streams, digital document systems, audio-visual and communication equipment, health and environment systems, business solutions and variable strategic management fee, classified as other revenue. All turnover is stated net of VAT and trade discounts. Digital document systems, audio-visual and communication equipment, health and environment systems, business solutions turnover is recognised after the amount of revenue and associated costs can be measured

Notes (continued)

1 Accounting policies (continued)

Turnover (continued)

reliably and the economic benefits associated with the transaction is probable, in line with relevant International Commercial Terms and relevant accounting standards. Variable strategic management fee turnover is recognised on an accrual basis until when results have been reviewed and finalised.

Dividend income

Subsidiaries of the company may on occasion issue dividends to the Company. The Company defines dividend income as the distribution of profits and as such recognises this income as dividend income in the profit and loss, in accordance with IAS 18.5c. Distributions from subsidiaries other than that of distribution of profits, example being capital reduction distributions, the Company chooses not to recognise as dividend income; such distributions will be recognised as repayment of the initial investment.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other assets.

To measure the expected credit losses, trade receivables and other assets are grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

Expenses

Leases

The company leases assets such as buildings and vehicles. Lease contracts are typically made for periods of minimum 2 years to 10 years but may have extension options.

Contracts contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components and has elected to separate lease and non-lease components. Non lease components will continue to be charged against expenses in profit and loss.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The company recognises leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined for leases, the company's incremental borrowing rate is used - the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The company used incremental borrowing rates specific to each lease and the rates range between 1.75% - 3.75% translating to an average rate of 2.75%.

The company is exposed to potential future increases in lease payments, which are not included in the lease liability until they take effect. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

Lease income from operating lease where the company is a lessor is recognised in income on a straight-line basis over the lease term. The costs associated with the operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Assets held under finance lease are included in debtors as gross receivables less related unearned income. Income from finance leases is credited to the profit and loss account using the sum of digits method to give a return on the net cash invested in leases.

Exceptional items

Items that are material in size and unusual or infrequent in nature are disclosed as exceptional items in the notes to the financial statements. The directors are of the opinion that the separate recoding of exceptional items provides helpful information about the Company's underlying business performance.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises of current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Capital Management

The Company's capital consists of share capital, share premium, capital surplus and retained losses totalling €77,699,000 (31 March 2022: €71,987,000). The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

All funding required for working capital purposes is financed from existing cash resources where possible.

The preparation of financial statements in conformity with Financial Reporting Standard 101 reduced Disclosure Framework requires management to make judgement, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes *(continued)*

2 Accounting estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects on that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The company believe the principal accounting estimates, assumptions and uncertainties employed in the preparation of these financial statements are:

Pension assumptions

Actuarial assumptions are established to anticipate future events and are used in calculating post-employment benefit expenses and liabilities. These factors include assumptions with respect to interest rates, rates of future compensation increases, turnover rate and life expectancy.

Recognition of deferred tax asset

The recognition of deferred tax assets is based upon whether it is more likely than not that there will be sufficient and suitable taxable profits against which to utilise assets in the future. Judgement is required when determining probable future taxable profits, which are estimated using the latest available forecasts. Prior to recording deferred tax assets for tax losses, relevant tax law is considered to determine the availability of losses to offset against future taxable profits.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (Cash generating units).

Notes *(continued)*

3 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. Turnover is recognised upon delivery of the products or provision of services. The turnover presented below contains sales to both Sharp Group Entities as well as third party entities.

The analysis of the Company's turnover is as follows:

	2023	2022
	€000	€000
<i>By activity</i>		
Digital Document systems	16,511	15,152
Audio-Visual and communication equipment	834	779
Health and Environment systems	71,534	60,554
Business Solutions	295	420
Variable strategic management fee	37,981	33,177
Rental income on the investment property	230	-
	127,385	110,082

	2023	2022
	€000	€000
<i>By geographical market</i>		
United Kingdom	4,884	3,946
France	41,520	37,211
Germany	19,489	17,045
Sweden	5,660	4,809
Poland	7,021	4,584
Netherlands	2,043	1,272
Spain	16,406	15,470
Switzerland	92	51
Czech Republic	1,629	2,232
Hungary	490	3,679
Italy	3,302	2,690
Finland	1,672	-
Other	23,177	17,093
	127,385	110,082

Notes *(continued)*

4 Information regarding directors and employees

Directors' emoluments

	2023	2022
	€000	€000
Aggregate emoluments	637	623
	<u>637</u>	<u>623</u>
Remuneration of highest paid director	<u>485</u>	<u>432</u>

5 Staff costs during the year *(including directors)*

	2023	2022
	€000	€000
Wages and salaries	17,743	15,096
Social security costs	1,960	1,552
Other pension costs	792	741
	<u>20,495</u>	<u>17,389</u>

Average monthly number of persons employed

	2023	2022
	No.	No.
Production and service	133	109
Administration	79	76
Sales	43	43
	<u>255</u>	<u>228</u>

6 Operating profit

	2023	2022
	€000	€000
<i>Operating profit is stated after charging:</i>		
Amortisation of purchased intangible assets	154	63
Depreciation of owned tangible fixed assets	539	485
Depreciation of right-of-use assets	708	645
Inventory recognised as expense	69,089	54,442
Impairment of inventory	205	44
Research and development costs	667	637

Notes *(continued)*

6 Operating profit *(continued)*

	2023	2022
	€000	€000
Restructuring cost provision	61	-
Profit on disposal of tangible fixed assets	8	-
	8	-

Auditors' Remuneration

Across the Sharp Electronics (Europe) Limited, audit and non-audit fees amounted to:

	2023	2022
	€000	€000
Audit of these financial statements	108	103
<u>Other professional services</u>		
Taxation compliance services	8	17
	116	120

7 Interest payable and similar expenses

	2023	2022
	€000	€000
Cash pooling interest due to group undertakings	1,656	552
Right-of-use finance cost	55	75
Other charges	1	1
	1,712	628

8 Interest receivable and similar income

	2023	2022
	€000	€000
Net exchange gains and losses	848	131
Bank interest	106	17
Cash pooling interest	538	29
Net pension interest and similar income	2,156	844
Other income	1	-
	3,649	1,021

Notes *(continued)*

9 Tax on profit

Recognised in the profit and loss account	2023	2022
	€000	€000
Current year tax	(1,060)	(759)
Prior year tax adjustment	183	-
Prior year losses surrendered by way of group relief	187	604
With-holding tax write off	(1)	-
Total current tax	(691)	(155)
Deferred tax (see note 17)		
Difference to rate applied to pension surplus	(1,919)	(1,625)
	(1,919)	(1,625)
Total tax	(2,610)	(1,780)
<i>Income tax recognised in other comprehensive income</i>		
	2023	2022
	€000	€000
Deferred tax arising on gain/(loss) in the pension scheme	13,419	(7,861)
<i>Reconciliation of standard UK tax rate</i>		
	2023	2022
	€000	€000
Profit before taxation	37,548	29,106
Corporation tax rate of 19% (2022: 19%)	(7,236)	(5,530)
<i>Effect of:</i>		
Prior year tax adjustment	183	-
Expenses not deductible for tax purposes	(194)	892
Expenses deductible for tax purpose	749	-
Difference to rate applied to pension surplus	(1,919)	(1,625)
Prior year losses surrendered by way of group relief	187	604
Tax exempt income	2,355	942
Relief for losses bought forward	2,055	1,870
Pension contribution deduction for tax purposes	1,211	1,066
With-holding tax write off	(1)	1
Total tax expense	(2,610)	(1,780)

Notes *(continued)*

9 Tax on profit *(continued)*

At the Spring Budget 2021, the government announced that from 1 April 2023, the Corporation Tax main rate would increase to 25% for companies with profits above £250,000. This new law was substantively enacted on 24th May 2021.

The deferred tax on 31 March 2023 has been measured using these enacted tax rates and reflected in these financial statements. The deferred tax on employee benefits represents the amount which would be withheld at a rate of 35% from any refund due under the pension regulations.

10 Intangible assets

	Computer Software
	€000
Cost	
At 1 April 2022	3,135
Additions	-
Disposals	(8)
At 31 March 2023	3,127
Accumulated Amortisation	
At 1 April 2022	(2,736)
Charge for the year	(154)
Disposals	8
At 31 March 2023	(2,882)
Net book value	
At 31 March 2023	245
At 31 March 2022	399

Notes *(continued)*

11 Tangible assets

	Freehold land and buildings €000	Tools, Fixtures and fittings €000	Vehicles and equipment €000	Assets under construction €000	Total €000
Cost					
At 1 April 2022	9,271	6,511	4,517	201	20,500
Additions	5	63	21	490	579
Disposals	-	(148)	(24)	-	(172)
Transfer	-	359	104	(463)	-
Translation adjustment	(314)	(232)	(134)	(8)	(688)
At 31 March 2023	<u>8,962</u>	<u>6,553</u>	<u>4,484</u>	<u>220</u>	<u>20,219</u>
Accumulated Depreciation					
At 1 April 2022	8,624	6,024	4,313	-	18,961
Charge for the year	155	308	76	-	539
Disposals	-	(144)	(23)	-	(167)
Translation adjustment	(309)	(215)	(130)	-	(654)
At 31 March 2023	<u>8,470</u>	<u>5,973</u>	<u>4,236</u>	<u>-</u>	<u>18,679</u>
Net book value					
At 31 March 2023	<u>492</u>	<u>580</u>	<u>248</u>	<u>220</u>	<u>1,540</u>
At 31 March 2022	<u>647</u>	<u>487</u>	<u>204</u>	<u>201</u>	<u>1,539</u>

The company has granted a fixed charge over the building and long leasehold land to the trustees of the Sharp Electronics (U.K.) Pension Scheme as security in respect of the obligations and liabilities of certain companies which are party to that pension scheme to make payments up to a maximum of their aggregate amount as at 21 March 2014.

Notes (continued)

12 Investment Property

	Land and Building	Tools, Fixtures and fittings	Total
	€000	€000	€000
Cost			
At 1 April 2022	-	-	-
Additions	4,185	275	4,460
At 31 March 2023	<u>4,185</u>	<u>275</u>	<u>4,460</u>
Accumulated Depreciation			
At 1 April 2022	-	-	-
Charge for the year	(6)	(19)	(25)
At 31 March 2023	<u>(6)</u>	<u>(19)</u>	<u>(25)</u>
Net book value			
At 31 March 2023	<u>4,179</u>	<u>256</u>	<u>4,435</u>
At 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>

Notes *(continued)*

13 Investments

	Shares in subsidiaries
	€000
Cost	
At 1 April 2022	107,438
Disposal	(15,860)
At 31 March 2023	91,578
<i>Provisions for Impairment</i>	
At 1 April 2022	(31,008)
At 31 March 2023	(31,008)
Net Book Value	
At 31 March 2023	60,570
At 31 March 2022	76,430

Disposal within the year is the result of a business reorganisation decision of hive-up of Sharp Laboratories of Europe Ltd (SLE) business into the Company on 1st January 2023.

During the year, the Company received total dividends of €10,438,891 (2022: €4,959,899) of which €1,202,396 (2022: €2,500,000) from Sharp Manufacturing France S.A., €465,560 (2022: €614,797) from Sharp Business Systems UK Plc, €1,426,826 (2022: €1,845,102) from Sharp IT Services (UK) Ltd and €7,344,109 (2022: nil) from Sharp Laboratories of Europe Ltd following to the liquidation of investments.

An impairment assessment has been carried out during the current year and no impairments were noted.

Notes *(continued)*

13 Investments *(continued)*

Directly held Subsidiaries

Company	Class/%	Principal Activity	Country of Incorporation/ principal place of business
Sharp Business Systems UK Plc	Ordinary/100%	Sale of copiers	Northern House Wakefield WF3 2EE Great Britain
Sharp Laboratories of Europe Ltd	Ordinary/100%	Dormant	4 Furzeground Way Stockley Park UB11 1EZ Great Britain
Sharp IT Services (UK) Ltd (Previously Complete I.T. Ltd)	Ordinary/100%	IT service provider	Oakingham House Frederick Place London Road, High Wycombe HP11 1JU Great Britain
Sharp Manufacturing France S.A.	Ordinary/100%	Manufacture & sales of office equipment	Route Bollwiller Soultz, 68360 France

Indirect holdings

Company	Class/ %	Principal activity	Country of incorporation	Status
Copifax Limited	100%	n/a	Northern House Moor Knoll Lane Wakefield WF3 2EE Great Britain	Dormant

Notes (continued)

14 Stocks

	2023	2022
	€000	€000
Raw materials and consumables	6,749	8,392
Spare parts	157	160
Finished goods	758	783
	7,664	9,335

The directors believe there is no material difference between the balance sheet value of stocks and their replacement cost.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €69,089,032 (2022: €54,442,325). The write-down of stocks to net realisable value amounted to €205,000 (2022: €44,000). The write-down is included in cost of sales. Provisions held against inventory in the year amounts to €941,510 (2022: €736,194)

15 Debtors

	2023	2022
	€000	€000
<i>Amounts falling due within one year</i>		
Trade debtors	20,556	22,866
Amounts owed by group undertakings	41,016	33,464
Short term loans receivable by group undertakings	30,724	33,536
Other debtors and prepayments	1,607	4,274
Short term finance lease receivables	500	367
VAT receivable	131	172
	94,534	94,679
	2023	2022
	€000	€000
<i>Amounts falling due after more than one year</i>		
Long term security deposit	2,713	2,767
	2,713	2,767

The fair value of trade debtors, amounts owed by group undertakings, and other debtors approximate their carrying value due to short term maturities. There are short term loans receivable by group undertaking of €30,723,732 (2022: €33,536,045) of unsecured short term intercompany cash position with an interest rate range of 3.5750% to 4.1645% on which interest is earned based on daily rates provided by Sharp group treasury centre Sharp International Finance (U.K.) Plc, and receivable on maturity. Provisions held against trade receivables are €135,203 (2022: €nil)

Notes (continued)

16 Creditors

	2023	2022
	€000	€000
<i>Amounts falling due within one year</i>		
Trade creditors	2,475	3,889
Amounts owed to group undertakings	3,874	3,369
Short term loans payable to group undertakings	120,000	152,703
Short term lease liability (see note 20)	1,245	1,388
Corporate tax liability	159	759
Other creditors	1,844	1,217
Accruals	4,383	4,783
	133,980	168,108
	2023	2022
	€000	€000
<i>Amounts falling due after more than one year</i>		
Long-term lease liability (see note 20)	1,346	2,122
	1,346	2,122

The fair value of trade creditors, amounts owed to group undertakings, and other creditors approximate their carrying value due to short term maturities. Short term loans payable to group undertakings include €120,000,000 (2022: €152,703,000) of unsecured short term intercompany cash positions with an interest rate range of 3.600% to 3.782%, on which interest is incurred based on daily rates provided by Sharp group treasury centre Sharp International Finance (U.K.) Plc, and payable on maturity.

17 Provisions for liabilities

	Deferred Tax €000	Product warranties €000	Restructuring €000	Restoration €000	Total €000
At 1 April 2022	24,478	153	117	560	25,308
Additions/(decrease) in the year	(9,575)	96	-	612	(8,867)
Provisions released during the year	-	(163)	(61)	-	(224)
Provisions used during the year	-	(45)	(3)	-	(48)
At 31 March 2023	14,903	41	53	1,172	16,169

The Company continues to hold the warranty risk for microwave products calculated with reference to the level of sales and actual warranty costs incurred in remedying claims for the microwave product category.

The restructuring provision relates to the restructuring of the Consumer Electronics Divisions within the Europe region. The closing provision includes facilities and warehouse charges based on legally binding obligations and a warranty provision for discontinued product categories. The greatest uncertainty in estimating the provision is the estimation of future product returns for products still under warranty which is based on historic sales information and product return trends.

Restoration provisions comprise of dilapidation cost on the leasehold properties occupied by the Company. The cost has been estimated based on the reliable figures obtained at the time when renovations took place while moving into the office and duly updated for any further relevant information obtained. It is expected to be utilised in 2 years' time, when the lease term ends.

Notes *(continued)*

18 Deferred taxation

	Assets		Liabilities		Net	
	2023 €000	2022 €000	2023 €000	2022 €000	2023 €000	2022 €000
Employee benefits	-	-	(14,541)	(24,478)	(14,541)	(24,478)
Tangible fixed assets	-	-	(362)	-	(362)	-
Net tax liabilities	-	-	(14,903)	(24,478)	(14,903)	(24,478)

The tax rate used for the deferred tax assets/liabilities is 25%. The deferred tax on employee benefits represents the amount which would be withheld at a rate of 35% from any refund due under pension regulations.

The Company's carried forward trading losses amount to €121,417,311 (2022: €132,329,634) and capital losses amount to €1,792,148 (2022: €1,803,913), both these tax losses can be carried forward indefinitely. The Company's excess tax written down value on fixed assets amount to €17,972,269 (2022: €21,978,008). The company's temporary differences relating to provisions amount to €1,201,816 (2022: €798,514). The Company has decided not to recognise any deferred tax asset in relation to these based on a forecast model of expected loss utilisation over a 10-year period.

Movement in deferred tax during the year

	1 April 2022 €000	Transferred from SLE €000	Recognised in income €000	Recognised in equity €000	Foreign exchange €000	31 March 2023 €000
Employee benefits (2022 reversal)	(24,478)	-	-	24,478	-	-
Employee benefits (2023 transferred from SLE)	-	(2,511)	-	-	-	(2,511)
Tangible Fixed assets (2023 transferred from SLE)	-	(362)	-	-	-	(362)
Employee benefits (2023 movement)	-	-	(1,919)	(11,059)	948	(12,030)
Tax value of loss carry-forwards Utilised	-	-	-	-	-	-
	(24,478)	(2,873)	(1,919)	13,419	948	(14,903)

Movement in deferred tax during the prior year

	1 April 2021 €000	Transferred from SLE €000	Recognised in income €000	Recognised in equity €000	Foreign exchange €000	31 March 2022 €000
Employee benefits (2021 reversal)	(14,879)	-	-	14,879	-	-
Employee benefits (2022 movement)	-	-	(1,625)	(22,740)	(113)	(24,478)
Tax value of loss carry-forwards Utilised	-	-	-	-	-	-
	(14,879)	-	(1,625)	(7,861)	(113)	(24,478)

Notes (continued)

19 Pension commitments

Composition of the scheme

The Company participates in a group defined benefit scheme in the UK. The scheme is governed by the scheme Trustees in accordance with the Pension Scheme regulations. The Company accounts for its share of the assets and liabilities in the scheme based on an allocation of liabilities performed by the scheme's actuaries. The policy for charging net defined benefit costs and determining the contribution to be paid by the entity is based on the Recovery Plan dated 27 August 2015 and using Quantum Advisory's note dated September 2015 revised to take into account the remaining employers. The Company's share is not necessarily the same as its potential liability under the Debt on Employer regulations. The directors consider that the assets and liabilities in the scheme are split between the participating employers on a consistent and reasonable basis.

The scheme was closed to future accruals on 30 September 2010.

Contributions to the scheme were made in accordance with advice from the Actuary and in accordance with the Schedule of Contributions in place during the year. The results of an actuarial valuation updated as at 31 March 2017 have been updated to 31 March 2021 for accounting purposes. For figures as at 31 March 2023 it has been assumed that members will retire at their normal retirement age of 65.

The Company made contributions of €6,376,015 (2022: €6,461,394) in the year (payable monthly).

<i>Net surplus for the Company</i>	2023	2022
	€000	€000
Share of defined benefit asset	210,289	294,653
Share of defined benefit liabilities	<u>(168,745)</u>	<u>(224,715)</u>
Pension asset	<u>41,544</u>	<u>69,938</u>

The information disclosed below is in respect of the whole of the plans for which the Company has been allocated a share of costs under an agreed group policy throughout the periods shown. Amounts have been rounded to the nearest € 1,000.

The Pensions scheme is denominated in Sterling. The below provides the **Euro value** of the total Scheme:

	2023	2022
	€000	€000
Total defined benefit assets	210,580	336,254
Total defined benefit liability	<u>(169,077)</u>	<u>(258,778)</u>
Defined benefit pension assets	<u>41,503</u>	<u>77,476</u>

Uncertainty and Sensitivity analysis on the total scheme was performed, results are outlined below:

	2023	2022
Discount rate before and after retirement decreased by 0.1% pa	+2,300	+4,200
Inflation increased by 0.1% pa	+1,700	+3,200
Members are assumed to live 1 year longer	+4,800	+8,700

The Company agrees contributions following triennial valuation of the scheme. The last triennial valuation was performed in March 2020, which commits the following contributions for the company up to March 2023 – payable by March 2018 £6.65m, April 2018 – March 2020 £6.0m, April 2020 – March 2023 £5.5m

Notes (continued)

19 Pension commitments (continued)

Movements in net defined benefit asset/liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	€000	€000	€000	€000	€000	€000
Balance at 1 April 2022 and 2021	(258,778)	(277,926)	336,254	324,152	77,476	46,226
Included in profit or loss						
Administration costs incurred during the year	-	-	(713)	(708)	(713)	(708)
Interest (cost)/income	(6,935)	(5,498)	9,134	6,484	2,199	986
Past service cost and settlements	-	-	-	-	-	-
Foreign exchange gain/(loss) on pension	10,151	(2,098)	(13,344)	2,479	(3,193)	381
Included in OCI						
Remeasurements gain/(loss)						
Actuarial (loss)/gain arising	85,252	26,248	(116,551)	5,384	(31,299)	31,632
Experience (loss) on defined benefit obligation	(10,568)	(7,258)	-	-	(10,568)	(7,258)
Changes in demographic assumptions for valuation of liabilities	1,253	(250)	-	-	1,253	(250)
Other						
Contributions paid by the employer	-	-	6,348	6,467	6,348	6,467
Benefits paid	10,548	8,004	(10,548)	(8,004)	-	-
Balance at 31 March 2023 and 2022	(169,077)	(258,778)	210,580	336,254	41,503	77,476

Plan assets

	2023	2022
	€000	€000
Equities	5,159	57,595
Corporate Bonds	60,978	117,733
LDI	85,058	86,165
Property	20,880	27,824
Cash	38,505	46,937
Total	210,580	336,254

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Notes *(continued)*

19 Pension commitments *(continued)*

Actuarial assumptions

	2023	2022
Discount rate at 31 March	4.8%	2.8%
Future pension increases	3.1%	3.4%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.7 years (male), 24.2 years (female)
- Future retiree upon reaching 65: 23.0 years (male), 25.6 years (female)

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to € 791,935 (2022: €740,542).

20 Called up share capital

	2023 €000	2022 €000
<i>Authorised, called up, allotted and fully paid</i>		
80,469,437 (2022: 80,469,437) ordinary shares of €1 each	80,469	80,469

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21 Leases

The company has lease contracts for buildings and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

	2023 €000	2022 €000
Buildings	1,747	1,567
Vehicles	184	63
	1,931	1,630
Lease liabilities		
Non-current	1,346	2,122
Current	1,245	1,388
	2,591	3,510

Additions to the right-of-use assets during the 2023 financial year ended 31st March 2023 were €1,009,162 (2022: €57,973).

Notes (continued)

21 Leases (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Note	2023	2022
		€000	€000
Depreciation charge of right-of-use assets			
Buildings		(646)	(598)
Vehicles		(62)	(47)
		<u>(708)</u>	<u>(645)</u>
Interest expense (included in finance cost)	7	(55)	(75)
Expense relating to short-term leases		-	(2)
Expense relating to leases of low value assets that are not shown above as short-term leases		(7)	(22)

22 Related party transactions

The Company has taken advantage of the exemption in FRS 101 not to disclose details of transactions with other wholly owned group undertakings since the consolidated financial statements of Sharp Corporation, in which the Company is included, are publicly available at the address given in note 23.

23 Ultimate Parent company

The Company is a wholly owned subsidiary undertaking of Sharp Corporation, who is the ultimate and immediate parent undertaking incorporated in Japan.

The largest and smallest group in which Sharp Electronics (Europe) Limited is a member and for which group financial statements are drawn up is that headed by Sharp Corporation, whose principal place of business is at 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan. The consolidated financial statements of this group are available to the public and may be obtained from <https://global.sharp/corporate/ir/index.html> Investor Relations | Sharp Global.

24 Subsequent Events

There are no subsequent events after year ended 31 March 2023 that could have a significant impact on these financial statements.