Vanderlande Industries B.V.

Annual Report

31 March 2024

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PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Management Board Report

General information

Vanderlande Industries BV ("Vanderlande Industries") and its subsidiaries are part of Vanderlande Industries Holding BV ("Vanderlande"), which is ultimately controlled by Toyota Industries Corporation (TICO). Vanderlande is a market-leading, global partner for future-proof logistic process automation in the warehousing, airports and parcel sectors. Its extensive portfolio of integrated solutions – innovative systems, intelligent software and life-cycle services – results in the realisation of fast, reliable and efficient automation technology.

The company focuses on the optimisation of its customers' business processes and competitive positions. Through close cooperation, it strives for the improvement of their operational activities and the expansion of their logistical achievements.

Vanderlande's warehousing solutions are the first choice for many of the largest global e-commerce players and retailers in food, fashion and general merchandise across the globe. The company helps them to fulfil their promise of same-day delivery for billions of orders, with nine of the 15 largest global food retailers relying on its efficient and reliable solutions.

As a global partner for future-proof airport automation, Vanderlande's market-leading baggage handling systems and related passenger solutions are capable of moving over 4 billion pieces of baggage around the world per year. These are active in more than 600 airports, including 12 of the world's top 20. In addition, around 430 of Vanderlande's security lanes are installed at checkpoints worldwide.
Vanderlande is also a leading supplier of process automation solutions that address the challenges in the parcel market. More than 52 million parcels are sorted by its systems every day, which have been installed for the world's leading parcel handling companies.
Established in 1949, Vanderlande has more than 9,000 employees, all committed to moving its customers' businesses forward at diverse locations on every continent. With a turnover of 2.2 billion euros, it has established a worldwide reputation over the past seven decades as a global partner for future-proof logistic process automation.

TICO acquired Vanderlande in 2017 to cement its global leading position within material handling. It aims to achieve this by increasing its presence in all integrated and automated projects, and capitalising on the synergies between the organisations and the added value they offer to the market.
TICO therefore launched the Toyota Automated Logistics Group (TALG), which consists of Toyota L&F, Bastian Solutions, Vanderlande and Viastore. TALG is a global partner for integrated logistic process automation, with its group companies collaborating under the guiding principle: for every challenge, a reliable solution.

Reflecting on the past financial year

In FY2024, we were impacted by the uncertainties brought about by an increasingly turbulent geopolitical environment, combined with high inflation and interest rates, as well as adverse currency impacts. This resulted in delays in order intake, and – combined with certain orders lost to competitors – led to lower than anticipated volumes and EBIT results for FY2024.

The financial results show a EUR 15.3 million loss for this period, which was significantly higher than the previous financial year (a EUR 8.9 million loss). Revenue increased from EUR 578.6 million to EUR 606.8 million, an increase of 4.9%, following the execution of projects, some of which were delayed from FY2023. Airports and Warehousing show an increase in revenue compared to FY2023, whereas Parcel had a significant decrease of 16%. Life-cycle services had a higher share of total revenue – in line with the company's ambition. The negative net result of Vanderlande Industries B.V. is mainly caused by the fact that Vanderlande Industries B.V. is the key entrepreneurial risk taker in the Vanderlande Group and therefore impacted by intercompany transfer pricing recharges. The consolidated net result of the

Vanderlande Industries Holding B.V. group for FY24 is positive. Also, the net working capital position for the Vanderlande group improved significantly during FY24.

Business support expenses – mainly in R&D and personnel – increased following inflationary pressures and to support our strategic ambitions, as well as facilitate our continuous improvement programmes. The decrease in other income was mainly caused by the adverse impact of transfer pricing from group companies due to lower results in our foreign subsidiaries.

Principal risks and uncertainties

Most risk management activities are performed centrally to monitor strategic exposure through diversification in the customer base, geography and solutions. We invest extensively in long-term customer relations to consolidate our well-established brand and retain a market-leading position through extensive expertise in, and knowledge of, end-to-end logistic solutions. We significantly invest in research and development (R&D), design and build software in-house, and manufacture critical parts in our own factories, supported by a loyal and diversified supplier base.

We have closely integrated operations with one way of working, and developed an IT landscape and internal control framework. Many day-to-day financial processes are managed through a global shared service centre, located in Pune, India. Compliance and legal matters are managed through the relevant departments.

We have sufficient liquidity to meet financing shortfalls through short-term borrowing facilities. In FY2024, working capital was an area of focus for management, which led to significant repayments on short-term borrowings. However, due to rising interest rates it was not possible to prevent an increase in financing expenses compared to FY2023. At the end of FY2024, we had short-term borrowings of EUR 116 million. In FY2023 this figure stood at EUR 341 million. The solvability ratio per year-end is 0.12 (FY 2023: 0.11) and the liquidity ratio is 0.79 (FY2023: 0.86).

We are exposed to a variety of financial risks, including those generated by foreign exchange and interest rates, as well as cash flows and credit. These are managed by the Treasury department (“Group Treasury”), based on policies approved by the Board of Statutory Directors. It identifies, evaluates and hedges financial risks in close cooperation with the business.

Group Treasury’s policies provide written principles for overall risk management, including guidelines for the use of derivative and non-derivative financial instruments. For further details, including a description of the risk appetite of the entity and a description of the control measures taken in relation to the principal risks and uncertainties, please reference the financial risk management paragraph in note 20 of the financial statements.

Our business has grown significantly in recent years, resulting in a requirement to follow more complex laws and regulations. Furthermore, as we operate in several countries around the world, we have become increasingly subject to compliance with additional laws and regulations, including but not limited to export control, product cybersecurity, anti-corruption, anti-bribery, antitrust and ESG regulations.
We may also be subject to investigations, audits and reviews by authorities regarding compliance with laws and regulations, including those related to tax.

Such changes in the regulations that apply to our business can increase compliance costs and the risk of non-compliance, which could result in fines and penalties, business disruption and reputational harm. Furthermore, additional regulations could impact or limit our ability to sell our products and services in certain jurisdictions. Therefore, it is of the highest importance for us to establish our internal procedures in such a way that we comply with laws and regulations.

Corporate social responsibility

Sustainability is an integral part of our corporate strategy and provides a strong, long-term basis for doing good business with customers. Therefore, we have placed "people, planet and prosperity" commitments at the core of our strategy and business values. We have developed a sustainability framework, including a new strategy, to provide clear guidance about the steps that are being taken in four core areas: zero carbon footprint; circular economy; good business; and fulfilling experience. The Vanderlande Sustainability Report FY2024 provides more details and is available on www.vanderlande.com.

People

People are our greatest asset, and for this reason we have invested in creating the best possible employee experience. The goal is to attract, retain and develop talent to foster a culture of expertise and knowledge sharing. This results in smart solutions, which are an ideal match for the challenging material handling sector. We have a strong sense of responsibility and integrity, and our code of conduct contains a philosophy for doing business to the highest ethical standards. This code is available to all employees on the Vanderlande intranet and forms part of our mandatory e-learnings. We expect our average number of employees to remain at its current level.

The Board of Statutory Directors consists of one female and one male member as per the end of the financial year, making a diverse Board in both age and gender.

Research and development

Our R&D activities aim to achieve the vision of our Technology department: to create value for our customers through competitive innovative platforms leveraging cutting-edge technology.

The platforms are based on modules – equipment, software and digital – which are combined and configured to deliver high-quality material handling solutions in a short lead time. This enables us to accommodate fast-changing market needs by moving from an engineer-to-order to a configure-to-order approach.

In recent financial years, we have focused on developing:

- the latest software and digital modules, enabling us to play a key role in today's supply chains
- high-speed transport and sorting modules for airports, such as baggage handling systems
- high-speed storage modules like ADAPTO and sorters, including POSISORTER III and AIRTRAX, for the warehousing sector
- high-speed sorters for the parcel market, such as SPOX and CROSSORTER XXL
- and robotics and autonomous vehicle-based solutions for both the airport and warehousing markets.

We are fully committed to sustainability and embed circular design principles in our modular designs.
R&D activities and governance are centred in The Netherlands and supported by a number of global technology hubs across the world. To be close to customers and leverage local capabilities, the Technology department keeps developing its internal R&D footprint while building a collaborative ecosystem with universities, suppliers and partners based on a balanced allocation of core and non-core activities. This balance between internal R&D and the external ecosystem enables the department to develop and access the right capabilities. It also helps to increase effectiveness and speed in delivering technical solutions, while optimising R&D expenditure. In future, we will continue with our plans as described above.

Outlook

Our expectation is that the geopolitical, macroeconomic environment will continue to lead to caution in the marketplace, but there are positive signs for the ongoing recovery of the Airports market. FY2025 will continue to be a year of stabilisation and consolidation. Looking ahead, despite ongoing macroeconomic challenges, we remain confident in our ability to drive long-term sustainable profitable growth and deliver value. For FY2025, we expect to see modest growth, and will continue to prioritise safety, quality, innovation, sustainability and customer satisfaction as we navigate an ever-changing and evolving environment.

To improve profitability, we have also initiated various improvement programmes to make the business more flexible to cope with changing circumstances. This also involves employee and cost-reduction measures. The aim is to optimise the sharing of resources and downsize activities heavily affected by lower volumes.

In addition, our Continuous Acceleration programmes have continued to strengthen the supply chain. This has been achieved by increasing levels of automation and digitalisation, and reinforcing our customer focus and key account management strategy.

From a financing perspective, we will be able to provide sufficient funds for the working capital necessary to expand existing business and support new projects. For further details, please reference the liquidity risk and capital management paragraphs in note 20 of the financial statements.

Russia-Ukraine war

On 24 February 2022, Russian troops invaded Ukraine. This has had certain consequences for our business in the territories directly affected by the conflict, namely Russia, Ukraine and Belarus. As a result of the invasion, European Union sanctions prohibit any direct or indirect economic interactions, as well as with all companies that are directly or indirectly controlled by these persons or entities (Art. 2 of Regulation 269/2014).

On 21 April 2022, the Board decided to cease all activities in Russia. The company made this decision based on sanctions and SDNs (Specially Designated Nationals and Blocked Persons List) – and considering Russian countersanctions – to protect the safety of the (former) Vanderlande Russia employees. The revenue of the Russian subsidiary was approximately 5% of the total revenue of Vanderlande Industries in FY2021 and FY2022. The costs and losses related to winding down the operation, including contract settlements in Russia, had a significant impact on FY2023’s full-year results. Vanderlande Industries B.V. did not have any further activities in Russia in FY2024. The net result in FY2024 in Russia of minus EUR 2.6 million was related to write off of remaining outstanding debtors and some general administrative. No remaining risk remains on the balance sheet of Russia.

Veghel, the Netherlands
September 4, 2024

Vanderlande Industries B.V.
The Board of Statutory Directors

A. Manship
CEO Vanderlande Industries B.V.

A.P.C. de Rijk - van Druten
CFO Vanderlande Industries B.V.

Financial Statements

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 March 2024

(Amounts x € 1.000)

Consolidated statement of profit or loss	**Notes**	**2024**	**2023**
Revenue from contracts with customers	5	606.816	578.567
Cost of sales of goods and providing services	6	-438.994	-412.185
Gross profit		**167.822**	**166.382**
Selling, general and administrative expenses	6	-274.246	-122.778
Research and development expenses	6	-121.351	-25.001
Net operating income and expense	7	224.946	-21.015
Operating loss		**-2.829**	**-2.412**
Finance income	8	13.298	5.987
Finance costs	8	-17.476	-10.899
Loss before income tax		**-7.007**	**-7.324**
Income tax expense	9	-8.243	-1.550
Loss for the period		**-15.250**	**-8.874**

Consolidated statement of comprehensive income	**Notes**	**2024**	**2023**
Loss for the period		**-15.250**	**-8.874**
Foreign currency translation adjustments	16	-3.601	-658
Movement in equity hedge reserve	16	707	2.741
Total of items that may be reclassified to profit or loss		**-2.894**	**2.083**
Income tax on other comprehensive (expense)/income	16	461	272
Other comprehensive (expense)/income for the year, net of tax		**-2.433**	**2.355**
Comprehensive expense for the year		**-17.683**	**-6.519**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position

As of 31 March 2024

(Amounts x € 1.000)

	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Intangible assets	10	107.744	100.318
Property, plant and equipment	11	132.840	132.567
Right-of-use assets	12	8.073	8.311
Other non-current assets		233	259
Deferred tax assets	9	-	7.204
Total non-current assets		**248.890**	**248.659**
Current assets			
Inventories	13	73.759	87.429
Trade and other receivables	14	288.799	465.346
Current tax assets	9	3.029	5.023
Derivative financial instruments	21	1.786	2.761
Cash and cash equivalents	15	116.275	120.651
Total current assets		**483.648**	**681.210**
Total assets		**732.538**	**929.869**
Equity			
Share capital	16	238	238
Share premium	16	2.472	2.472
Reserves	16	98.593	109.900
Loss for the period	16	-15.250	-8.874
Total equity		**86.053**	**103.736**
Non-current liabilities			
Lease liabilities	12	4.631	4.348
Deferred tax liabilities	9	15.820	25.608
Provisions	17	12.442	7.721
Total non-current liabilities		**32.893**	**37.677**
Current liabilities			
Trade and other payables	19	365.711	391.004
Current tax liabilities	9	-	-
Derivative financial instruments	21	1.113	1.886
Borrowings	18	116.249	341.123
Lease liabilities	12	3.441	3.962
Bank overdrafts	15	113.569	44.554
Provisions	17	13.509	5.927
Total current liabilities		**613.592**	**788.456**
Total liabilities and equity		**732.538**	**929.869**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2024

(Amounts x € 1.000)

	Attributable to owners of Vanderlande Industries B.V.				
	Share capital	Share premium	Reserves	Result for the period	**Total equity**
Balance – 1st April 2022	**238**	**2.472**	**70.498**	**37.049**	**110.255**
Loss for the period	-	--	-	-8.874	-8.874
Movement in equity hedge reserve	-	-	2.179	-	2.179
Foreign currency translation adjustments	-	-	176	-	176
Total comprehensive income for the period	-	-	**2.353**	**-8.874**	**-6.519**
Retained earnings transfer	-	-	37.047	-37.047	-
Transactions with owners in their capacity as owners					
Balance – 31st March 2023	**238**	**2.472**	**109.900**	**-8.874**	**103.736**
Loss for the period	-	-	-	-15.250	-15.250
Movement in equity hedge reserve	-	-	562	-	562
Foreign currency translation adjustments	-	-	-2.995	-	-2.995
Total comprehensive expense for the period	-	-	**-2.433**	**-15.250**	**-17.683**
Retained earnings transfer	-	-	-8.874	8.874	-
Transactions with owners in their capacity as owners					
Balance – 31st March 2024	**238**	**2.472**	**98.593**	**-15.250**	**86.053**

For further information on equity, refer to note 16 accompanying these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2024

(Amounts x € 1.000)

	Notes	2024	2023
Cash flows from operating activities			
Operating Profit/(Loss)		-2.829	-2.412
Adjustments for non-cash items:			
Amortisation and depreciation		67.687	57.397
Loss/(profit) on sale of asset		351	745
Provisions	17	12.303	-9.130
Movements in working capital:			
Inventories	13	13.670	14.047
Trade and other receivables	14	37.474	-17.290
Other current assets		7.472	14.148
Trade and other payables	19	-76.293	-15.849
Cash generated from operations		**59.834**	**41.656**
Movement in other non-current assets		-620	8
Interest received	8	13.298	5.987
Interest paid	8	-17.476	-10.899
Income tax paid	9	-13.143	-2.102
Net cash generated from operating activities		**41.895**	**34.650**
Cash flows from investing activities			
Investments of intangible assets	10	-57.961	-66.075
Investments of property, plant and equipment	11	-18.856	-22.197
Proceeds from sale of property, plant and equipment		357	-
Net cash used in investing activities		**-76.460**	**-88.272**
Cash flows from financing activities			
Dividends paid to company's shareholders	16	-	-
Usage of short-term loan facility	18	-224.874	241.123
Repayments of lease liabilities	12	-4.025	-3.980
Cash pool transactions		190.073	-190.235
Net cash generated from financing activities		**-36.827**	**46.908**
Net (decrease)/ increase in cash and cash equivalents		**-73.392**	**-6.714**
Balance at the beginning of the period	**15**	**76.096**	**82.810**
Movements during the period		-73.392	-6.714
Effects of exchange rate changes on cash and cash equivalents		-	-
Balance at the end of the period	**15**	**2.706**	**76.096**

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 March 2024

(Amounts x € 1.000)

1. General information

1.1. Operations

The activities of Vanderlande Industries B.V. ('the company') and its owned subsidiary (together 'the group') mainly comprise the design and implementation of logistic process automation solutions and related services in the market segments airports, warehousing and parcel. Revenue is mainly realised in foreign markets.

1.1. Group structure

Vanderlande Industries B.V. is a limited liability company incorporated and domiciled in the Netherlands and is registered in the Commercial Register of The Netherlands Chamber of Commerce under no. 16017956. The address of its registered office is Vanderlandelaan 2, Veghel.

Vanderlande Industries B.V. is a 100% participating interest of Vanderlande Industries Holding B.V. Vanderlande Industries Holding B.V. is a 100% participating interest of Toyota Industries Europe AB. Toyota Industries Europe AB has issued a liability statement pursuant to article 403, Book 2 of the Dutch Civil Code in respect of Dutch subsidiaries, including Vanderlande Industries B.V. The company forms a fiscal unity for corporate income tax and VAT with Vanderlande Industries Holding B.V. The financial statements including notes to accounts of Vanderlande Industries B.V. ("Vanderlande Industries") includes following branches (Netherlands, Denmark, Ireland, South Korea, Egypt, Malaysia, Japan, Oman, France, Italy, Poland, Finland, Belgium, Norway, Panama, Taiwan, Sweden, Saudi Arabia, Bahrain, and Peru) and the dormant subsidiary Russia.

1.2. Going concern assumption

The consolidated financial statements have been prepared on a going concern basis.

2. Basis of preparation

2.1. Statement of compliance

The Consolidated Financial Statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee as adopted by the European Union (IFRSs) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The consolidated financial statements of the group (Vanderlande Industries B.V.) were authorized by the Board of Statutory Directors for issue on September 04th, 2024.

2.2. Basis of measurement

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below. Items which have not been prepared and are described in the accounting policies below are: government grants, intangible assets acquired in a business combination, derivatives, initial recognition of trade payables, equity investments All amounts in the notes to the financial statements are stated in euros (Amounts x €1.000), unless otherwise stated.

These consolidated financial statements reflect all the assets, liabilities, revenues, expenses and cash flows of the group and its subsidiaries.

3. Summary of significant accounting policies

3.1. Accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. There are no new standards / amendments that are expected to have an impact on the group.

3.2. Consolidation

General

The consolidation includes the financial information of Vanderlande Industries B.V. and its subsidiary Vanderlande Industries OOO (Russia). The company controls an entity where the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee as adopted by the European Union (IFRSs) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Group companies in which Vanderlande Industries B.V. exercises control or whose central management it conducts are consolidated in full. They are deconsolidated from the date on which control ceases. Non-controlling interests in group equity and group profit are disclosed separately.

Intercompany

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated. Unrealised losses on intercompany transactions are also eliminated, unless such losses qualify as impairments. The accounting policies of group companies and other consolidated entities have been changed where necessary, to align them with the prevailing group accounting policies.

Company financial statements

The company presents an abridged statement of profit and loss in the Company financial statements, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

3.3. Related-party transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements. A related-party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related party transactions are at arm's length.

3.4. Notes to the consolidated statement of cash flows

The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the cash flow statement consist of cash and cash equivalents and bank overdrafts (if applicable). Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the statement of cash flows. Interest paid and received, dividends received, and income taxes are included in cash from operating activities.

Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities.

3.5. Estimates and judgements

If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Financial line items with most significant estimates are:

- Contract asset and liabilities
- Deferred tax asset and liabilities
- Right of use assets and lease liabilities
- Provisions
- Revenue from contracts with customers

Financial line items with most significant judgements are:

- Intangible assets (capitalization of development expenses)
- Derivative financial instruments

Change in accounting estimate

Per March 2024 Vanderlande implemented a revised methodology for recognizing revenue on a global level, covering all external revenue streams; from revenue recognition on activity level within projects to revenue recognition on project level. The new way of revenue recognition will result in more effective forecasting accuracy of project results, increased transparency, higher level of standardization and will better reflect the actual progress on projects.

The input method based on IFRS 15 will be used to measure the progress of satisfying the performance obligation based on total costs. Revenue is recognised on the basis of the Vanderlande's efforts or inputs to the satisfaction of the performance obligation, for example resources consumed, labour hours expended and costs incurred, relative to the total expected inputs to the satisfaction of that performance obligation.

In line with IFRS 15.35 the following performance obligations have been identified;

o Material handling solution contract

o Life cycle service contract

o Uncovered activities, like spare parts packages

o Extended warranties

The impact of this change in accounting estimate based on IAS 8 reveals a negative one-off adjustment of 3.513 on Revenue from contracts with customers, -2.671 in provision loss making and 843 on contribution margin (amounts x € 1.000). The impact on future periods depends on the duration of the current contracts and the progress and timing of new contracts. Estimating the impact is therefore impracticable. The total recognized contribution margin over the project lifetime is however not impacted.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the company's functional and the group's presentation currency.

Transactions, receivables and debts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or finance costs. All other foreign exchange gains and losses are presented in profit or loss within the cost of sales and/or net operating income and expense.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Group companies including branches.

The results and financial positions of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate on the reporting date;

b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and

c) all resulting exchange differences are recognised in other comprehensive income. These differences are included in the foreign currency translation reserve as part of the equity. This reserve is a legal reserve and hence not freely distributable.

Translation differences on intra-group long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

4. Accounting policies for the financial statements

4.1. Revenue from contracts with customers

Revenue is measured at the amount of consideration promised in a contract with the customer, net of discounts, incentives to distributors and other items.

For construction and maintenance contracts the group recognises revenue for the project as a whole (the contract is generally treated as one performance obligation). The method the group applies for the performance obligations that are satisfied over-time, the method that best depicts the transfer of control to the customer, is an input method as revenue is recognised on the basis of the Vanderlande's efforts or inputs to the satisfaction of the performance obligation, for example resources consumed, labour hours expended and costs incurred, relative to the total expected inputs to the satisfaction of that performance obligation. The duration of these contracts mostly varies from a couple of months to multiple years. Contract modifications are common as design specifications or scope are changed during the project based on the customer's request. Revenue recognition is then based on the agreed contract modifications.

The revenue recognised in a period is based on the percentage of completion of the performance obligation, being the actual costs relative to the total expected costs (over time). The group makes significant estimates and judgements to determine those expected costs.

For sales of products, since the customer obtains control over the product when a customer accepts goods after inspection, and therefore the performance obligation is judged to have been satisfied, the group normally recognises revenue when a customer accepts goods after inspection (point in time).

A provision is recognised when a contract becomes onerous. These provisions are classified as part of trade and other payables, refer to note 19, or as part of trade and other receivables, refer to note 14.

Warranty costs and related revenues are recognised over the duration of the project. Revenue on extended warranty on the other hand is recognised over the warranty period itself. For further details on the warranty provision refer to note 17.

4.2. Employee benefits

Short-term employee benefits

Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to employees.

For bonuses, if the group has the present legal and constructive obligation to pay them as the result of past services provided by employees and the amount can be reliably estimated, the amount estimated to be paid is recognised as a liability.

Post-employment benefits

The group has a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Other long-term employee benefits

The amount of an obligation in respect of the long-service award scheme (jubilee provision) is calculated by estimating the amount of future benefits earned by employees in the current and prior fiscal years and discounting that amount to the present value.

The amount of an obligation in respect of the long-term incentive bonus is calculated by estimating the amount granted related to defined target in the target year and accrued over the period up to the end of the target year.

4.3. Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all the associated conditions. Grants received where the group has yet to comply with all the associated conditions are recognised as liabilities (and included in deferred income within trade and other payables) and are released to income when all the associated conditions have been complied with.

When a grant is received for acquisition of an asset, the carrying amount of the asset is calculated by deducting the amount of the grant from the acquisition cost of the asset. Government grants are presented in other operating income & expenses.

4.4. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

4.5. Borrowing costs

All borrowing costs are charged to profit or loss in the period in which they are incurred.

4.6. Taxes

Income taxes comprise current taxes and deferred taxes. These are recognised in profit or loss except taxes that arise from items that are recognised either in other comprehensive income or directly in equity or from business combinations.

Taxes for the fiscal year under review are the expected taxes payable or receivable on the taxable profit or loss for the year, using the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction not related to a business combination and affects neither accounting profit nor taxable profit. Also, deferred tax liabilities are not recognised if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and affiliates. However, deferred tax liabilities are not recognised if the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset realised or the liability is settled based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes are levied by the same taxation authority on the same taxable entity, or on different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be earned to allow related tax benefits to be realised.

4.7. Finance income and finance costs

Financial income includes interest income, dividends income, gains on foreign currency translation and gain on derivatives (excluding gain or loss on hedging instruments that are recognised in other comprehensive income). Interest income is recognised as earned using the effective interest method. Dividend income is recognised on the date of the group's vesting.

Financial expenses include interest expense, losses on foreign currency translation and loss on derivatives (excluding loss on hedging instruments that are recognised in other comprehensive income).

4.8. Intangible assets

Intangible assets are measured using the cost model and stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired

Separately acquired intangible assets are recorded at historical cost. The cost of intangible assets acquired in a business combination is measured at fair value at the acquisition date.

Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortisation and impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortised but tested for impairment.

Internally generated intangible assets

Expenditure on research is recognised as an expense in the consolidated statements of profit or loss in the financial year in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following can be demonstrated:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale

b) its intention to complete the intangible asset and use or sell it

c) its ability to use or sell the intangible asset

d) how the intangible asset will generate probable future economic benefits

e) the availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset

f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above to the completion of its development. If an internally generated asset is not recognised, a development cost is recognised as an expense in profit or loss.

After initial recognition, an internally generated intangible assets are carried at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

- software: 3 to 5 years
- development assets: 2 to 10 years
- other intangible assets: 5 to 10 years

Estimated useful lives and amortisation methods are reviewed at each reporting date, and any revisions are applied as revisions to accounting estimates prospectively.

Derecognition of intangible assets

An item of intangible assets is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss when it is derecognised.

Transfer of assets

Assets are transferred from Assets under Construction to the correct category when completely finalized and amortization can start.

4.9. Property, plant and equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

Estimated useful lives and the method of depreciation are reviewed at every reporting year end. Changes in estimated useful lives or depreciation methods are accounted for on a prospective basis as a change in accounting estimate. Property, plant and equipment, excluding land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives.

The estimated useful lives for major classes of assets are as follows:

- land and buildings: 10 to 50 years
- machinery and equipment: 3 to 22 years
- tools, furniture and fixture: 2 to 10 years

An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when it is derecognised.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Transfer of assets

Assets are transferred from Assets under Construction to the correct category when completely finalized and depreciation can start.

4.10. Impairment losses

Financial assets

Financial assets measured at amortized cost are assessed for impairment losses based on expected credit losses. At the end of the reporting period, if credit risk has not increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the end of the reporting period, if credit risk has increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from all possible default events over the life of the financial instrument (lifetime expected credit losses).

However, regardless of the above, lifetime expected credit loss measurement always applies to trade receivables and lease investment assets without a significant financing component.

Non-financial assets

The group reviews carrying amounts of non-financial assets, excluding inventories and deferred tax assets, at every reporting year end to determine whether there is any indication of impairment. If there is any indication of impairment, impairment testing is conducted based on the recoverable amount of the asset. Intangible assets with indefinite useful lives are tested annually for impairment regardless of whether there is any indication of impairment.

An impairment charge is recognised when the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use or its fair value less cost to sell. In calculating the value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset not considered in estimating future cash flows.

Impairment charges are recognised in the statement of profit or loss. Impairment charges recognised in respect of a cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to that cash-generating unit and, if applicable, subsequently to reduce the carrying amounts of the other assets of that cash-generating unit on a pro rata basis.

An impairment charge 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 charge had been recognised.

4.11. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories includes purchase costs, processing costs and all other costs incurred in bringing them to their existing location and condition, is calculated primarily using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

4.12. Trade and other receivables

Trade receivables are recognised initially at the transaction price and are subsequently measured at amortised cost using the effective interest method, less a provision for expected credit losses. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

4.13. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised in profit or loss within net operating income and expense.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss within net operating income and expense.

4.14. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statements of financial position only if the group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15. Deposits with maturity over three months

Deposits are measured at amortized costs. Interest income is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss together with foreign exchange gains and losses.

4.16. Cash and cash equivalents

Cash and cash equivalents consist of highly liquid assets, such as cash at bank and in hand as well as bank transit suspense accounts, and interest-bearing bank accounts with remaining maturities of three months or less at the date of acquisition. Bank overdrafts are shown within current liabilities on the balance sheet. Cash and cash equivalents are recognised initially at fair value and are subsequently measured at amortised cost.

4.17. Equity

Share capital

Ordinary shares are classified as equity.

4.18. Provisions

General

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as other finance cost.

Reimbursement

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. In such a case the reimbursement is treated as a separate asset.

4.19. Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.20. Trade and other payables

Trade payables are recognised initially at the fair value and subsequently measured at amortised cost using the effective interest method.

4.21. Leases

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Variable lease payments, extension and/or termination options are included based on management judgement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being 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.

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 generally depreciated over the shorter of the asset's useful life (refer to 4.9. Property, plant and equipment) and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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 without a purchase option.

5. Revenue from contracts with customers

Disaggregation and timing of revenue from contracts with customers

The group generates revenue through the sales of logistic solutions and services. The group distinguishes logistic solutions between three segments: airports, warehousing and parcel. Logistic solutions often involve design, manufacturing and installation and consist of both hardware and software components which are designed and build by the group or purchased through other group entities or third parties and integrated with the customer's operations. Logistic solutions may either replace an existing solution or create a new or expand a logistic solution. Revenue is recorded over time based on project's progress. In limited cases the group sells specific stand-alone logistic components or solutions for which revenue is recorded at a point in time. Life cycle services involve the servicing and maintenance of logistic systems and solutions and are often multi-year contracts for which revenue is recorded over time as the services are provided.

	2024	2023
Airports	68.081	48.603
Warehousing	154.810	141.840
Parcel	41.936	49.688
Life-cycle services	256.561	231.782
Sales to group companies outside Vanderlande Industries B.V.	85.428	106.655
Total revenue	**606.816**	**578.568**
At a point in time	32.481	29.941
Over time	574.335	548.627
Total revenue	**606.816**	**578.568**

Critical estimates in recognising revenue.

The group applies significant estimates in recognising revenue through estimation of the remaining costs for each revenue generating activity for which revenue is recognised over time. The total costs incurred versus the total estimates costs (including the estimated remaining cost and the costs incurred to date), determines the progress of the revenue generating activity per balance sheet date and therefore the portion of contractual revenues recognised in the financial year. These estimation processes are a key element of the group's system of internal controls.

Assets and liabilities related to contracts with customers.

The group has recognised the following assets and liabilities related to contracts with customers:

	31 March 2024	31 March 2023
Contract assets	45.873	43.365
Loss allowance	-119	-1.138
Total contract assets	**45.992**	**42.227**
Contract liabilities	221.125	82.094
Loss allowance	1.488	3.283
Total contract liabilities	**222.613**	**85.377**

Significant changes in contract assets and liabilities

Contract liabilities have increased due to increase in projects billing over the years. The group also recognised a loss allowance for contract assets and contract liabilities in accordance with IFRS 9, see note 20 for further information.

Revenue recognised in relation to contract liabilities.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

Revenue recognised that was included in the contract liability balance at the beginning of the period	2024	2023
Airports	22.930	21.585
Warehousing	22.014	76.789
Parcel	16.492	25.516
Life-cycle services	23.942	31.371
Total contract liabilities	**85.378**	**155.261**

Geographic information

The following table shows the geographic information of the revenue recognised in the current reporting period. In presenting the geographic information, segment revenue has been based on the geographic location of customers:

	2024	2023
Europe	353.552	321.763
Middle East	113.157	85.867
Asia	29.682	56.028
Other	24.997	8.255
Intercompany revenue		
Europe	60.364	84.082
Middle East	127	2.340
Asia	2.006	3.483
Other	22.931	16.750
Total revenue	**606.816**	**578.568**

Change in accounting estimate

For details regarding the change in accounting estimates related to revenue recognition refer to the accounting policies section 3.5 Estimates and judgements.

6. Breakdown of expenses by nature

	2024	2023
Purchase of raw materials and goods	187.268	174.828
Other direct costs	76.436	50.035
Cost of sales relating to intercompany sales to group companies	85.429	106.655
Payroll related costs	370.993	353.138
Selling, general and administrative expenses	99.105	121.675
Depreciation and amortisation	67.687	58.071
Overhead cross charged	-52.327	-304.436
Total expenses	**834.592**	**559.966**

The 'Overhead cross charged' decreased significantly as compared to previous year because of a different way of working in Supply chain fees and R&D fees recharged within the Vanderlande group, resulting in fluctuations in R&D costs, overhead cross charges and Transfer pricing adjustments refer note 7. No impact on the net result of Vanderlande Industries B.V.

The payroll related costs for the periods are as follows:

	2024	2023
Salaries and wages	222.105	220.942
Social security contributions	33.703	31.817
Pension contributions	21.574	19.147
Other payroll related costs	942	565
Direct labour hours	92.669	80.667
Total payroll related costs	**370.993**	**353.138**

Average number of employees

The average number of employees of the group calculated on a full-time-equivalent basis was:

	2024	2023
Execution	806	826
Sales	116	123
Services	1.172	1.067
Others	1.100	1.194
Total number of employees	**3.194**	**3.210**

Ultimo March 2024 a total of 786 employees were employed outside the Netherlands (2023: 629).

7. Net operating income and expense

The breakdown of net operating income and expense is as follows:

	2024	2023
Government grants received (WBSO)	6.226	4.757
Net foreign exchanges gains on operating activities	1.158	18.717
Transfer pricing adjustment	217.379	-44.986
Other expenses	273	453
Other income	-90	44
Net operating (expenses)/income	**224.946**	**-21.015**

Government grants received in 2023 and 2024 are related to R&D activities. No unfilled conditions and other contingencies are related to the WBSO.

The 'Transfer pricing adjustment' increased significantly as compared to previous year because of a different way of working in Supply chain fees and R&D fees recharged within the Vanderlande group, resulting in fluctuations in R&D costs, overhead cross charges and Transfer pricing adjustments. No impact on the net result of Vanderlande Industries B.V.

Audit fees

The following audit fees were expensed in the statement of profit or loss in the reporting period:

FY 2024	Amount external auditor and audit firm	Amount network organization	Total amount
Audit of the financial statements	107	-	107
Other audit procedures	-	-	-
Tax services	-	1.116	1.116
Other non-audit services	-	-	-
Total fees	**107**	**1.116**	**1.223**

FY 2023	Amount external auditor and audit firm	Amount network organization	Total amount
Audit of the financial statements	88	-	88
Other audit procedures	-	-	-
Tax services	-	1.416	1.416
Other non-audit services	-	-	-
Total fees	**88**	**1.416**	**1.504**

The audit fees relate to the procedures applied to the group by accounting firms and independent auditor's as referred to in Section 1 subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties') as well as by other Dutch legal entities of PricewaterhouseCoopers Accountants N.V, including their tax services and advisory groups. The fees for tax services are related to VAT, transfer pricing, corporate income tax, and various other services for the company and all its branches.
The fees listed above relate to services rendered related to the financial year, regardless of whether the work was performed during the financial year.

8. Finance income and costs

	2024	2023
Finance income		
Interest income	11.205	5.986
Foreign exchange gains on financing activities	2.093	-
Finance income	**13.298**	**5.986**
Finance costs		
Interest expense	-17.476	-6.126
Foreign exchange losses on financing activities	-	-4.773
Total finance costs	**-17.476**	**-10.899**
Net finance (costs)/income	**-4.178**	**-4.912**

9. Income tax expense and deferred taxes

	2024	2023
Current tax		
Current tax on profits for the period	2.278	-4.105
Adjustments for current tax of prior periods	8.737	269
Total current tax expense	**11.015**	**-3.836**
Deferred tax		
Temporary differences	-3.574	6.656
Changes in income tax rates	-	4
Adjustments for deferred tax of prior periods	802	-1.274
Total deferred tax expense	**-2.772**	**5.386**
Income tax expense	**8.243**	**1.550**

The income tax expense is attributable to profit from continuing operations for the periods presented. The parent of fiscal unity (Vanderlande Industries Holding B.V.) settles with the subsidiaries (Vanderlande Industries B.V. and Vanderlande Industries LLC) as if it were an autonomous taxpayer, according to the subsidiary's fiscal result.

The reconciliation of the applicable income tax rate to the effective income tax rate for the periods is as follows:

	2024	%	2023	%
Loss before income tax	-7.007		-7.327	
Income tax expense	8.243		1.550	
Applicable income tax (rate)	**-1.808**	**25,80%**	**-1.783**	**24,29%**
Tax effects of:				
Non-taxable items	513	-7,31%	-197	2,69%
Changes in income tax rates	-	0,00%	4	-0,05%
Adjustments for income tax of prior periods	5.568	-79,46%	-1.005	13,72%
Transfer pricing adjustment	2.497	-35,64%	519	-7,08%
Other effects	672	-9,59%	-92	1,26%
Change in deferred tax	802	-11,45%	4.101	-55,97%
Total tax effects	**10.051**	**-143,45%**	**3.330**	**-45,43%**
Effective income tax (rate)	**8.243**	**-117,65%**	**1.550**	**21,14%**

The adjustments for income tax of prior periods mainly relate to finalized discussions with Dutch tax authorities on double tax relief in relation to Chinese withholding tax. The Dutch tax authorities concluded it is no longer allowed to settle Chinese withholding tax with Dutch corporate income tax impacting treatment in corporate income tax returns of previous years. In addition, adjustments for income tax of prior periods relate to differences between the corporate income tax returns submitted with the tax authorities and the tax accruals recorded in the books.

Other effects include tax effect on the transfer taxable results and other current tax expenses.

The transfer pricing adjustments result from the fact that the tax authorities in a few jurisdictions do not accept the transfer pricing methodology as applied by Vanderlande. The Vanderlande transfer pricing methodology is based on OECD transfer pricing guidelines and has been agreed with the Dutch tax authorities. A one-sided adjustment is made in the Netherlands resulting in double taxation.

The deferred tax assets movement for the periods is as follows:

	2024	2023
Balance at beginning of the period	7.204	14.616
Recognized in profit or loss	-7.149	-7.412
Recognised in other comprehensive income*	-55	-
Balance at end of the period	**-**	**7.204**

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The deferred tax liabilities movement for the periods is as follows:

	2024	2023
Balance at beginning of the period	-25.608	-20.015
Recognized in profit or loss	10.194	-4.564
Recognised in other comprehensive income*	-406	-1.029
Balance at end of the period	**-15.820**	**-25.608**

There are no aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity. Deferred Tax Liability mainly related to intangible assets, duration in line with depreciation period. Deferred Tax Asset mainly related to property plant & Equipment, duration in line with depreciation period.

*The movement in other comprehensive income is mainly related to the translation and hedge reserve.

Current tax assets

The current tax assets amount to EUR 3.029 (2023: EUR 5.023). The decrease in current tax assets in comparison with last year is due to prepaid corporate income tax included in the year-end balance of FY2023 which is not included in FY2024.

Current tax liabilities

The current tax liabilities amount to EUR 0 (2023: EUR 0).

10. Intangible assets

	Capitalised Development Cost	*Intangible assets under development*	*Software*	*Total*
Carrying amount on 1 April 2022	**44.891**	**27.705**	**3.415**	**76.011**
Year ended 31 March 2023				
Additions	-	65.610	465	**66.075**
Transfers	76.769	-76.769	-	**-**
Disposals	-	-673	-	**-673**
Amortisation	-39.439	-	-1.657	**-41.096**
Closing carrying amount	**82.221**	**15.873**	**2.223**	**100.317**
As at 31 March 2023				
At cost	188.533	15.873	21.646	**226.052**
Accumulated amortisation and impairment losses	-106.312	-	-19.423	**-125.735**
Carrying amount	**82.221**	**15.873**	**2.223**	**100.317**
Year ended 31 March 2024				
Additions	-	59.091	101	59.192
Transfers	64.686	-64.686	-	-
Disposals	-489	-741	-	-1.232
Amortisation	-49.055	-	-1.478	-50.533
Closing carrying amount	**97.361**	**9.537**	**846**	**107.744**
As at 31 March 2024				
At cost	252.728	9.537	21.747	284.012
Accumulated amortisation and impairment losses	-155.367	-	-20.901	-176.268
Carrying amount	**97.361**	**9.537**	**846**	**107.744**

All intangible assets included in the above movement schedule are internally generated, except for software.

11. Property, plant and equipment

	Land and buildings	*Machinery and equipment*	*Tools, furniture and fixture*	*Assets under construction*	*Total*
At cost	138.753	23.140	61.117	12.241	235.251
Accumulated depreciation and impairment losses	-41.627	-20.934	-49.926	-	-112.487
Carrying amount 1 April 2022	**97.126**	**2.206**	**11.191**	**12.241**	**122.764**
Year ended 31 March 2023					
Additions	387	424	1.572	19.814	22.197
Transfers	5.058	954	7.331	-13.343	-
Exchange differences	-	-	21	-12	9
Disposals	-20	-	-61	-	-81
Depreciation	-5.477	-1.037	-5.807	-	-12.321
Closing carrying amount	**97.074**	**2.547**	**14.247**	**18.700**	**132.567**
As at 31 March 2023					
At cost	143.046	24.518	69.816	18.700	256.080
Accumulated depreciation and impairment losses	-45.972	-21.971	-55.570	-	-123.513
Carrying amount	**97.074**	**2.547**	**14.247**	**18.700**	**132.567**
Year ended 31 March 2024					
Additions	378	527	1.364	12.799	15.068
Transfers	8.206	498	6.753	-15.457	-
Exchange differences	-	-	-	-34	-34
Disposals	-	-	-357	-	-357
Depreciation	-5.951	-1.047	-7.407	-	-14.405
Closing carrying amount	**99.707**	**2.525**	**14.600**	**16.008**	**132.840**
As at 31 March 2024					
At cost	151.630	25.543	77.576	16.008	270.757
Accumulated depreciation and impairment losses	-51.923	-23.018	-62.976	-	-137.917
Carrying amount	**99.707**	**2.525**	**14.600**	**16.008**	**132.840**

12. Right of use assets

The Group leases various offices and vehicles. Rental agreements are typically agreed for fixed periods of several years. Some rental contracts for offices contain extension options.

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.

Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts related to leases:

	31 March 2024	31 March 2023
Right-of-use assets		
Buildings	916	1.613
Vehicles	7.156	6.706
Others	-	1
Total right-of-use assets	**8.072**	**8.320**
Lease liabilities		
Current	3.441	3.972
Non-current	4.631	4.348
Total lease liabilities	**8.072**	**8.320**

Additions to the right-of-use assets during the period 2024 were 3.788 (2023: 2.786). The maturity analysis of lease liabilities is disclosed in note 20.

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones), the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts related to leases:

	2024	2023
Depreciation charge for right-of-use assets		
Buildings	889	1.155
Vehicles	3.135	2.825
Others	1	1
Total depreciation charge for right-of-use assets	**4.025**	**3.981**

Other items related to leases (interest, variable lease payments, income from subleases) are all not material.

The total cash outflow for leases during the period 2024 was 4.025 (2023: 3.980) and are classified as cash flows from financing activities in the cash flow statement.

13. Inventories

The composition of inventories is as follows:

	31 March 2024	31 March 2023
Raw materials and supplies	57.549	57.583
Work in progress	17.039	30.440
Consignment stock	5.888	5.663
Provision obsolete stock	-6.717	-6.256
Total inventories	**73.759**	**87.430**

Inventories recognized as an expense during the year amounted to 207.952 (2023: 219.895). These were included in cost of sales of goods and providing services. Write-downs of inventories to net realizable value amounted to 364 (2023: 670).

14. Trade and other receivables

The composition of trade and other receivables is as follows:

	31 March 2024	31 March 2023
Trade receivables from contracts with customers	140.592	86.556
Retentions	-	-168
Contract assets	45.992	42.227
Receivables from group companies	76.802	305.046
Social security and other taxes	8.902	20.886
Other receivables	16.511	10.799
Total trade and other receivables	**288.799**	**465.346**

The trade and other receivables are expected to be settled within the next 12 months and hence they are presented as current. Information about the impairment of these receivables and the company's exposure to credit risk and currency risk can be found in note 20.

15. Cash and cash equivalents

	31 March 2024	31 March 2023
Cash at bank and in hand	114.910	120.649
Bank transit suspense account	1.365	-
Cash and cash equivalents as per balance sheet	**116.275**	**120.649**
Bank overdrafts	-113.569	-44.554
Total net cash and cash equivalents as per cash flow statements	**2.706**	**76.095**

The group has uncommitted credit facility of EUR 800 million, of which maximum EUR 450 million is available for borrowing. Next to this the group also has an internal credit facility with TIFI AB for EUR 450 million, fully available for borrowing. Group Treasury monitors liquidity risk on an ongoing basis, refer to liquidity risk in note 20 for further information.

The balance of cash and cash equivalents and bank deposits on the consolidated statement of financial position as of the end of the financial years ended 31 March 2024 and 31 March 2023 are consistent with the balances of cash and cash equivalents on the consolidated statement of cash flows, including the adjustment for bank overdrafts.

The cash and cash equivalents are financial assets measured at amortised cost.

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition or are repayable with 24 hours' notice with no loss of interest. Refer to note 4.16 for the company's other accounting policies on cash and cash equivalents.

16. Equity

Share capital and share premium

The authorised share capital of Vanderlande Industries B.V. amounts to €375 and consists of 1.500 ordinary shares of €0.25 each in the financial year ended 31 March 2023. Of these, 950 ordinary shares have been issued. All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends.

Results for the period

The retained earnings item comprises the net results for the period before profit appropriation.

Reserves

	Hedging reserve	Translation reserve	Reserve development costs	Other reserves	Total reserves
Balance 1 April 2022	**-419**	**-1.010**	**72.596**	**-669**	**70.498**
Year ended 31 March 2023					
Appropriated result of prior year	-	-	-	37.047	37.047
Remeasurements	2.741	-	-	-	2.741
Cost of hedging	-	-	-	-	-
Currency translation differences	-	-658	-	-	-658
Other movements	-	-3.410	25.398	-21.988	-
Tax on Other comprehensive items	-562	834			272
Closing balance	**1.760**	**-4.244**	**97.994**	**14.390**	**109.900**
Year ended 31 March 2024					
Appropriated result of prior year	-	-	-	-8.874	-8.874
Remeasurements	707	-	-	-	707
Cost of hedging	-	-	-	-	-
Currency translation differences	-	-3.601	-	-	-3.601
Other movements	-		8.805	-8.805	-
Tax on Other comprehensive items	-145	606			461
Closing balance	**2.322**	**-7.239**	**106.799**	**-3.289**	**98.593**

Hedging reserve

The hedging reserve reflects the effective portion of changes in the fair value of foreign currency forward exchange contracts and other monetary items that qualify for hedge accounting. This reserve, which has the nature of a revaluation reserve, is a legal reserve according to Dutch law and is therefore not freely distributable.

Translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation. This reserve is a legal reserve according to Dutch law and is therefore not freely distributable.

Reserve development costs

The reserve for development costs is a legal reserve that is equal to the development costs as capitalised under intangible assets.

Dividends

No dividend has been proposed to be paid out related to the current reporting period.

17. Provisions

	Jubilee provision	Warranty provision	Other provisions	Total
Carrying amount 1 April 2022	**3.419**	**2.662**	**16.696**	**22.777**
Year ended 31 March 2023				
Additions	-296	2.980	-120	2.564
Amounts charged against the provision	-529	-2.221	-8.942	-11.692
Remeasurements				
Closing carrying amount	**2.594**	**3.421**	**7.634**	**13.649**
Year ended 31 March 2024				
Additions	1.161	8.611	9.823	19.701
Amounts charged against the provision	-235	-1.486	-5.571	-7.292
Remeasurements				
Closing carrying amount	**3.520**	**10.545**	**11.886**	**25.951**

	31 March 2024	31 March 2023
Current amount of provision	13.509	5.927
Non-current amount of provision	12.442	7.722
Total provision	**25.951**	**13.649**

The non-current portion of the provisions mainly consist of the long-term incentive and jubilee benefits. The current portion mainly consists of the warranty provision, the claims provision and restructuring provision.

Warranty provision

The warranty provision reflects the terms and increasing complexity of the projects involved, and is based on warranty experience, excluding warranty at procurement. The change in the warranty provision is the result of the use and additional provisions made. The warranty expenses are expected to materialise within a period of 0 to 2 years. This provision is predominantly current.

Jubilee provision

The provision for jubilee benefits has been formed for expected benefits payable to current employees. The obligation is measured at the net total of the present value of the benefit obligation minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. The calculation of the provision is based on expectations of retirement, employment at jubilee date, and mortality tables. The jubilee expenses are expected to materialise within a period of 0 to 40 years. This provision is predominantly non-current (current part is approximately 180).

Other provisions

The other provisions consist of restructuring, claims and long-term bonus incentive plans.

18. Borrowings

The borrowings are financial liabilities measured at amortised cost. Borrowings consist of bank overdrafts for EUR 114 million in total and short-term loans of EUR 116 million with TIFI AB. The bank overdrafts relate to BNP Paribas SA and ING bank. The interest rates are variable, depending on Euribor rate, which is currently 3.912% (Mar 9, 2024) + 25 basis points at 4.25%. The short-term loan consists of four loans taken from Toyota Industries Finance International AB (TIFI) rolled over for a period of 1 to 2 months. The interest rates vary from 3.59% (EURO-loans) to 5.65% (USD-loan). On 31 March 2024, the total amount of outstanding borrowings was EUR 230 million.

19. Trade and other payables

	31 March 2024	31 March 2023
Trade payables	73.455	66.965
Contract liabilities	222.613	85.377
Advance received for contract work	8.578	4.406
Payables to group companies	2.394	169.370
Employee related accruals	22.887	21.726
Social security and other taxes	7.064	6.957
Other payables	28.720	36.203
Total trade and other payables	**365.711**	**391.004**

All trade and other payables fall due in less than one year. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

20. Financial risk management

The group is exposed to a variety of financial risks, including foreign exchange rate risk, interest rate risk, liquidity risk and credit risk. These risks are managed by Group Treasury based on policies approved by the CFO on behalf of the Vanderlande Board of Statutory Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the business.

The Group Treasury policies provide written principles for overall risk management, as well as for specific areas, such as, foreign exchange risk, interest rate risk, liquidity risk and credit risk, including guidelines for the use of derivative and non-derivative financial instruments.

Market risk

Market risk is the risk that changes in market prices will adversely affect the group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable boundaries. Market risk for the group comprises currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The group is exposed to:

- Transaction risk: The group conducts transactions in foreign currencies and is exposed to exchange rate fluctuations. Such transactions mostly comprise sale and purchasing transactions resulting from projects. The risks of transactions executed in foreign currencies are identified and measured, whereby Group Treasury hedges significant transaction risks.
- Translation risk: The group has subsidiaries in countries with currencies other than the euro. As a result, the group is exposed to translation risks related to the equity and earnings of foreign subsidiaries. The translation risk is inherent to the global business activities and is not hedged. Non-functional currency denominated working capital and monetary assets and liabilities are converted into an entity's functional currency as part of the closing process at period-end exchange rates. Any gains and losses resulting from revaluation of these positions are reflected in the consolidated statement of profit or loss.

To mitigate the impact of fluctuations in foreign currencies, the group constantly monitors its currency exposure and uses a combination of foreign currency options and foreign currency forwards to hedge accordingly. The foreign currency derivatives are designated in cash flow accounting and the effective portion of changes in the fair value of the hedging instrument is recognized in the cash flow hedge reserve within equity. The sensitivity of the profit or loss or equity to changes in the exchange rates arising from financial instruments is considered not material for the group.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no items carried at fair value, therefore no interest risk on these items. The group is exposed to the risk in changes in the interest rates relating to the short-term borrowings. An increase of 100 basis points in interest rates on our financial instruments has an impact of approximately EUR 1 million and is considered not material for the group.

Liquidity risk

Liquidity risk is the risk that the group is unable to meet its financial obligations once due. The primary objective of liquidity management is providing sufficient funds to enable the group to meet its financial obligations without incurring unacceptable losses. Group Treasury monitors liquidity risk on an ongoing basis. Per March 31, 2024 VI BV (together with VI Holding BV) was party to a EUR 800 million uncommitted revolving credit facility agreement with 7 banks. Of this facility maximum EUR 450 million is available for cash borrowings/liquidity management. Next to this the group also has an internal credit facility with TIFI AB for EUR 450 million, fully available for borrowing. At March 31, 2024 a total of EUR 168 million borrowings were in place in the form of short term loans and bank overdrafts.

The contractual maturities of financial liabilities are as follows:

Contractual maturities of financial liabilities	Contractual undiscounted cash flows: Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total	Carrying amount
At 31 March 2023						
Non-derivatives						
Lease liabilities	3.962	3.750	598	-	8.320	8.320
Trade payables	64.620	-	-	-	64.620	64.620
Borrowings	341.123	-	-	-	341.123	341.123
Total non-derivatives	**409.705**	**3.750**	**598**	**-**	**414.063**	**414.063**
Derivatives						
Financial instruments liabilities	1.886	-	-	-	1.886	1.886
Total derivatives	**1.886**	**-**	**-**	**-**	**1.886**	**1.886**
At 31 March 2024						
Non-derivatives						
Lease liabilities	2.601	1.917	2.419	4.335	11.272	11.272
Trade payables	73.455	-	-	-	73.455	73.455
Borrowings	116.249	-	-	-	116.249	116.249
Total non-derivatives	**192.305**	**1.917**	**2.419**	**4.335**	**200.976**	**200.976**
Derivatives						
Financial instruments liabilities	1.113	-	-	-	1.113	1.113
Total derivatives	**1.113**	**-**	**-**	**-**	**1.113**	**1.113**

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk principally from the group's receivables from customers. The group's customers are subjected to creditworthiness tests. The group uses bank guarantees, letters of credit and credit insurances to mitigate cash flow mismatches on contracted projects. To minimise counterparty risk, the group's liquidity is spread among several financial institutions that have good credit ratings (all minimum A rating). The group has no significant concentrations of credit risk with any counterparty.

In order to minimise credit risk, the group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade. Investments in instruments, including bills of exchange, debentures and redeemable notes, where the counterparties have a minimum BBB- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• When there is a breach of financial covenants by the debtor

• Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group)

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (ii) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

At the end of the reporting period, the directors of the parent company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate and concluded that there has not been a significant increase in the credit risk since initial recognition of the financial guarantee contract.

The credit risk on trade receivables is assessed mainly based on information relating to overdue amounts. The aging of trade receivables, excluding loss allowance, is as follows:

	31 March 2024	31 March 2023
Not overdue	124.021	54.451
1-30 days overdue	8.777	8.406
31-90 days overdue	10.881	20.790
More than 90 days overdue	12.289	13.225
Total	**155.968**	**96.872**

The group has trade receivables and contract assets which are subject to the expected credit loss model. The impairment allowances on trade receivables and contract assets developed as follows:

	Contract assets	Trade receivables

	2024	2023	2024	2023
Opening loss allowance	-1.138	-1.565	-12.614	-4.763
Increase in loss allowance recognised in profit or loss during the year	-119	-1.138	-7.112	-9.418
Receivables written off during the year as uncollectible				
Unused amount reversed	1.138	1.565	3.824	1.567
Closing loss allowance at 31 March	**-119**	**-1.138**	**-15.902**	**-12.614**

Impairment losses on trade receivables and contract assets are presented within cost of sales of goods and providing services. In case of losses on collectability the impairment loss is presented in selling, general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

No material expected credit loss applicable on cash and cash equivalents and other receivables.

The majority of the impairment losses on trade receivables and contract assets are amounts which are more than 90 days due.

Capital management

Group Treasury is to ensure sufficient financing and liquidity for the business activities and to maintain a strong financial position. Using current assets such as cash and cash equivalents, as well as cash flows from operating activities and borrowings from financial institutions, the group believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and support new projects. As of September 2022, Group Treasury initiated a Liquidity Support Program, which focuses, amongst others, on working capital improvements which thereby supports the group's liquidity. The group is not subject to external capital requirements other than the legal reserves as of 31 March 2022.

21. Derivative financial instruments

The group uses derivative financial instruments solely for the purpose of hedging exposures, which are mainly the result of foreign exchange and interest rate risks arising from the group's business operations and its sources of financing. The group does not enter into speculative derivative transactions. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

The derivative financial instruments included in the statement of financial position are as follows:

	31 March 2024	31 March 2023
Current assets		
Foreign currency forwards – cash flow hedges	1.786	2.761
Total derivative financial instruments assets	**1.786**	**2.761**

	31 March 2024	31 March 2023
Current liabilities		
Foreign currency forwards – cash flow hedges	1.113	1.886

Total derivative financial instruments liabilities	**1.113**	**1.886**

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency exposures, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. There was no recognised ineffectiveness in relation to the foreign currency derivatives during the periods FY2024 and FY2023.

Fair value hierarchy

The carrying amounts of the group's financial assets and financial liabilities are a reasonable approximation of their fair values. The derivative financial instruments are subsequently measured at fair value. The fair value of derivative financial instruments is based on market observable inputs and qualifies as level 2 in the fair value hierarchy. There are no changes between fair value levels during the periods FY2024 and FY2023.

22. Related-party transactions

Parent-company of the group is Vanderlande Industries Holding B.V. Ultimate parent of the group is Toyota Industries Corporation.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Group are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

The group has normal business transactions with related parties within the total Vanderlande Group related to:

- Direct hours on customer projects outside the Group
- Allocation of Business Support fees outside the Group
- Allocation of R&D fees outside the Group
- Transfer price adjustments outside the Group

The following transactions outside normal business occurred with related parties:

Other transactions	2024	2023
Dividends paid to Vanderlande Industries Holding B.V. entity	-	-
Total other transactions	**-**	**-**

Key management compensation

Key management personnel comprise of the Board of Statutory Directors having authority and responsibility for planning, directing and controlling the activities of the entity.

The compensation paid or payable to key management for employee services is shown below:

	2024	2023
Short-term employee benefits	1.942	2.197
Post-employment benefits	132	134
Other long-term benefits	-	6
Compensation paid or payable to key management	**2.074**	**2.337**

23. Commitments and contingencies not included in the balance sheet

Capital commitments

Regarding the acquisition of property, plant and equipment, significant capital expenditures (commitments) which are contracted but not yet recognized on the consolidated financial statements are as follows:

	31 March 2024	31 March 2023
Property, plant and equipment	-	-

Bank overdraft facilities

The company (together with Vanderlande Industries Holding B.V.) had an uncommitted credit facility of EUR 800 million with 7 (high credit rating) banks per 31 March 2024. Of this facility EUR 450 million was available for borrowings ('cash limit'), which can be done in the form of bank overdrafts and short-term loans (dependent on the bank) and EUR 640 million was available for bank guarantee issuances. At any point in time the total combined value of the two usage options as described above cannot exceed the overall limit of EUR 800 million.

Guarantees

The company had EUR 79 million of bank guarantees outstanding per 31 March 2024 (31 March 2023: EUR 91 million). These consist mainly of Performance Bonds, Warranty Bonds and Advance Payment Bonds.

Claims

The company has contingent liabilities in respect of legal claims arising in the ordinary course of business. However, no material adverse effect on net equity or income is expected.

Tax liability

The company is part of a fiscal entity for VAT purposes with Vanderlande Industries Holding B.V. (parent). The company is part of a corporate income tax group with the parent of the fiscal unity. Under the Tax Collection Act, the members of the tax group are jointly and severally liable for any corporate income taxes payable by the group.

24. Subsequent events

No subsequent events applicable.

Vanderlande Industries B.V.

Company financial statements

31 March 2024

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Company statement of income

For the year ended 31 March 2024

(Amounts x € 1.000)

Company statement of profit or loss	**2024**	**2023**
Share of result of participations	-2.699	-9.060
Income from operations after income tax	-12.551	184
Result after taxation	**-15.250**	**-8.874**

The accompanying notes form an integral part of these financial statements.

Company statement of financial position

As of 31 March 2024 (before profit appropriation)

(Amounts x € 1.000)

	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Property, plant and equipment	11	132.840	132.567
Right-of-use assets	12	8.073	8.311
Intangible assets	10	107.744	100.318
Deferred tax assets	9	-	7.204
Participations in group companies	28	644	5.490
Other non-current assets	38	233	259
Total non-current assets		**249.534**	**254.149**
Current assets			
Inventories	13	73.759	87.429
Trade and other receivables	29	288.791	463.028
Current tax assets	9	3.090	3.465
Derivative financial instruments	21	1.786	2.761
Cash and cash equivalents	30	115.520	119.019
Total current assets		**482.946**	**675.702**
Total assets		**732.480**	**929.851**
Equity			
Share capital	31	238	238
Share premium	31	2.472	2.472
Reserves	31	98.593	109.900
Result for the period	31	-15.250	-8.874
Total equity		**86.053**	**103.736**
Non-current liabilities			
Lease liabilities	11	4.631	4.348
Deferred tax liabilities	9	15.820	25.608
Provisions	17	12.441	7.721
Total non-current liabilities		**32.892**	**37.677**
Current liabilities			
Trade and other payables	32	365.654	390.986
Current tax liabilities	9	-	-
Derivative financial instruments	21	1.113	1.886
Borrowings	18	116.249	341.123
Bank overdrafts	11	113.569	3.962
Lease liabilities	15	3.441	44.554
Provisions	17	13.509	5.927
Total current liabilities		**613.535**	**788.438**
Total liabilities and equity		**732.480**	**929.851**

The accompanying notes form an integral part of these financial statements

Notes to the company financial statements

For the year ended 31 March 2024

(Amounts x € 1.000)

25. General information

The company financial statements are part of the financial statements of Vanderlande Industries B.V. (hereafter: the company).

As the financial data of the company are included in the consolidated financial statements, the statement of profit or loss in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

All amounts in the notes to the financial statements are stated in EUR (Amounts x €1.000), unless otherwise stated.

26. Basis of preparation

The company financial statements of Vanderlande Industries B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements, unless otherwise stated. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

27. Accounting policies which have not been included in the notes to the consolidated financial statements

Participations in group companies

Participations in group companies are stated at net asset value. The net asset value is determined by applying the same accounting policies as those applied in the consolidated financial statements.

Participations in group companies with a negative net asset value are valued at nil. If the company has given a liability undertaking or any other guarantee to enable the group company to settle its liabilities, a provision is recognised.

Share in results of participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to the company.

Receivables from group companies

The company makes use of the option to eliminate intragroup expected credit losses against the carrying value of loans and receivables from the company to group companies, instead of elimination against the net asset value of the group companies.

28. Participations in group companies

	31 March 2024	31 March 2023
Balance at beginning of the period	**5.490**	**6.866**
Investments	-	5.000
Net (loss)/income from participations	-2.699	-9.060
Dividend	-1.483	-120
Foreign currency translation reserve	-663	2.804
Balance at end of the period	**645**	**5.490**

The company has a direct interest in the following participations:

Register of participations	Ownership interest (%)
Vanderlande Industries LLC, Moscow, Russia	100

There were no changes in ownership interest during all reporting periods presented.

29. Trade and other receivables

The composition of trade and other receivables is as follows:

	31 March 2024	31 March 2023
Trade receivables from contracts with customers	140.593	84.780
Retentions	-	-168
Contract assets	45.992	42.227
Receivables from group companies	76.802	305.046
Social security and other taxes	8.896	20.364
Other receivables	16.508	10.779
Total trade and other receivables	**288.791**	**463.028**

The trade and other receivables are financial assets measured at amortised cost. The trade and other receivables are expected to be settled within the next 12 months and hence they are presented as current. Information about the impairment of these receivables and the company's exposure to credit risk and currency risk can be found in note 20 of the consolidated financial statements. Receivables from group companies are a part of general business practises without any interest accruals/payments on the outstanding positions.

30. Cash and cash equivalents

Cash at bank and in hand are freely disposable.

31. Equity

The authorised share capital of Vanderlande Industries B.V. amounts to €375 and consists of 1.500 ordinary shares of €0.25 each in the financial year ended 31 March 2024. Of these, 950 ordinary shares have been issued. All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends. There were no movement during the periods. The equity movements are disclosed in the consolidated statement of changes in equity and note 16 in the consolidated financial statements.

32. Trade and other payables

The composition of trade and other payables is as follows:

	31 March 2024	31 March 2023
Trade payables	73.398	66.950
Contract liabilities	222.613	85.377
Advance received for contract work	8.578	4.406
Payables to group companies	2.394	169.370
Employee related accruals	22.887	21.726
Social security and other taxes	7.064	6.957
Other payables	28.720	36.203
Total trade and other payables	**365.654**	**390.989**

All trade and other payables fall due in less than one year. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

Payables to group companies are a part of general business practises without any interest accruals/payments on the outstanding positions.

33. Related-party transactions

The related-party transactions of key management compensation are disclosed in note 22 of the consolidated financial statements.

34. Commitments and contingencies not included in the balance sheet

The commitments and contingencies are disclosed in note 23 of the consolidated financial statements.

35. Audit fees

The audit fees are disclosed in note 7 of the consolidated financial statements.

36. Average number of employees

The average number of employees of the group calculated on a full-time-equivalent basis was:

	2024	2023
Execution	806	823
Sales	1.171	1.187
Services	116	121
Others	1.100	1.053
Total number of employees	**3.193**	**3.184**

As of 31 March 2024, the average number of employees of the company calculated on a full-time-equivalent basis was 3.193 (2023: 3.184). Of these employees 786 (2023: 629) were employed outside the Netherlands.

For remuneration of statutory board directors refer to note 22 for the compensation paid during the year.

37. Subsequent events

The subsequent events are disclosed in note 24 of the consolidated financial statements.

38. Other Non Current Assets

Other noncurrent assets include non-current receivables.

	31 March 2024	31 March 2023
Balance at beginning of the period	**259**	**249**
Realisation of non-current receivables from intercompany VI entities.	-26	10
Balance at end of the period	**233**	**259**

39. Proposal appropriation of result

The management board of the company proposes to appropriate the result as follows: The loss for the fiscal year 2024 in the amount of € 15.250 will be fully deducted from the other reserves. This proposal needs to be approved by the General Meeting and has therefore not yet been recognized in the financial statements 2024 of the company.

Veghel, the Netherlands

September 4, 2024

Vanderlande Industries B.V.

The Board of Statutory Directors

A. Manship

CEO Vanderlande Industries B.V.

A.P.C. de Rijk - van Druten

CFO Vanderlande Industries B.V.

Other information

Statutory profit appropriation

In accordance with article 23 of the Articles of Association of Vanderlande Industries B.V. the profit appropriation is at the disposal of the Annual General Meeting of Shareholders.

Independent auditor's report

Independent auditor's report

To: the board of statutory directors of Vanderlande Industries B.V.

Report on the audit of the financial statements 2023/2024

Our opinion

In our opinion:

- the consolidated financial statements of Vanderlande Industries B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 March 2024 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Vanderlande Industries B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023/2024 of Vanderlande Industries B.V., Veghel. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the following statements for 2023/2024: the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows; and
- the notes to the consolidated financial statements, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 March 2024;
- the company statement of income for the year then ended; and
- the notes to the company financial statements, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' 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 are independent of Vanderlande Industries B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management board report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of statutory directors is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of statutory directors

The board of statutory directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of statutory directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of statutory directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of statutory directors should prepare the financial statements using the going-concern basis of accounting unless the board of statutory directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of statutory directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 4 September 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.A.W. de Kort RA

Appendix to our auditor's report on the financial statements 2023/2024 of Vanderlande Industries B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of statutory directors.
- Concluding on the appropriateness of the board of statutory directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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