

DENSO

Crafting the Core

DENSO MANUFACTURING CZECH s.r.o.

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2025

DENSO slogan
Safety comes First.

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Introduction of DENSO MANUFACTURING CZECH s.r.o.

DENSO MANUFACTURING CZECH s.r.o. (hereinafter the “Company”) is based in the Liberec Industrial Zone – South and is a subsidiary of Denso International Europe B.V. and part of the Japanese multinational DENSO CORPORATION group.

DENSO CORPORATION's headquarters are located in Kariya, Japan, in the Aichi prefecture. Since its establishment in 1949, the Company has expanded its influence mainly thanks to ground-breaking research and the outstanding quality of its products. It is one of the leading global suppliers of modern technologies, and the systems and components thereof. DENSO collaborates globally with the main automobile manufacturers in the fields of air-conditioning, engine control systems, electronics, driving and safety controls of road vehicles, as well as in the fields of information technology and communication. DENSO uses its patented technologies and know-how in the field of industrial systems and air-conditioning also outside of the automobile industry.

Its consolidated revenues for the 2024 fiscal year were JPY 7,161.8 billion with a net profit of JPY 519.0 billion.

After its establishment in 2001, DENSO MANUFACTURING CZECH s.r.o., which is presented in this report, underwent the process of building a production plant. The total investment amounted to almost CZK 3 billion. The completion of the plant in the autumn of 2003 was followed by a half-year period of technology installation and the fine-tuning of the launch and production process. The grand opening that took place on 17 May 2004 started individual production projects and since the end of 2005, the plant has been operating at full capacity. The Company's main production programme includes air-conditioning units for passenger cars and accessories thereof (heating units, condensers and radiators).

The Company's clients include the leading European automobile manufacturers, such as VW, BMW, AUDI, DAIMLER, SUZUKI, ŠKODA AUTO, TOYOTA and others. At present, the Company has over 2 thousand employees.



President's Statement

Dear Employees and Business Partners of DMCZ,
Allow me to sincerely thank you for your support and cooperation on the occasion of publishing our Annual Report for the fiscal year 2024.

Throughout this year, we have faced numerous challenges, such as sharp fluctuations in production volumes and disruptions in logistics operations. Nevertheless, we succeeded in fulfilling our business responsibilities without causing any inconvenience to our customers. This was achieved thanks to the efforts of our employees and the collaboration with our business partners. I would like to express my heartfelt gratitude to all of you.

Let us now take a brief look back at the fiscal year 2024.

In terms of business results, we achieved 93% of our planned annual sales. Regarding profit, we exceeded the annual plan by 20% (excluding the reserve for past customer claims). In a situation where production trends were unpredictable, we consistently implemented a variety of initiatives aimed at improving productivity, strengthening our ability to respond to fluctuations, reducing fixed costs, and saving energy. Thanks to these efforts, we successfully met our profit targets. I am truly grateful for this achievement.

Next, I would like to touch upon our production base. In the areas of safety and quality, the results of our initiatives have gradually begun to show.

Starting with safety, our company has declared that all our actions are guided by the principle of "Safety First." In line with "Safety Core Action 10," the safety policy of the entire DENSO Group, we have shared messages from top management, implemented improvements to machinery and equipment, and continuously refined our work operations.

We also established a DOJO corner in the centre of the plant to strengthen employee safety awareness. The DOJO is a place where employees can reflect on and engage directly with safety. I would like us to use the DOJO to make our workplace even safer in the future.

In the field of quality, in addition to initiatives such as improving work instructions and enhancing process reliability through the QA Network, we have newly introduced the "Code of Conduct" system. Its aim is to prepare line supervisors and team leaders (SVs and TLs) to be able to identify abnormalities simply by observing the workplace.

Let us all work together to firmly embed these activities, strengthening our Company's commitment to both quality and safety.

With regards to the fiscal year 2025, the situation remains uncertain regarding environmental regulations in Europe and the pace of electrification among car manufacturers. This means DMCZ will continue to face a challenging period. However, I hope it will be a year in which DMCZ achieves sustainable growth and delivers rich and meaningful results.

To make this happen, we must:

- ① Think about the future and have the courage to look forward, to act, and to embrace change — within the world and within ourselves.
- ② Improve the quality of our work processes: Understand the original purpose and goals of our work, focus on inputs and outputs, and perform our duties professionally.
- ③ Strengthen our organisation through open and sincere communication: Increase both the quantity and quality of our communication, achieve results as a team, and share in the joy of success together.

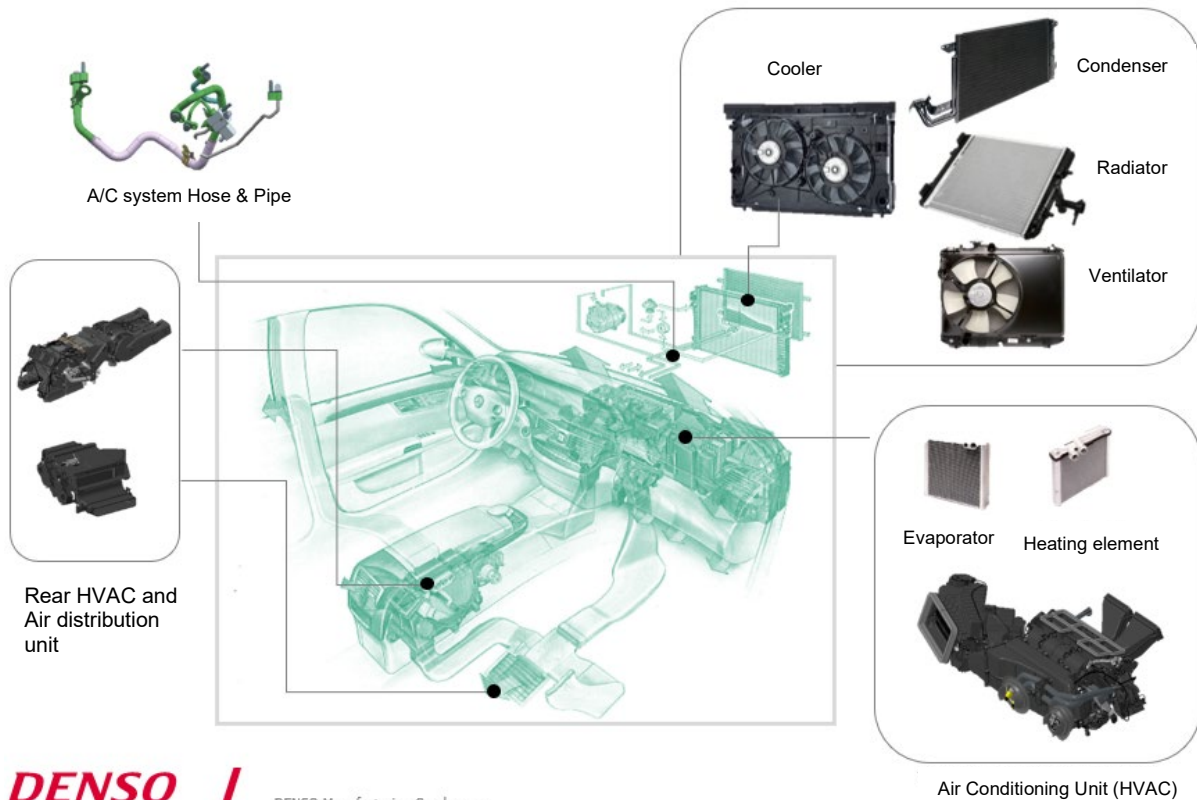
Each employee should keep these principles in mind and work towards building a strong company and a robust production base. Let us take a firm first step towards realising the DMCZ VISION 2030.

In conclusion, I would like to ask our business partners to continue supporting and cooperating with us in the future.

Kakiuchi
Akihiko Kakiuchi
President and Statutory Executive of the Company



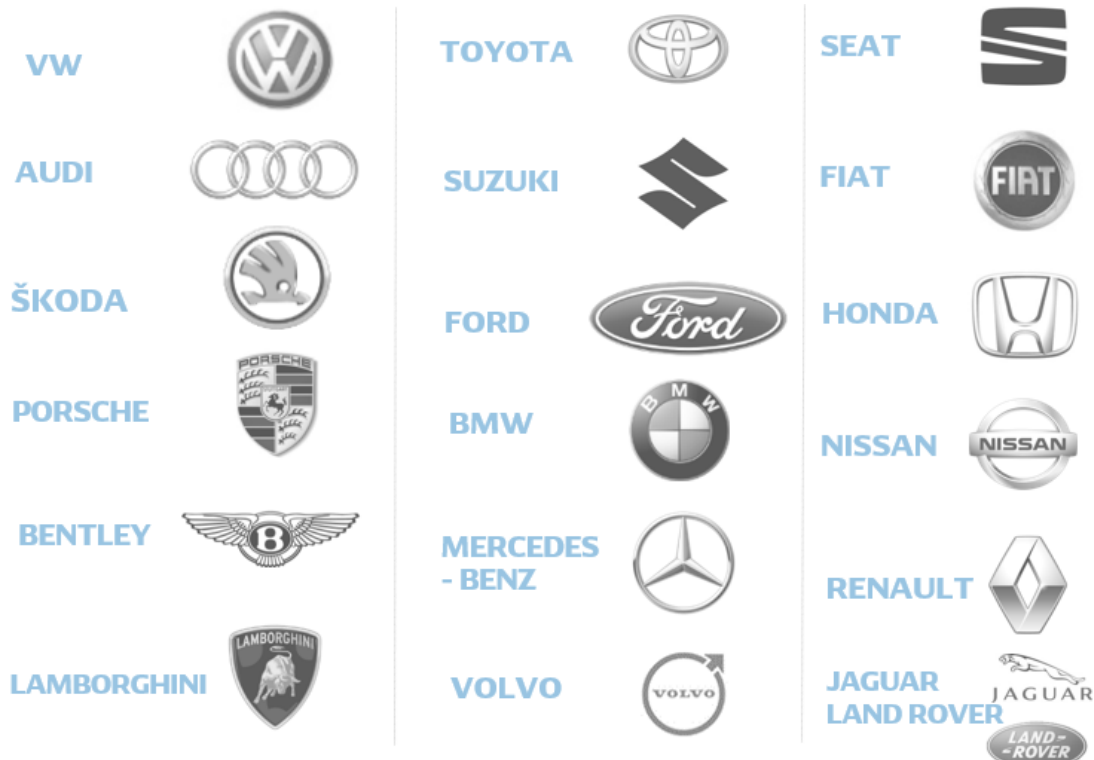
DMCZ Products and Customers



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DMCZ End Customers in 2024



Environmental Protection

As in previous years, significant attention in 2024 was focused on Environmental Protection, across all levels of management and down to each individual employee.

The management system for environmental protection, in accordance with ISO 14001, successfully passed a recertification external audit, and DENSO Manufacturing Czech s.r.o. was issued an ISO 14001 Certificate valid for another three years.

Throughout 2024, all relevant mandatory legislative requirements, as well as those of interested parties related to the Company's activities and products and their environmental impacts, were fully met.

The requirements of the global corporate environmental vision, DENSO ECO VISION 2025, were incorporated into the Environmental Action Plan, continuously monitored, and evaluated. Among the main objectives were the reduction of waste

Environmental Impact:

The main environmental impacts arising from production activities included waste generation, energy and raw material consumption, handling of chemical substances and mixtures, and the potential pollution of air or water.

As a preventive measure against pollution, regular measurements, monitoring of impacts, and other preventive actions were carried out.

Consumption of Energy, Resources, and Raw Materials

The consumption of energy, resources, and raw materials results naturally from production activities; however, principles of reducing consumption, recycling raw materials, reusing previously used resources, and implementing energy-saving measures were actively promoted, all in line with the requirements of ISO 50001.

Intensive attention was given to the Carbon Neutral 2030 initiative, which focuses on reducing CO₂ emissions and achieving carbon neutrality, with clearly defined target values. We also operate a photovoltaic power plant within the company premises.

Once again, we took part in the global DENSO corporate competition for the best poster promoting energy reduction, and we were once more among the European winners.

Waste Management

One of the major environmental impacts remains waste generation.

generation and energy consumption, the enhancement of environmental awareness, and other related activities.

As part of our volunteer initiatives, we organised and participated in the "Jizera Mountains Clean-Up" event.



Waste was managed in accordance with all legislative and other relevant requirements, which are implemented in internal procedures. Waste was sorted and handed over to authorised entities for further utilisation or disposal.

In 2024, the amount of waste generated was reduced by more than 300 tonnes.

Air Pollution Control

Stationary sources of air pollution were in operation, including combustion sources used for heating facilities and water, as well as technological sources related to metal surface treatment, degreasing processes, soldering furnaces, powder coating lines, and others.

Planned authorised measurements of airborne pollutants were carried out in accordance with legislative requirements. The results confirmed full compliance with the permitted emission limits. At the same time, the company also met the stricter corporate emission limits, which represent 80% of the legislative thresholds.

Water Protection

The handling of wastewater was managed in accordance with legislative requirements. Municipal sewage was discharged into the public sewer system, while industrial process water was pre-treated and neutralised at the Company's neutralisation station before discharge.

In compliance with requirements for protection of watercourses and flood prevention, a retention reservoir is operated within the company premises to provide protection against heavy rainfall.

All mandatory water quality measurements were performed according to plan, and compliance with legislative limits was confirmed.

Chemical Substances and Compounds

The handling of chemical substances and mixtures was carried out in accordance with legislative requirements, with the aim of minimising risks and environmental impacts. To improve the record-keeping and monitoring of chemicals used, an e-Register was maintained, designed to meet the Company's operational and user needs.

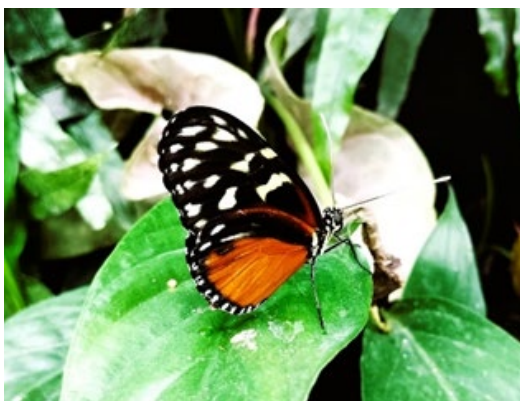
Objectives and Inspection

The objectives and target values established as part of the Company's continuous improvement in environmental protection were regularly monitored and evaluated, for instance through the Environmental Action Plan.

Compliance with requirements was also verified through internal audits, and an external recertification audit confirmed that the Company continues to meet its commitments, granting a renewed ISO 14001 Certificate for a further three-year period.

Conclusion

DENSO Manufacturing Czech, s.r.o. fulfilled its obligations in the area of environmental protection in 2024.





CERTIFIKÁT

pro systém managementu dle
EN ISO 14001:2015

Certifikační orgán č. 3258 společnost TÜV NORD Czech, s.r.o., certifikuji systém managementu, akreditovaný ČIA dle ČSN EN ISO/IEC 17021-1:2018, tímto potvrzuje, že společnost

DENSO MANUFACTURING CZECH s.r.o.
Heyrovského 476, Liberec XXIII-Doubr
463 12 Liberec
Česká republika

s místy uvedenými v příloze

provádí systém managementu ve shodě s požadavky normy EN ISO 14001:2015, a že po dobu platnosti certifikátu, která je 3 roky, bude jeho shoda s normou monitorována.

Obor platnosti

Návrh, vývoj a výroba klimatizačních systémů, jejich částí a tepelných výměníků pro automobilový průmysl.

Registrační číslo certifikátu 3258 104 23 52 0153
Audit, zpráva číslo 0236/2024

Ing. Jiří Patáček
Vedoucí certifikačního místa
TÜV NORD Czech, s.r.o.

Nedílnou součástí tohoto certifikátu je příloha (1 strana)
TÜV NORD Czech, s.r.o. Českomoravská 2420/15 CZ - 190 00 Praha 9 www.tuev-nord.cz





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Platnost od 21.09.2024
Platnost do 20.09.2027
Počáteční certifikace 2012

Praha, 20.09.2024

Occupational Health and Safety; Fire Protection

The Company's management placed even greater emphasis on occupational health and safety (OHS), including fire protection, which remains a top priority for DENSO Manufacturing Czech s.r.o. Liberec. The area of Occupational Health and Safety (OHS) and Fire Protection within the Company is maintained at an appropriate level. During the year 2024, there were no serious occupational injuries recorded. Furthermore, throughout 2024, no incidents of fire or explosion occurred.

DENSO Liberec continues to enhance occupational health and safety beyond legal and regulatory requirements by maintaining an ISO 45001 occupational health and safety management system. We conduct numerous inspections of all processes, with a focus on preventive activities and risk identification at all management levels. At the beginning of September 2024, a functionality inspection of the system was carried out, during which we successfully retained the certification for the Occupational Health and Safety Management System in accordance with ISO 45001.

In the 2024 fiscal year, we focused on improving the following fields:

- Completely eliminate the risk of injury from machinery, even in the event of forgetfulness or mistakes. The Company has invested significant financial and human resources into modifying machines to enhance safety.
- Increase management presence in production and develop a deeper understanding of activities that pose injury risks and impact human health at all management levels.
- Fire and explosion prevention, with a total of 2 evacuation drills conducted at both DENSO plants, with the assistance of the Fire Brigade of the Liberec Region.



Evaluation of the OHS level in DMCZ according to the Accident Rate

DMCZ distinguishes three categories of work accidents:

1. Accidents resulting in an inability to work;
2. Accidents requiring medical treatment but not resulting in an inability to work; and
3. Minor accidents (no inability to work and no medical treatment).

The 2024 OHS results are as follows:

We recorded a total of 29 accidents at work, of which:

- 9 accidents resulting in an incapacity to work;
- 3 accident requiring medical treatment; and
- 17 minor accidents.

An analysis of disabling and medical treatment injuries revealed that most accidents occur during routine tasks, as well as from inattention while walking. The primary causes of these incidents were rule violations, and general inattention.

To prevent occupational illness, we are committed to reducing physical strain. This involves collaboration with the Company doctor and external partners to enhance workplace ergonomics.

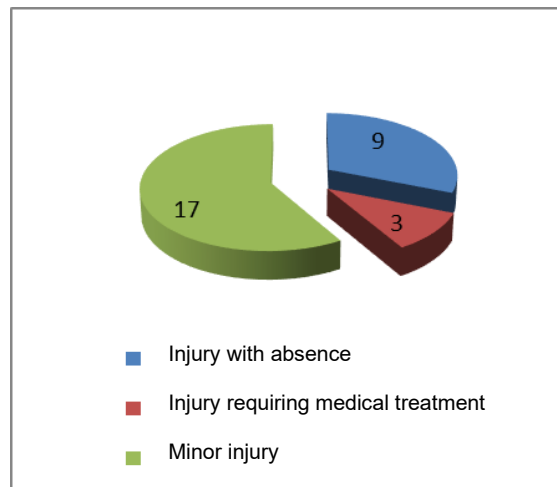
Special attention is given to new equipment, where ergonomic risks are addressed during the design phase using virtual reality.

The system of established rules in the field of occupational health and safety (OHS) is regularly verified through inspections conducted in accordance with applicable legislation. This year, these checks have been further strengthened by new initiatives from our sister plants. Additionally, we have supported an independent perspective on occupational safety through internal audits and stakeholder engagement. No significant deficiencies were identified during these inspections.

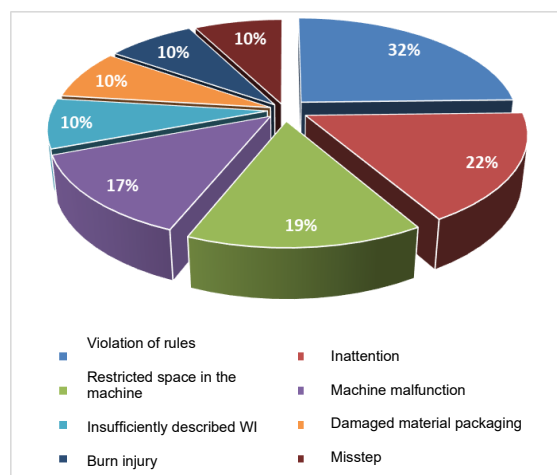
Fire protection

In the area of fire prevention, there were no extraordinary incidents in 2024. Preventive activities were carried out in full compliance with legal requirements and internal regulations.

Work accidents by gravity (in number of cases):



Work accidents by cause (in %):



Research and Development Activities

In the fiscal year 2024, we worked on the development and industrialisation of an air-conditioning unit for future BMW and Rolls-Royce vehicles, for which a new type of heat exchanger was developed for their electric variants.

Another key project in which we continued development and industrialisation efforts was the air-conditioning unit for our new customer, Volvo.

Furthermore, we proceeded with the final stages of development of the rear air-conditioning unit for the Porsche and AUDI platform, which will be manufactured at a sister plant.

In terms of serial projects, we focused primarily on decreasing variable product costs by implementing construction changes as part of the VAVE methodology.



Organisational Branches Abroad, Acquisition of Treasury Shares / Holdings

The Company has no branch or other business part abroad. The Company did not acquire any treasury shares/holdings.

Human Resources

Development and Education

In 2024, we focused on the development of our employees through several key initiatives. The first of these were managerial workshops, aimed at addressing the most significant insights from the Company's employee engagement survey. These workshops enabled us to gain a deeper understanding of our employees' needs and to create strategies for improving collaboration, open communication, and building trust both vertically and horizontally across the company hierarchy.

Another important step was the launch of the internal Gallup Clifton Strengths programme. This initiative, based on consultations designed to identify and utilise individual talents, helps participating employees make better use of their potential and supports their professional growth.

We also strengthened our cooperation with local secondary schools. This collaboration not only allowed us to contribute to the development of young talent, but also to identify and prepare potential future employees.

Recruitment and Retention

Fiscal year 2024 was quieter in terms of recruiting operators for production compared to the previous period, and we are continuing to stabilise and integrate employees from outside the EU. The situation for technical and administrative positions was quite stable in terms of the Company's needs.

PR and CSR

In line with our plan, we carried out CSR activities in 2024 to support institutions in our region.

During the year, we participated in the following initiatives: Birdhouses for Schools, Clean-Up Events ("Jizera Mountains Clean-Up"), Jedličkův Ústav – Garden Festival, "A Day at the Shelter" and a donation from Denso in the form of pet food, Food collection for shelters supporting mothers with children in need.



Presentation of a cheque to Jedličkův Ústav on 2 October 2024



Food collection for the St. Anna and St. Monica Shelters on 27 November 2024

Denso NADACE CZ

In the fiscal year 2024, we successfully established the foundation, Denso NADACE CZ. The main objective was to expand our ability to engage both employees and external parties, allowing them to participate more actively in CSR initiatives.

In addition to the steps required to establish the foundation and raise awareness of its existence, we implemented several support projects, including a charity event to support Eleonorka, the daughter of our employees suffering from spinal muscular atrophy, Fundraising to support foster children – Laptop for Majda, Support for therapy for Filda, Direct support for organisations such as DePejSek and Hospic sv. Zdislavy.

Employee Events

For our employees, the fiscal year 2024 featured a varied PR programme filled with engaging activities.

Regular initiatives included chocolate birthday gifts, gifts for first-graders, Christmas gifts, summer refreshment events, and celebrations for Jubilants marking 5, 10, 15, and 20 years with the Company, accompanied by a gift and a personal thank-you from the company president.

Throughout the year, numerous competitions were held, where employees answered questions or submitted photographs. Competition themes were tied to the seasons, VISION 2030, or volunteer activities. For example, at Easter employees submitted photos with Easter decorations, during the summer they participated in voluntary dog walking at shelters, and prizes included tickets to music festivals, Christmas gifts for children, and chocolate collections for the Christmas tree.

A new initiative focused on team spirit within VISION 2030, where the winning team was invited to team-building activities such as bowling or laser tag in Liberec.

Other activities included an April ZOO visit and birdhouses for schools. From May to September, employees could borrow three season tickets to Nisa Park free of charge.

In May, the ecological event “Jizera Mountains Clean-Up” took place.



DENSO MANUFACTURING CZECH s.r.o.

June featured a sporting challenge, where Denso donated CZK 1 per kilometre run to Jedličkův Ústav, raising a total of CZK 6,000.

At the beginning of July, during the “Summer Refreshment” event, ice creams were distributed, and in August, gifts were given to first-graders.



Employee ice cream giveaway on 2 July 2024



Gifts for primary school first-graders – given away in the last week of August 2024

DENSO MANUFACTURING CZECH s.r.o.

In September, a new benefit was introduced: the nationwide popular **Multisport card**, which interested employees could obtain and begin using at numerous partner locations from October 2024.



The traditional trip “**In the Footsteps of History**” to Frýdlant Castle was also part of the programme.

In October, employees had the opportunity to purchase 1+1 free tickets to a Bílí Tygři hockey match. For the first time, a birthday discussion meeting with the company president took place on 17 October 2024.



Birthday discussion meeting with the company president on 17 October 2024

In November, employees could attend a screening of the film *State of Emergency* in Czech together at the cinema.

In December, a small Christmas gift was distributed to all employees on 11 December 2024.



Employee Christmas gift distribution on 11 December 2024

With the arrival of the New Year, the popular “New Year Ice Skating” event took place once again:



In February, employees were offered the opportunity to purchase discounted tickets to Hop Aréna and registration opened for the “Playful Holidays” Day Camp at HomeCredit Aréna. March was dedicated to the “Month of the Book”, with competitions held within VISION 2030, offering mobile phones as prizes.

Throughout the fiscal year 2024, sponsorship approvals and allocations were carried out to support both our active employees and external applicants. Numerous sports clubs, individual athletes, and activities for children and adults received support, with a total of CZK 120,000 distributed.



The meeting with long-timers took place on 20 November 2024.

Post Balance Sheet Events

The Company is not aware of any facts that would have an impact on a potential change or assessment of the data recorded in the financial statements prepared as of 31 March 2025 except for the facts disclosed in Note 3.27 to the financial statements.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Partner of

DENSO MANUFACTURING CZECH s.r.o.

Having its registered office at: Heyrovského 476, Liberec XXIII-Doubí, 463 12 Liberec

Opinion

We have audited the accompanying financial statements of DENSO MANUFACTURING CZECH s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 March 2025, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of DENSO MANUFACTURING CZECH s.r.o. as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Executives are responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements.
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executives for the Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Executives 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.

In Prague on 31 October 2025

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Lukáš Pytlíček
registration no. 2460




Financial Statements of the Company

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Name of the Company: DENSO MANUFACTURING CZECH s.r.o.
Registered Office: Heyrovského 476, Liberec XXIII-Doubí, 463 12 Liberec
Legal Status: Limited Liability Company
Corporate ID: 254 32 338

Components of the Financial Statements:**Balance Sheet****Profit and Loss Account****Statement of Changes in Equity****Cash Flow Statement****Notes to the Financial Statements**

These financial statements were prepared on 31 October 2025.

Statutory body of the reporting entity:	Signature
Akihiko Kakiuchi	

BALANCE SHEET		DENSO MANUFACTURING CZECH s.r.o.			
full version		Corporate ID 254 32 338			
As of		Heyrovského 476			
31.03.2025		Liberec XXIII-Doubí			
(in CZK thousand)		463 12 Liberec			
		31.03.2025			31.03.2024
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	16 455 711	8 895 903	7 559 808	7 754 654
B.	Fixed assets	12 483 341	8 867 004	3 616 337	4 002 386
B.I.	Intangible fixed assets	141 041	131 426	9 615	9 360
B.I.2.	Valuable rights	137 438	131 276	6 162	8 218
B.I.2.1.	Software	137 438	131 276	6 162	8 218
B.I.4.	Other intangible fixed assets	150	150		15
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	3 453		3 453	1 127
B.I.5.2.	Intangible fixed assets under construction	3 453		3 453	1 127
B.II.	Tangible fixed assets	12 342 300	8 735 578	3 606 722	3 993 026
B.II.1.	Land and structures	2 422 972	902 024	1 520 948	1 540 080
B.II.1.1.	Land	113 859		113 859	113 859
B.II.1.2.	Structures	2 309 113	902 024	1 407 089	1 426 221
B.II.2.	Tangible movable assets and sets of tangible movable assets	9 561 714	7 833 554	1 728 160	2 226 752
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	357 614		357 614	226 194
B.II.5.1.	Prepayments for tangible fixed assets	74 088		74 088	65 593
B.II.5.2.	Tangible fixed assets under construction	283 526		283 526	160 601
C.	Current assets	3 286 478	28 899	3 257 579	3 071 625
C.I.	Inventories	1 439 345	28 280	1 411 065	1 188 734
C.I.1.	Material	894 771	19 334	875 437	845 034
C.I.2.	Work in progress and semifinished goods	167 226	1 560	165 666	134 576
C.I.3.	Products and goods	315 352	7 386	307 966	192 029
C.I.3.1.	Products	127 939	7 212	120 726	103 494
C.I.3.2.	Goods	187 413	174	187 239	88 535
C.I.5.	Prepayments for inventories	61 996		61 996	17 095
C.II.	Receivables	1 815 882	619	1 815 263	1 850 908
C.II.1.	Long-term receivables	42 216		42 216	
C.II.1.4.	Deferred tax asset	42 216		42 216	
C.II.2.	Short-term receivables	1 773 666	619	1 773 047	1 850 908
C.II.2.1.	Trade receivables	1 172 155	619	1 171 536	1 296 438
C.II.2.3.	Receivables - associates	133		133	158
C.II.2.4.	Receivables - other	601 378		601 378	554 312
C.II.2.4.3.	State - tax assets	2 389		2 389	2 977
C.II.2.4.4.	Short-term prepayments made	1 556		1 556	1 010
C.II.2.4.5.	Estimated receivables	588 305		588 305	538 497
C.II.2.4.6.	Sundry receivables	9 128		9 128	11 828
C.IV.	Cash	31 251		31 251	31 983
C.IV.1.	Cash on hand	422		422	550
C.IV.2.	Cash at bank	30 829		30 829	31 433
D.	Other assets	685 892		685 892	680 643
D.1.	Deferred expenses	338 890		338 890	363 922
D.2.	Complex deferred expenses	347 002		347 002	316 721

		31.03.2025	31.03.2024
	TOTAL LIABILITIES & EQUITY	7 559 808	7 754 654
A.	Equity	2 357 185	2 304 703
A.I.	Share capital	3 373 800	3 373 800
A.I.1.	Share capital	3 373 800	3 373 800
A.II.	Share premium and capital funds	731 919	731 919
A.II.2.	<i>Capital funds</i>	731 919	731 919
A.II.2.1.	Other capital funds	731 919	731 919
A.III.	Funds from profit	65 909	65 909
A.III.1.	Other reserve funds	65 909	65 909
A.IV.	Retained earnings (+/-)	-1 866 925	-1 619 006
A.IV.1.	Accumulated profits or losses brought forward (+/-)	-1 993 495	-1 745 576
A.IV.2.	Other profit or loss from prior years (+/-)	126 570	126 570
A.V.	Profit or loss for the current period (+/-)	52 482	-247 919
B.+C.	Liabilities	5 148 610	5 405 546
B.	Reserves	426 706	216 624
B.IV.	Other reserves	426 706	216 624
C.	Payables	4 721 904	5 188 922
C.I.	Long-term payables	731 475	1 440 734
C.I.6.	Payables - controlled or controlling entity	731 475	1 401 897
C.I.8.	Deferred tax liability		38 837
C.II.	Short-term payables	3 990 429	3 748 188
C.II.4.	Trade payables	568 712	714 201
C.II.6.	Payables - controlled or controlling entity	2 151 936	1 896 023
C.II.8.	<i>Other payables</i>	1 269 781	1 137 964
C.II.8.3.	Payables to employees	74 900	70 116
C.II.8.4.	Social security and health insurance payables	37 674	36 671
C.II.8.5.	State - tax liabilities and subsidies	125 393	143 219
C.II.8.6.	Estimated payables	1 028 027	884 663
C.II.8.7.	Sundry payables	3 787	3 295
D.	Other liabilities	54 013	44 405
D.2.	Deferred income	54 013	44 405

PROFIT AND LOSS ACCOUNT structured by the nature of expense method		DENSO MANUFACTURING CZECH s.r.o. Corporate ID 254 32 338	
Year ended 31.03.2025 (in CZK thousand)		Heyrovského 476 Liberec XXIII-Doubí 463 12 Liberec	
		Year ended 31.03.2025	Year ended 31.03.2024
I.	Sales of products and services	9 472 603	10 289 225
II.	Sales of goods	121 712	210 702
A.	Purchased consumables and services	7 427 522	8 454 813
A.1.	Costs of goods sold	138 176	341 937
A.2.	Consumed material and energy	6 130 451	6 908 570
A.3.	Services	1 158 895	1 204 306
B.	Change in internally produced inventory (+/-)	-22 742	-138 892
D.	Staff costs	1 401 485	1 372 205
D.1.	Payroll costs	1 003 227	979 000
D.2.	Social security and health insurance costs and other charges	398 258	393 205
D.2.1.	Social security and health insurance costs	332 985	325 637
D.2.2.	Other charges	65 273	67 568
E.	Adjustments to values in operating activities	683 524	695 802
E.1.	Adjustments to values of intangible and tangible fixed assets	722 522	696 957
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	699 246	702 948
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	23 276	-5 991
E.2.	Adjustments to values of inventories	-33 357	-1 240
E.3.	Adjustments to values of receivables	-5 641	85
III.	Other operating income	494 070	232 986
III.1.	Sales of fixed assets	7 912	6 506
III.2.	Sales of material	111 867	124 981
III.3.	Sundry operating income	374 292	101 499
F.	Other operating expenses	590 650	283 921
F.1.	Net book value of sold fixed assets	5 082	2 295
F.2.	Material sold	120 835	144 913
F.3.	Taxes and charges	17 089	14 895
F.4.	Reserves relating to operating activities and complex deferred expenses	190 089	23 822
F.5.	Sundry operating expenses	257 555	97 996
*	Operating profit or loss (+/-)	7 947	65 064
J.	Interest expenses and similar expenses	76 573	79 974
J.1.	Interest expenses and similar expenses - controlled or controlling entity	76 573	79 974
VII.	Other financial income	172 001	187 411
K.	Other financial expenses	131 945	394 512
*	Financial profit or loss (+/-)	-36 518	-287 075
**	Profit or loss before tax (+/-)	-28 571	-222 011
L.	Income tax	-81 053	25 908
L.2.	Deferred income tax (+/-)	-81 053	25 908
**	Profit or loss net of tax (+/-)	52 482	-247 919
***	Profit or loss for the current period (+/-)	52 482	-247 919
*	Net turnover for the current period	9 594 315	

STATEMENT OF CHANGES IN EQUITY				DENSO MANUFACTURING CZECH s.r.o.			
				Corporate ID 254 32 338			
Year ended 31.03.2025 (in CZK thousand)				Heyrovského 476 Liberec XXIII-Doubí 463 12 Liberec			
	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss from prior years	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 March 2023	3 373 800	731 919	65 909	-1 798 450	126 570	52 869	2 552 617
Distribution of profit or loss				52 869		-52 869	
Profit or loss for the current period						-247 919	-247 919
Rounding				5			5
Balance at 31 March 2024	3 373 800	731 919	65 909	-1 745 576	126 570	-247 919	2 304 703
Distribution of profit or loss				-247 919		247 919	
Profit or loss for the current period						52 482	52 482
Balance at 31 March 2025	3 373 800	731 919	65 909	-1 993 495	126 570	52 482	2 357 185

CASH FLOW STATEMENT		DENSO MANUFACTURING CZECH s.r.o. Corporate ID 254 32 338	
Year ended 31.03.2025 (in CZK thousand)		Heyrovského 476 Liberec XXIII-Doubí 463 12 Liberec	
		Year ended 31.03.2025	Year ended 31.03.2024
P.	Opening balance of cash and cash equivalents	31 983	23 545
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	-28 571	-222 011
A.1.	Adjustments for non-cash transactions	1 020 862	1 031 833
A.1.1.	Depreciation of fixed assets	699 246	702 948
A.1.2.	Change in provisions and reserves	194 360	-11 304
A.1.3.	Profit/(loss) on the sale of fixed assets	-2 830	-4 211
A.1.5.	Interest expense and interest income	76 573	79 974
A.1.6.	Adjustments for other non-cash transactions	53 512	264 426
A.*	Net operating cash flow before changes in working capital	992 291	809 822
A.2.	Change in working capital	-169 318	239 514
A.2.1.	Change in operating receivables and other assets	80 948	70 332
A.2.2.	Change in operating payables and other liabilities	-55 702	53 068
A.2.3.	Change in inventories	-194 565	116 114
A.**	Net cash flow from operations before tax	822 973	1 049 336
A.3.	Interest paid	-76 573	-90 370
A.***	Net operating cash flows	746 400	958 966
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	-299 233	-457 234
B.2.	Proceeds from fixed assets sold	7 912	6 506
B.***	Net investment cash flows	-291 321	-450 728
	Cash flow from financial activities		
C.1.	Change in payables from financing	-455 811	-499 800
C.***	Net financial cash flows	-455 811	-499 800
F.	Net increase or decrease in cash and cash equivalents	-732	8 438
R.	Closing balance of cash and cash equivalents	31 251	31 983

Notes to the Financial Statements of the Company

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Name of the Company: DENSO MANUFACTURING CZECH s.r.o.

Registered office: Heyrovského 476, Liberec XXIII-Doubí,
463 12 Liberec

Legal status: Limited Liability Company

Corporate ID: 254 32 338

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1. GENERAL INFORMATION

1.1. Incorporation and Description of the Business

DENSO MANUFACTURING CZECH s.r.o. (hereinafter the “Company”) was formed as a limited liability company on the basis of a deed of foundation on 25 May 2001 and was incorporated following its registration in the Register of Companies maintained by the Court in Ústí nad Labem on 12 July 2001. The Company principally engages in producing air-conditioning systems for cars.

The Company’s registered office is located at Heyrovského 476, Liberec XXIII-Doubí, 463 12 Liberec.

The Company’s issued share capital is CZK 3,373,800 thousand.

The following table shows individuals and legal entities holding an investment in the Company’s share capital and the amount of their equity interest:

Owner	Ownership percentage
DENSO INTERNATIONAL EUROPE B.V., corporate ID: 32027898 1077 XX Amsterdam, Strawinskylaan 1865, the Netherlands	100%

1.2. Year-on-Year Changes in and Amendments to the Register of Companies

During the year ended 31 March 2025, the following change was made to the Register of Companies.

Change of the Statutory Executive:

Position	Original	New	Date of change
Statutory Executive	Homare Kotate	Akihiko Kakiuchi	15 April 2024

1.3. Statutory Body and Supervisory Board as of the Balance Sheet Date

The Company has not established a supervisory board. The Company’s statutory bodies are the statutory executives.

	Name
Statutory executive	Akihiko Kakiuchi
Statutory executive	Hiroki Matsumoto

1.4. Organisational Structure

The organisational structure of the Company effective as of 31 March 2025:

HOD	MGR	HFU	HOD	MGR	HFU	HOD	MGR
HR J. Heteš	HR Administration S. Procházková	Manufacturing Unit L. Starý	Manufacturing Planning Y. Yamashita	TIE L. A. Vella	Technical Function Unit F. Valenta	PE D. Shimizu	Eng. planning R. Tanzyna
	HR Mfg. P. Vavřila			SHE E. Horáková			HE1 PE M. Gajdošík
	People Development T. Krejčí			MPD (TBD)			HE2 PE S. Takeda
	General Services P. Vavřila *		Manufacturing Engineering R. Bartoš	Flot/LG IS D. Svoboda			HE3 PE V. Bartoš
BP/Finance/IS H.Matsumoto	ISD O. Zahradník			Maintenance R. Müller		HVAC Assy PE R. Ozaki	
	CP H.Matsumoto *			Facility / T&D M. Ehm		Mold PE O.ElBedoui	
	BP S.Kurita		Production M. Blaho	Prod1 (EVA/ICON)		Quality D. Vrtal	EUT PE MNG S. Takeda *
	Finance/Account J. Bouda			Prod2 (HTR, Rad./Press) R. Nižník			Customer QA 1 K. Nishimura
	Security Management H.Matsumoto *			Prod3 (Con/OHX/PA) M.Černý			Customer QA 2 and QMS J. Hlavatý
	Purchasing R. Foltman			Prod4 (Mold) J. Jiříkovský			Supplier QA K. Nishimura *
PU1 M. Korec				Prod5 (HVAC) R. Kremina	J. Hlavatý *		
PU2 SV				Prod6 (HVAC) R. Vykusová	Test/Measure P. Knirsh		
President	1	PCL/NPI A. Kakiuchi	Prod7 (H&P) P. Haviček	Product Design A. Janků	Design 1 Application 1 M. Sasaki		
HFU	2		Project D. Krupka		Design 2 Application 2 T. Löbl		
HOD	9		PC H. Hara				
Section MGR	33			LG M. Fidrik			

1.5. Group Identification

The Company is included in the multinational DENSO CORPORATION Group (Japan). DENSO CORPORATION with its registered office at 1-1, Showa-cho, Kariya-shi, Aichi-ken, Japan, is a leading global supplier of modern car technologies, systems and components which predominantly include motor-related products, air-conditioning units, car electronics, and steering and safety components. DENSO CORPORATION operates in a number of regions worldwide.

The consolidated financial statements of the widest group of reporting entities of which the Company is a member as a consolidated reporting entity are prepared by Denso Corporation, having its registered office at 1-1 Show-cho Kariya, Aichi 448-8661, Japan. These consolidated financial statements are available on the website of the consolidating entity (https://www.denso.com/global/en/investors/library/annual_report/).

2. BASIS OF ACCOUNTING

The accompanying unconsolidated financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended (the "Accounting Act"); Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of Accounting Act 563/1991 Coll., as amended, for reporting entities that are businesses maintaining double-entry accounting records, as amended; in the wording effective for 2025 and 2024 (the "Regulation").

These financial statements have been prepared as of the balance sheet date of 31 March 2025 for the fiscal year from 1 April 2024 to 31 March 2025.

These financial statements are presented in thousands of Czech crowns (CZK), unless stated otherwise.

2.1. Tangible and Intangible Fixed Assets

Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the relevant fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives as follows:

Type of assets	Depreciation method	Number of years
Buildings and structures	Straight line	40
Accessories for buildings	Straight line	7
Moulding dies	Straight line	5
Machinery and equipment	Straight line	5-10
Cars	Straight line	4
Forklifts	Straight line	7
Hardware	Straight line	3
Furniture	Straight line	5

Depreciation periods are reviewed and adjusted over the period of the use of assets, taking into account the materiality and true and fair view principles.

Assets held under finance leases are depreciated by the lessor.

Gains and losses from the disposal or retirement of assets are recognised in the profit and loss account and determined as the difference between the sales revenue and the net book value of the assets as of the sale date.

Low-value tangible assets were directly expensed and reported off the balance sheet as set out in the table below except for the deferred low-value tangible fixed assets:

Assets	Estimated useful life exceeding one year, set out below the limits of acquisition costs (CZK)		
	< 2,999/ pc.	3,000 – 39,999/ pc.	> 40,000/ pc.
Tangible FA -specified	Operating expenses, or low-value items	Low-value FA (reported off the balance sheet), recognised under operating expenses	Standard tangible FA (recorded in the register, depreciation period according to the asset type)
Tangible FA - other	Operating expenses, or low-value items	Operating expenses, or low-value items	Standard tangible FA
Tangible FA - special	< 9,999/ pc.	10,000–39,999/pc.	
	Operating expenses	Low-value FA (recorded in the register, depreciation period: 2 years)	Standard tangible FA
Deferred assets	Significant low-value tangible assets with the unit cost not exceeding CZK 40 thousand (primarily stillage including clumps, holders, containers, carts for Molding), recorded off balance sheet are reported as deferred expenses and released to expenses in line with the anticipated useful lives.		

Specified tangible fixed assets include HW technologies, fax machines, copiers, printers, shredders, scanners, projectors, cameras, mobile phones, washing machines, dryers, dish washers, refrigerators, blenders, measuring devices and carts.

Other tangible fixed assets principally include furniture.

Special tangible fixed assets include production agents.

Deferred low-value tangible fixed assets include stillages and carts.

Provisioning

Provisions are made against tangible fixed assets that are damaged or unused on a long-term basis based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance.

Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised.

Purchased intangible fixed assets are stated at cost net of accumulated amortisation and accumulated impairment loss.

Expenditures on internal development activities are recognised as expenses in the period in which they are incurred.

The cost of fixed asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	Number of years
Software,	3
Valuable rights	7
Research and development	5

Low-value intangible assets were expensed as set out in the table below:

Assets	Estimated useful life exceeding one year, set out below the limits of acquisition costs (CZK)	
	≤40,000/ pc (40,000 – 60,000>	> 60,000/ pc
Intangible FA	Operating expenses Low-value intangible fixed assets (recorded in the register)	Standard intangible FA (recorded in the register)

Provisioning

Provisions are made against unused intangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance.

2.2. Financial Assets

Financial assets with a maturity of more than one year or that are intended to be held for more than one year are reported under non-current assets; financial assets with a maturity of less than one year or that are intended to be held for less than one year are reported under current assets.

Non-current financial assets consist of loans with maturity exceeding one year, equity investments in subsidiaries and associates, securities available for sale and debt securities with maturity over one year held to maturity.

At the balance sheet date, current financial assets included cash on hand, cash at bank, and stamps and vouchers.

2.3. Derivative Financial Transactions

In accordance with the group risk management strategy, the Company uses derivative financial instruments as effective hedging instruments. The Company does not document compliance with the requirements of Czech accounting regulations for hedge accounting and thus does not account for these derivative financial instruments as hedging instruments.

The Company reports the valuation of derivatives from relevant contracts in the balance sheet lines "Other receivables (short-term)", or "Other payables (short-term)" and in the profit and loss account lines "Other financial income" or "Other financial expenses".

Derivatives are stated at fair value. The Company does not used derivatives in the current year.

2.4. Inventory

Purchased inventory is valued at acquisition costs. Acquisition costs include the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees, commissions, and insurance payments.

Movements of inventory into and out of stock are recognised at pre-determined (standard) prices, except for spare parts. Standard material prices are set as equal to purchase prices valid on the first day of the reporting period, or during the period for new items or items where prices of material significantly changed. Internally developed inventory is valued on the basis of the allocation of the appropriate amount of direct and indirect expenses. Variances between the actual and fixed price are expensed and proportionally allocated on a quarterly basis to the value of inventory.

Spare parts are valued using the FIFO method, first-in, first-out.

Provisioning

The Company recognises provisions against inventory whose impairment is not deemed permanent by reference to, for instance, an aging analysis of inventory and analysis of selling prices of finished products. In addition, provisions reflect predictable risks and potential losses relating to the sale of supplier tools (moulds).

2.5. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts.

Provisioning against doubtful and bad receivables

Accounting provisions against receivables	
Past due	Provisioning rate
6-12 months	50%
>12 months	100%

In addition, the Company recognises additional provisions based on an individual assessment of individual recorded trade receivables.

2.6. Complex Deferred Expenses

Complex deferred expenses include deferred application costs incurred in relation to research and development and similar activities, relating to products that will be manufactured in the following periods. Complex deferred expenses are released in the profit or loss over the following four years, which corresponds to the expected average useful period arising from the application costs in relation to new or running projects. The release period differs when the Company has the information arising from contracts or similar documentation on a different appropriate release period so that they are released in the period to which they relate.

Complex deferred expenses also include development costs related to deferred expenses that concern, in aggregate, specific projects. Their settlement is performed in the period to which they relate on an accrual basis, i.e. in the anticipated period of realisation of the relevant projects.

2.7. Payables

Payables are stated at their nominal value.

2.8. Loans

Loans are stated at their nominal value. The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

2.9. Reserves

Reserves are intended to cover future risks and expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The Company recognises a reserve for customer complaints, a probable additional decrease in selling prices, anticipated losses from the sale of loss-making inventory, a reserve for annual bonuses for employees, a reserve for outstanding vacation days, a reserve for corporate income tax and other risks and losses.

2.10. Foreign Currency Translation

Transactions denominated in foreign currencies during the year are translated using a fixed monthly exchange rate promulgated by the Czech National Bank ("CNB") as of the last business day before the start of the next month.

At the balance sheet date, assets and liabilities denominated in foreign currencies are translated using the effective exchange rate promulgated by the CNB as of that date. Any resulting foreign exchange rate gains and losses are recorded through the current year's financial expenses or revenues as appropriate.

2.11. Finance Leases

Lease payments are charged to expenses. Lump-sum payments under finance leases are accrued and expensed over the lease period.

2.12. Government Grants

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost.

2.13. Taxation

2.13.1. Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets for tax purposes is calculated using the straight-line method.

2.13.2. Current Tax Payable

Czech tax legislation is subject to ongoing amendments. Since various interpretations of tax laws and regulations exist for individual types of transactions, the values reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

2.13.3. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

2.14. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

2.15. Revenue Recognition

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, and other sales-related taxes.

Sales of goods are recognised when goods are delivered and the ownership title has passed.

2.16. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

2.17. Year-on-Year Changes in Valuation, Depreciation or Accounting Policies, Correction of Misstatements

During the year ended 31 March 2025, no changes in policies or corrections of misstatements were made.

In the current reporting period, due to a change in accounting legislation, the method for calculating the net turnover indicator for the reporting period was amended. The net turnover figure reported in the financial statements for the previous reporting period is not comparable with the figure for the current reporting period, and therefore, in accordance with the provision of Section 4(7) of Decree No. 500/2002 Coll., as amended, it is not presented in the figures for the previous reporting period.

Method of calculating the net turnover indicator

- For the 2023 period, it was determined as the sum of all revenues recorded on the respective lines of the profit and loss account. Due to this change, the net turnover figure for the previous reporting period is not comparable with the net turnover figure for the current reporting period and, therefore, is not presented in the previous period's figures in accordance with Section 4(7) of Decree No. 500/2002 Coll., as amended.
- The net turnover for the 2024 period amounts to CZK 9,594,315 thousand and was determined as the sum of revenues from the sale of products and services and revenues from the sale of goods. If the net turnover indicator for the 2023 period had been determined using the methodology applicable for 2024, its value would have been CZK 10,499,427 thousand.

2.18. Other Matters

In order to eliminate the impact of foreign exchange risks, the Company decided to use the services of DENSO EUROPE B.V. Regular translations from EUR to CZK are executed at the current rate, which is determined by DENSO EUROPE B.V. on the basis of the exchange rates declared by the ECB for each exchange separately.

Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK '000)	
	31 March 2025	31 March 2024
Cash on hand and cash in transit, stamps and vouchers	422	550
Bank accounts	30 829	31 433
Total cash and cash equivalents	31 251	31 983

Cash flows from operating, investment, and financial activities presented in the cash flow statement are not offset.

3. ADDITIONAL INFORMATION

3.1. Intangible Fixed Assets (IFA)

Cost

	Opening balance	Effects of the merger	Additions	Disposals	Transfers	(CZK '000) Closing balance
Research and development	0	0	0	0	0	0
Other valuable rights	0	0	0	0	0	0
Software	128 021	0	9 467	50	0	137 438
Other IFA	150	0	0	0	0	150
IFA under construction	1 127	0	11 728	0	9 402	3 453
Total 2024	129 298	0	21 195	50	9 402	141 041
Total 2023	125 253	0	7 285	158	3 622	129 298

Provisions and accumulated amortisation

	Opening balance	Effects of the merger	Additions	Disposals	Closing balance	Provisions	(CZK '000) Net book value
Research and development	0	0	0	0	0	0	0
Other valuable rights	0	0	0	0	0	0	0
Software	119 803	0	11 523	50	131 276	0	6 162
Other IFA	135	0	15	0	150	0	0
IFA under construction	0	0	0	0	0	0	3 453
Total 2024	119 938	0	11 538	50	131 426	0	9 615
Total 2023	112 957	0	6 981	0	119 938	0	9 360

3.2. Tangible Fixed Assets (TFA)

Cost

	Opening balance	Effects of the merger	Additions	Disposals	Transfers	(CZK '000) Closing balance
Land	113 859	0	0	0	0	113 859
Buildings	2 251 399	0	57 714	0	0	2 309 113
Tangible fixed assets and sets thereof	9 552 434	0	628 733	706 663	87 210	9 561 714
Prepayments made for TFA	65 593	0	124 808	116 313	0	74 088
TFA under construction	160 601	0	323 344	200 419	0	283 526
Total 2024	12 143 886	0	1 134 599	1 023 395	87 210	12 342 300
Total 2023	12 018 535	0	1 482 941	1 357 590	0	12 143 886

Provisions and accumulated depreciation

	Opening balance	Effects of the merger	Additions	Disposals	Closing balance	Provisions	(CZK '000) Net book value
Land	0	0	0	0	0	0	113 859
Buildings	825 178	0	76 846	0	902 024	0	1 407 089
Tangible fixed assets and sets thereof	7 325 682	0	585 960	206 157	7 705 485	128 070	1 728 160
Prepayments made for TFA	0	0	0	0	0	0	74 088
TFA under construction	0	0	0	0	0	0	283 526
Total 2024	8 150 860	0	662 806	206 157	8 607 509	128 070	3 606 722
Total 2023	7 856 247	0	685 650	391 037	8 150 860	0	3 993 026

The Company adjusted the valuation of tangible fixed assets owing to their low value through the recognition of a provision in expenses (refer to Note 3.5).

Interest on loans was not capitalised as part of the cost of tangible fixed assets in the reporting period.

The Company received a decision on the reimbursement of a grant under the EU Operational Programme Enterprise and Innovation for Competitiveness – Innovation Programme on 5 April 2024. The amount of the grant, which was received on 4 April 2024, totals CZK 68,459 thousand. This represents the reimbursement of a portion of the acquisition cost of new production equipment purchased between 2021 and 2023.

3.3. Inventory

(CZK '000)		
Gross	Balance at 31 March 2025	Balance at 31 March 2024
Material including spare parts	894 771	885 195
Work in progress, semi-finished products	167 226	140 399
Products	127 939	112 151
Goods without moulds and tools	8 385	17 815
Purchased moulds and tools intended for sale	179 028	77 716
Prepayments made	61 996	17 095
Total	1 439 345	1 250 371

(CZK '000)		
Adjustment	Balance at 31 March 2025	Balance at 31 March 2024
Provisions against material including spare parts	19 334	40 161
Provisions against work in progress and semi-finished products	1 560	5 823
Provisions against products	7 212	8 657
Provisions against goods including moulds and tools and relating prepayments	174	174
Total	28 280	61 637

3.4. Short-Term Receivables

3.4.1. Aging of Trade Receivables

(CZK '000)				
Year ended	Category	Before due date	Total past due date	Total
31 March 2025	Gross	1 114 756	57 399	1 172 155
	Provisions	0	619	619
	Net	1 114 756	56 780	1 171 536
31 March 2024	Gross	1 203 973	98 725	1 302 698
	Provisions	0	6 260	6 260
	Net	1 203 973	92 465	1 296 438

3.4.2. Receivables – Associates

Short-term receivables from the controlling entity as of 31 March 2025 of CZK 133 thousand consist of a positive balance on the cash-pooling account (31 March 2024 of CZK 158 thousand).

3.4.3. State – Tax Receivables, State – Tax Payables and Subsidies

Tax receivables as of 31 March 2025 predominantly include a receivable arising from withholding tax of CZK 957 thousand. As of 31 March 2024, the largest portion of this receivable included a receivable arising from withholding tax of CZK 1,390 thousand.

Tax payables as of 31 March 2025 primarily include debts arising from VAT of CZK 125,393 thousand (31 March 2024: CZK 141,862 thousand).

3.4.4. Estimated Receivables

As of 31 March 2025, estimated receivables in the aggregate amount of CZK 588,306 thousand (as of 31 March 2024: CZK 538,497 thousand) primarily include the calculated amount of commissions, unbilled design services and amounts for employees assigned under the hiring out of labour contracts concluded with entities within the group.

3.5. Provisions

Provisions represent the temporary impairment of assets (disclosed in Notes 3.1., 3.2., 3.3. and 3.4.)

Changes in provisions

(CZK '000)			
Provisions against:	Opening balance	Net change in the reporting period	Balance at 31 March 2025
Fixed assets	104 793	23 277	128 070
Inventory	61 638	-33 358	28 280
Receivables – statutory	0	0	0
Receivables – other	6 260	-5 641	619
Total	172 691	-15 721	156 969

Statutory provisions are recognised in compliance with the Act on Reserves and are tax-deductible.

3.6. Current Financial Assets

(CZK '000)		
	Balance at 31 March 2025	Balance at 31 March 2024
<i>Cash</i>		
Stamps and vouchers	0	0
Cash	422	550
<i>Current accounts</i>		
Cash at bank	30 829	31 433
Total current financial assets	31 251	31 983

3.7. Deferred Expenses and Other Assets

As of 31 March 2025 and 2024, deferred expenses amounted to CZK 164,470 thousand and CZK 363,922 thousand, respectively. These principally included the costs of purchases of returnable packages and deferred contributions for the acquisition of tools, nomination fees, modification of sold moulds, deferred low-value assets and the application costs of selected projects that will be included in the period to which they relate on an accrual basis.

The cost of packages is released to expenses most frequently over the period of six years which is an estimated useful life of these packages. The cost of the tools is released to expenses over the period of 4 – 10 years. The cost of the modifications to moulds is released to expenses most frequently over 5 years.

Complex deferred expenses as of 31 March 2025 include deferred application costs incurred on the research and development and similar activities of products that will be manufactured in future reporting periods in the amount of CZK 309,741 thousand (as of 31 March 2024: CZK 303,501 thousand). Complex deferred expenses are deferred over the following four years. The release period differs only when the entity has the information resulting from contracts or similar documentation on a different release period so that the release is made in the period to which it relates.

Complex deferred expenses also include development costs of CZK 13,753 thousand as of 31 March 2025 (as of 31 March 2024: CZK 13,219 thousand) related to deferred expenses that concern, in aggregate, specific projects. Their settlement is performed in the period to which they relate on an accrual basis, i.e. in the anticipated period of realisation of the relevant projects.

3.8. Equity

Refer to the Statement of Changes in Equity.

The proposed allocation of the profit or loss for the 2024 fiscal year consists of a transfer to accumulated losses brought forward.

Based on the resolution of the general meeting of the Company, the loss for the 2023 fiscal year of CZK 247,919 thousand was allocated to Profit or loss brought forward.

3.9. Reserves

Other reserves

	(CZK '000)	
	Balance at 31 March 2025	Balance at 31 March 2024
Anticipated losses from the sale of moulds and tools	0	5 963
Guarantee costs	0	0
Future complaints	331 215	123 664
Staff costs, employee benefits	95 491	86 997
Additional probable decrease in sale prices	0	0
Other reserves	0	0
Total other reserves	426 706	216 624

3.10. Payables – Controlled or Controlling Entity (Long-term, Short-term)

Only the portions of long-term loans provided by the fellow subsidiary in the group that mature within a period greater than the subsequent 12 months are classified as long-term under this item as of the balance sheet date.

Short-term **payables – controlled or controlling entity** include a negative balance on the cash-pooling account and a portion of long-term loans from the fellow subsidiary maturing within 12 months.

In the years ended 31 March 2024 and 2023, the Company reported loans from DENSO EUROPE B.V. as follows:

1. Loan

- CZK 993,607 thousand (EUR 39,800 thousand and CZK 1,007,139 thousand (EUR 39,800 thousand) as of 31 March 2025 and 31 March 2024, respectively.

The loan is payable in three instalments on 31 March 2026, 2027, 2028.

As of 31 March 2025, the loan is classified as a short-term loan.

2. Loan

- CZK 389,454 thousand (EUR 15,600 thousand) and CZK 789,516 thousand (EUR 31,200 thousand) as of 31 March 2025 and 31 March 2024, respectively.

The loan is payable in four instalments of which each in the amount of EUR 15,600 thousand on the following dates: 31 May 2022, 2023, 2024, and 2025.

As of 31 March 2025, the loan is classified as a short-term loan.

3. Cash-pooling

- The portion of short-term payables also includes a negative balance on the cash-pooling account in the amount of CZK 1,500,350 thousand and CZK 1,501,265 thousand as of 31 March 2025 and 31 March 2024, respectively.

3.11. Short-Term Payables

3.11.1. Aging of Short-Term Trade Payables

		(CZK '000)		
Year ended	Category	Before due date	Total past due date	Total
31 March 2025	Short-term	456 633	103 127	559 760
31 March 2024	Short-term	665 493	48 708	714 201

3.11.2. Short-Term Intercompany Trade Payables

Name of the entity (relation to the Company*)	(CZK '000)	
	Balance at 31 March 2025	Balance at 31 March 2024
Short-term trade payables		
DENSO CORPORATION (controlling company)	32 543	91 833
DENSO AIR SYSTEMS CO, LTD.	674	1 853
DENSO BARCELONA S.A.	3 684	2 801
DENSO SISTEMAS TÉRMICOS ESPANA	0	5
Denso Manufacturing Italia s.p.a.	31 384	28 571
DENSO MANUFACTURING MICHIGAN, INC.	1 091	0
DENSO AIR SYSTEMS DE MEXICO S.A. DE C.V	0	2 024
DENSO EUROPE B.V.	7 916	11 323
DENSO AUTOMOTIVE Deutschland GmbH	197	0
DENSO KIRLOSKAR INDUSTRIES	14	32
DENSO MANUFACTURING UK LTD.	4 891	4 626
DENSO THERMAL SYSTEMS S.p.A.	7 430	5 595
TD Deutsche Klimakompressor GmbH (part of consolidation group)	340	2 991
DENSO OTOMOTIV PARCALARI SANAYI A.S.	4	0
DENSO CZECH s.r.o.	0	3 290
LIPLASTEC s.r.o.	64 282	48 623
Denso T.S.Morocco SARL/IV	55	0
DENSO International Europe B.V. (controlling company)	6 163	2 491
PT.DENSO MANUFACTURING INDONESIA	0	3 225
PT.TD Automot.Compressor Indonesia	0	3 396
Total short-term intercompany trade payables	160 668	212 679

* Unless stated otherwise, the above-listed entities are fellow subsidiaries of DENSO MANUFACTURING CZECH s.r.o.

3.12. Estimated Payables

In the year ended 31 March 2025, estimated payables in the amount of CZK 942,504 thousand (CZK 884,663 thousand as of 31 March 2024) principally include estimated payables for a retrospective decrease in selling prices in respect of group entities, estimated payables for licence fees, estimated payables for customer complaints, estimated payables for technical support and estimated payables for received, yet as of 31 March 2025 unbilled supplies. Their amounts have been determined based on orders – concluded contracts, supplies made, calculations and expert estimates.

3.13. Derivative Financial Instruments

In the previous reporting periods, the Company translated EUR into CZK and JPY using a fixed exchange rate based on the Currency Exchange Agreement concluded with DENSO EUROPE B.V.

As of 1 April 2023, this form of translation is not be used and the Company translates EUR into CZK and JPY using current (daily) exchange rates issued by the ECB.

3.14. Income Tax

3.14.1. Tax Payable

The Company is subject to top-up tax under the Pillar 2 rules. The calculation of the top-up tax expense is based on information available at the date of preparing the financial statements. Since this tax liability calculation involves numerous items derived from the accounting of other companies within the group, it should be considered an estimate. In the current reporting period, the Company will apply transitional safe harbours, which means that, based on compliance with legally defined thresholds, the top-up tax expense is considered nil.

3.14.2. Deferred Tax

The deferred tax liability/asset is analysed as follows:

(CZK '000)				
Deferred tax items	Balance at 31 March 2025		Balance at 31 March 2024	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between the accounting and tax net book values of fixed assets	-941 764	0	-1 070 938	0
Other temporary differences:	1 472	0	1 357	0
Provision against receivables	0	0	0	0
Provision against inventory	28 281	0	61 638	0
Provision against fixed assets	128 070	0	104 794	0
Accumulated amortisation/depreciation of fixed assets	0	0	0	0
Inventory	0	0	0	0
Reserves	426 706	0	216 623	0
Estimated receivables/payables	0	0	0	0
Tax loss from prior years	558 262	0	501 588	0
Total temporary differences	-201 027	0	-184 938	0
Deferred tax	42 216	0	-38 837	0

Deferred tax was recognised in the profit and loss account.

(CZK '000)	
Analysis of movements	
31 March 2024	-38 837
Current changes charged to the profit and loss account	81 053
Total charges against the profit and loss account	81 053
Change of method	0
Current changes recognised in equity	0
Total recognised in equity	0
31 March 2025	42 216

3.15. Details of Income by Principal Activity

(CZK '000)						
	Year ended 31 March 2025			Year ended 31 March 2024		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Sales of purchased tools	0	36 984	36 984	0	65 458	65 458
Sales of purchased finished products (goods)	0	84 728	84 728	0	145 244	145 244
Sales of goods	0	121 712	121 712	0	210 702	210 702
Sales of own products	1 610 520	7 712 994	9 323 514	1 632 214	8 555 381	10 187 595
Sale of services	1 645	147 444	149 089	316	101 314	101 630
Total sales of products and services	1 612 165	7 860 438	9 472 603	1 632 530	8 656 695	10 289 225

3.16. Purchased Consumables and Services

Costs of goods sold and consumed material and energies:

(CZK '000)		
	Year ended 31 March 2025	Year ended 31 March 2024
Purchased tools – goods	22 053	92 577
Other goods	116 123	249 360
Total costs of goods sold	138 176	341 937
Consumed material	5 905 238	6 640 378
Consumed energies	225 213	268 192
Total	6 130 451	7 250 507

3.17. Services

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Repairs and maintenance	30 187	34 517
Travel expenses	4 329	3 935
Telephone, fax, internet	868	825
Rental, operating leases	34 819	37 751
Transportation	44 358	47 879
Licence fees	432 122	471 770
Hiring out of labour force	113 460	210 364
Storage	72 326	73 439
Translations, interpreting	2 400	2 492
Cleaning services	17 913	20 257
Training	6 231	6 957
Technical support, technical assistance	259 170	174 635
Legal, tax, HR and SW services	34 697	29 502
Management fees	0	300
Other services	106 015	89 683
Total	1 158 895	1 204 306

3.18. Employees, Management and Statutory Bodies

The number of employees, members of management and staff costs were as follows:

	(CZK '000)			
	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of staff	Total staff costs	Number of staff	Total staff costs
Staff	2 057	1 401 485	2 062	1 372 204
Managers	2	0	2	0
Total	2 059	1 401 485	2 064	1 372 204

The number of employees is based on the average headcount. The category of "managers" includes the Company's statutory executives.

In 2024, all other costs relate to holding the position of a statutory executive in services related to the agreement on international hiring of labour force.

2024

	(CZK '000)
	Members of the governing bodies
Cars/other movable and immovable assets that may be used for private purposes (the figure increases the tax base of employees)	2 719

During 2024, the Company's statutory representatives received no loans or borrowings.

During the period from 1 April 2024 to 31 March 2025, members of the management, supervisory and administrative bodies received no prepayments, earnest payments, loans, borrowing, awarded guarantees or other advantages, and hold no equity interests in the Company.

3.19. Sundry Operating Income

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Rebilling of expenses + billing for modifications of customer tools etc.	290 032	44 755
Income from waste sold	45 409	39 029
Income from the lease of non-residential premises + low-value billing to employees	1 970	2 454
Compensation for deadstock	421	447
Insurance proceeds	391	629
Billing in relation to complaints made	13 579	12 555
Stocktaking surpluses	1 006	939
Other	21 484	691
Total	374 292	101 499

3.20. Sundry Operating Expenses

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Deficits and damage	6 896	5 751
Fines and penalties	21	11
Compensation provided to suppliers	152 652	61 184
Quick saving – new projects	24 719	11 640
Write-off of receivables	6 113	984
Insurance premiums	11 979	11 275
Nomination fee	3 729	4 847
Membership contributions	592	58
Payment of deadstock to suppliers	11 639	0
Scrap of spare parts	34 624	0
Other	4 591	2 246
Total	257 555	97 996

3.21. Other Financial Income

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Foreign currency gains	105 576	124 224
Foreign currency gains – unrealised	66 425	63 187
Gains from the revaluation of derivative financial instruments as of the balance sheet date	0	0
Other	0	0
Total	172 001	187 411

3.22. Other Financial Expenses

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Foreign currency losses	104 193	85 670
Foreign currency losses – unrealised	27 463	308 415
Losses from the revaluation of derivative financial instruments as of the balance sheet date	0	0
Costs of derivative transactions	0	0
Banking charges	0	0
Banking fees	289	303
Other	0	124
Total	131 945	394 512

3.23. Related Party Transactions

The Company customarily sells products and services almost exclusively to related parties or through related parties. During the reporting period, the sales volume amounted to CZK 9,577,491 thousand (year ended 31 March 2024: CZK 10,487,940 thousand).

As of 31 March 2025, short-term receivables from related parties amounted to CZK 1,152,718 thousand (31 March 2024: CZK 1,284,397 thousand).

Name of the entity (relation to the Company*)	Balance at 31 March 2025	Balance at 31 March 20243
Short-term trade payables		
DENSO CORPORATION (controlling company)	0	280
DENSO Manufacturing Canada	17 653	17 590
Denso do Brazil Ltda.	30	787
DENSO Manufacturing North Carolina, Inc.	3	0
Denso Thermal Systems Poland	73 655	17 881
DENSO MANUFACTURING MICHIGAN, INC.	7 614	2 912
Tianjin Fawer Denso A/C LTD	2 721	8 230
DENSO EUROPE B.V.	915 097	1 079 323
DENSO AUTOMOTIVE Deutschland GmbH	15 293	8 455
DENSO KIRLOSKAR INDUSTRIES	4 885	2 577
DENSO MANUFACTURING UK LTD.	18 434	72 526
DENSO THERMAL SYSTEMS S.p.A.	51 466	31 341
TD Deutsche Klimakompressor GmbH (part of consolidation group)	7	136
DENSO OTOMOTIV PARCALARI SANAYI A.S.	7 279	8 096
DENSO MARSTON	39	0
LIPLASTEC s.r.o.	12 435	14 308
Denso T.S.Morocco SARL	15 307	9 277
DENSO SISTEMAS TÉRMICOS ESPANA, S.A.	10 112	6 101
PT.TD AUTOMOTIVE COMPRESSOR INDONESIA	143	0
DENSO SUBROS THERMAL ENGINEERING CENTRE INDIA	8	0
Denso Thermal Products CO. Ltd	73	4 415
Denso International America, Inc.	0	76
DENSO MEXICO, S.A.	0	37
GUANGZHOU DENSO Co.LTD.	0	45
Air System (Thailand) Co.,Ltd.	0	4
DENSO THERMAL SYSTEMS PUNE PVT.	464	0
Total short-term intercompany trade payables	1 152 718	1 284 397

The Company purchases products from and uses the services of related parties as part of its normal course of business.

All related party transactions are carried out in line with the arm's length principle.

As of 31 March 2025, the Company records short-term payables to related parties in the amount of CZK 160,668 thousand (31 March 2024: CZK 212,679 thousand), refer to Note 3.11.2.

For short-term and long-term intercompany loans refer to Note 3.10.

3.23.1. Other Related Party Transactions

Technical Support and Technical Assistance

Other significant transactions with related parties included technical support (application costs) and technical assistance.

Technical support (application costs) represents primarily the development of products and changes to product designs provided by the DENSO group. These costs are paid primarily to DENSO CORPORATION, DENSO EUROPE B.V. and DENSO INTERNATIONAL AMERICA, Inc.

Since September 2007, development and design activities have been carried out at DMCZ, the Design Centre that was established for these purposes.

In addition, the design centre of the Company provides development work for fellow subsidiaries. The Company reports this income as sales of services.

Technical assistance includes help with the implementation of technologies, search for suppliers, etc. The costs of the technical assistance are paid to DENSO CORPORATION.

Translation of EUR to CZK and JPY

Another significant transaction between the Company and DENSO EUROPE B.V. is a regular exchange of Euros to Czech crowns and Japanese yens.

Since November 2006, the Company has not exchanged Euros for Czech crowns with any other institution.

3.24. Total Costs of Fees to the Statutory Auditor/Audit Company

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Obligatory audit of the financial statements	1 052	1 092
Other non-audit services	0	0
Total	1 052	1 092

The costs of the obligatory audit of the financial statements in the amount of CZK 1,052 thousand include the contractual price for the audit of the 2024 fiscal year, completion of the audit of the 2023 fiscal year. The costs of the obligatory audit of the financial statements as of 31 March 2024 of CZK 1,092 thousand include the contractual price for the audit of the 2023 fiscal year, completion of the audit of the 2022 fiscal year.

3.25. Total Research and Development Costs

	(CZK '000)	
	Year ended 31 March 2025	Year ended 31 March 2024
Research and development costs (including the costs of the Design centre)	256 948	167 742
Total	256 948	167 742

Development costs are included particularly in the application costs which the Company pays primarily to DENSO CORPORATION and DENSO EUROPE B.V. Since September 2007, the Company has operated the Design Centre, which is located in the Company's premises, the operating costs of which are included in development costs.

3.26. Off Balance Sheet Commitments

The Company's accounting records do not include future liabilities arising from the concluded operating lease contracts (relating to the lease of company cars, fork lifts and office equipment – printers, copy machines). Other known liabilities have been included in the Company's accounting records.

Material Contingent Losses

As of 31 March 2025, the Company reports no significant current or future losses that are not reflected in the accounting records.

Legal Disputes

As of 31 March 2025, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

Environmental Liabilities

In the year ended 31 March 2025, the Company did not report any current or future environmental liabilities.

3.27. Post Balance Sheet Events

The Company is not aware of any facts that would have an impact on a potential change or assessment of the data disclosed in the financial statements prepared as of 31 March 2025.

Report on Relations

Report on Relations

The statutory body of DENSO MANUFACTURING CZECH s.r.o., with its registered office at Heyrovského 476, Liberec 463 12, corporate ID: 25432338, recorded in the Register of Companies held by the Regional Court in Ústí nad Labem, File C, Insert 18069, prepared this report on relations between the controlling entity and the controlled entity and the controlled entity and entities controlled by the same controlling entity on 30 June 2025 in accordance with Section 82 (9) of Act No. 90/2012 Coll. for the year ended 31 March 2025.

Structure of Relations

Controlling entity:	DENSO CORPORATION (DNJP) 1-1Showa-Cho, Kariya-Shi, Aichi-Ken 448-8661, Japan
Owner (share of 100%):	Denso International Europe B.V. 1077 XX Amsterdam, Strawinskylaan 1865, Netherlands
Controlled entity:	DENSO MANUFACTURING CZECH s.r.o. (DMCZ) Heyrovského 476, Liberec 463 12, Czech Republic Hereinafter: the "Company"

The principal activity of the controlled entity is the manufacturing of air-conditioning units for cars and their accessories (heating units, condensers and radiators).

Other related parties controlled by the same controlling entity, or related parties belonging to DENSO CORPORATION consolidation group, which recorded transactions with DENSO MANUFACTURING CZECH s.r.o. in the year ended 31 March 2025:

The Netherlands

- DENSO EUROPE B.V.
- DENSO INTERNATIONAL EUROPE B.V.

Japan

- DENSO UNITY SERVICE CORPORATION
- DENSO CORPORATION
- ASMO CO. LTD.
- Denso Air Systems Japan
- DENSO AIR SYSTEMS CORPORATION

USA

- DENSO INTERNATIONAL AMERICA, INC.
- DENSO MANUFACTURING MICHIGAN, INC.

Canada

- DENSO MANUFACTURING CANADA, INC.

Mexico

- DENSO AIR SYSTEMS DE MEXICO S.A. DE C.V.
- DENSO MEXICO S.A. DE C.V.

Argentina

- DENSO MANUFACTURING ARGENTINA S.A.

Brazil

- DENSO DO BRASIL LTDA.
- DENSO SISTEMAS TERMICOS DO BRASIL LTDA.

Europe / Others**United Kingdom**

- DENSO MANUFACTURING UK LTD.
- DENSO SALES UK Ltd.
- DENSO Marston Ltd.

Germany

- DENSO AUTOMOTIVE Deutschland GmbH
- TD Deutsche Klimakompressor GmbH (DENSO CORPORATION owns 35%, the Company is part of the DENSO CORPORATION consolidation group)

Spain

- DENSO BARCELONA S.A.
- DENSO SISTEMAS TERMICOS ESPANA S.A.

Italy

- DENSO THERMAL SYSTEMS S.p.A.
- Denso Manufacturing Italia S.p.a.

Hungary

- DENSO MANUFACTURING HUNGARY LTD.

Poland

- DENSO THERMAL SYSTEMS POLSKA Sp. z o.o.

Czech Republic

- DENSO Czech s.r.o.
- LIPLASTEC s.r.o.

Turkey

- DENSO OTOMOTIV PARCALARI SANAYI A.S.

Morocco

- DENSO THERMAL SYSTEMS MOROCCO S.A.R.L.

Thailand

- DENSO (THAILAND) CO., LTD.
- DENSO SALES (THAILAND) CO., LTD.
- DENSO TOOL & DIE (THAILAND) CO., LTD.

China

- DENSO (China) Investment Co.
- GUANGZHOU DENSO CO., LTD.
- TIANJIN FAWER DENSO AIR-CONDITIONER CO., LTD.
- Denso Thermal Products Co. Ltd.
- DENSO (TIANJIN) THERMAL PRODUCTS CO., LTD.

India

- DENSO KIRLOSKAR INDUSTRIES PVT. LTD.
- DENSO THERMAL SYSTEMS PUNE PVT.LTD.

Indonesia

- PT. ASMO INDONESIA

Method and Means of Control

DENSO MANUFACTURING CZECH s.r.o. is owned by Denso International Europe B.V. (100%)

Denso International Europe B.V. is wholly owned by DENSO CORPORATION.

DENSO MANUFACTURING CZECH s.r.o. is controlled on the basis of the above ownership structure. The controlled entity is controlled through the decision-making at the general meeting, or other instructions as appropriate. As the sole owner, the controlling entity appoints and recalls the controlled entity's statutory executives, through whom it manages the Company.

Agreements concluded with the controlling entity DENSO CORPORATION (DNJP)

- Contracts relating to the provision of technical services, including licence fees

Trade Name, Company Mark and Trade Mark License Agreement

Agreement date: 2 January 2003

This agreement defines conditions for trade name and trade mark utilisation. The trade name and trade mark fee is included in the licence fee.

In the fiscal year 2024, performance from this contract exceeded 10% of the Company's equity.

Technical Assistance Agreement and Agreement of Entrustment

Agreement date: 1 November 2002 and 30 October 2012

Based on these agreements, the Company uses technical assistance from DENSO CORPORATION when producing its products and pays license fees under the Technical Assistance Agreement.

Agreement for Personnel Dispatching and Receiving

Agreement date: 1 November 2002

This contract is applicable when dispatching Japanese employees to the Company to provide support.

Agreement concerning Work Assistance and Assistance Agreement

Agreement date: 7 March 2003

This agreement gives the Company the possibility to dispatch technical associates to DENSO CORPORATION or DENSO MANUFACTURING UK LTD for training.

General Service Agreement

Agreement date: 30 July 2004

This agreement specifies the conditions when DENSO CORPORATION provides various activities in defined areas upon the Company's request.

Agreement on Expatriates' Dispatch

Agreement date: 14 January 2005

These agreements define the conditions of DENSO CORPORATION associates' dispatch to the Company.

Agreement for Network Services

Agreement date: 10 July 2006

According to this agreement, the Company has access to GCMS system and has a possibility to use financial information for its internal purposes.

Agreement for Licensing of Profit Planning System Computer Software

Agreement date: 10 July 2006

The Company can utilise the software tool Profit Planning System to budgets calculation based on this agreement.

- Contracts relating to the purchase of components

Long term supply agreement

Agreement date: 29 March 2004

Based on this contract, the Company purchases material for production.

In the fiscal year 2024, performance from this agreement exceeded 10% of the Company's equity.

Agreement for price of knockdown parts

Agreement date: 1 April 2009

This contract specifies the method used to calculate the process between DENSO CORPORATION and the Company.

- **Other contracts**

Warranty agreement

Agreement date: 5 May 2004

This contract defines the scope of responsibility of DENSO CORPORATION for defects of material purchased according to II.1.2.

Agreement on the international hiring of a labour force and Memorandum for labour costs and other expenses of staff on assignment

Agreement date: 1 October 2017

This contract defines the conditions of secondments of DENSO CORPORATION employees.

Purchase Agreement

Agreement date: 1 April 2011

The Company delivers contractual products to DENSO CORPORATION based on this agreement.

Long-Term International Job Assignment (Expat)

Agreement date: 3 June 2014

Pursuant to this contract, the Company seconded an employee to DENSO CORPORATION.

Agreement for use of NICE-NET

Agreement date: 29 March 2004

This contract defines the conditions of the lease of lines between the Company and other entities in the group. In accordance with the contract, supplies are made and billed from DENSO EUROPE B.V.

- **Other Supplies**

In addition to the above-mentioned supplies, the Company purchased tangible fixed assets from DENSO CORPORATION in the year ended 31 March 2024. These assets predominantly included production equipment.

Agreements concluded with DENSO MANUFACTURING UK LTD. (DMUK)**Agreement concerning Work Assistance and Assistance Agreement**

Agreement date: 7 March 2003

This contract gives the Company the possibility to dispatch technical associates to DNJP or DENSO MANUFACTURING UK LTD for training. In addition, the Company can provide designer work to DENSO MANUFACTURING UK LTD.

International Hiring-Out of Labour Force Agreement

Agreement date: 21 May 2008

Based on this agreement, the Company employs associates of DENSO MANUFACTURING UK LTD.

Entrustment Agreement

Agreement date: 1 April 2020

Based on this agreement, the Company provides technical support for production engineering of DENSO MANUFACTURING UK LTD.

Agreements concluded with DENSO International EUROPE B.V. (DIEU)**Entrustment Agreement**

Agreement date: 1 October 2018

Based on this agreement, DIEU provides the Company with support in these areas: Internal audit, Business management system, Business planning, Communication, Legal & compliance, Finance & Accounting, HR, Quality, IPS, IS, Regulatory Affairs.

Service Agreement

Agreement date: 1 October 2021

Based on this agreement, the Company provides support when designing a new accounting and purchasing software for Denso International Europe B.V.

Agreements concluded with DENSO EUROPE B.V. (DNEU)**Entrustment Agreement**

Agreement date: 1 February 2012

This agreement defines the conditions of providing support in procurement, quality, technology, designer work, drawing documentation, etc.

Entrustment Agreement

Agreement date: 1 April 2020

This agreement defines the conditions of providing support in design work, testing, specific setting of production equipment, technical support of production preparation, support of development and purchasing of production equipment, etc.

Cash Pooling Agreement

Agreement date: 30 January 2004

Based on this agreement, the Company has access to short-term financial sources.

Loan Agreement

Agreement date: 30 September 2013, a new loan tranche and agreement date of 16 March 2018

According to this agreement, the Company received a long-term loan from DNEU in the amount of EUR 44,000 thousand.

Loan Agreement

Agreement date: 16 March 2018

According to this agreement, the Company received a long-term loan from DNEU in the amount of EUR 10,800 thousand.

Loan Agreement

Agreement date: 29 May 2019

According to this agreement, the Company received a long-term loan from DNEU in the amount of EUR 62,400 thousand.

Loan Agreement

Agreement date: 15 July 2021

According to this agreement, the Company received a long-term loan from DNEU in the amount of EUR 13,300 thousand.

Loan Agreements (taken over during the merger as of 1 April 2018)

The Company has taken over the balances of the long-term loans provided by DNEU in the amount of EUR 14,000 thousand.

Entrustment Agreement for Legal Services

Agreement date: 1 April 2007

According to this agreement, the Company is allowed to utilise the services of the legal department of DENSO EUROPE B.V.

Currency Exchange Agreement

Agreement date: 1 May 2007

This agreement allows the Company to execute regular exchanges of EUR to CZK with DENSO EUROPE B.V. The Company exchanges EUR to CZK twice per month at an annual fixed rate.

Guideline Work Agreement and Agreement for the use of NICE-NET

Agreement date: 24 May 2007

According to the Agreement for the Use of NICE-NET with DENSO CORPORATION, the performance under the Agreement for the Use of NICE-NET is provided and invoiced by DENSO EUROPE B.V. based on the Guideline Work Agreement.

Purchase Agreement

Agreement date: 1 April 2004

Based on this agreement, the Company delivers contractual products to DENSO EUROPE B.V. (DNEU)

Agreement of Entrustment

Agreement date: 1 April 2009

This contract serves as a basis for invoicing the activities of DMCZ IS departments for the purposes of DNEU IS.

Agreements concluded with DENSO FINANCE & ACCOUNTING CENTER CO. LTD. (DFAC)**Agreement for Personnel Dispatching**

Agreement date: 1 December 2002

This agreement can be applied when dispatching Japanese associates to the Company.

Agreements concluded with DENSO MARSTON LTD. (DNMN)**Framework Agreement on Assignment of Employees**

Agreement date: 1 January 2017

On the basis of this agreement, DNMN employees can be assigned to the Company.

Agreements concluded with DENSO THERMAL SYSTEMS S.p.A. (DNTS)**Entrustment Agreement**

Agreement date: 1 April 2013

This agreement defines the conditions of providing support in management, finance and planning, HR, procurement, business development, industrial process, etc.

Long-Term International Job Assignment (Expat)

Agreement date: 30 April 2014

Pursuant to this contract, the Company seconded and employee to DENSO THERMAL SYSTEMS S.p.A.

Service agreement

Agreement date: 1 September 2020

On the basis of this agreement, the Company provides analytical and support reporting services for DENSO THERMAL SYSTEMS S.p.A.

Agreements concluded with DENSO AUTOMOTIVE DEUTSCHLAND GmbH (DNDE)**Agreement of Entrustment**

Agreement date: 1 April 2002

This contract defines conditions of providing support in procurement, quality, technology, etc.

Assignment to DMCZ (Framework Agreement on Assignment of Employees)

Agreement date: 1 August 2012

Based on this agreement, the Company employs employees of DENSO AUTOMOTIVE DEUTSCHLAND GmbH.

Assignment to DNDE

Agreement date: 20 December 2012

Pursuant to this contract, the Company has seconded an employee to DENSO AUTOMOTIVE DEUTSCHLAND GmbH.

Agreement of Entrustment

Agreement date: 1 April 2017

Based on this agreement, among other things, activities related to services provided to Production Innovation Center are billed.

Agreements concluded with DENSO INTERNATIONAL AMERICA, INC. (DIAM)**Application Work Agreement**

Agreement date: 23 August 2011

This agreement defines the relations regarding activities relating to modifications, applications, design work, etc.

Agreements concluded with DENSO OTOMOTIV PARCALARI SAN, A.S. (DNTR)**Entrustment Agreement**

Agreement date: 1 April 2020

Based on this agreement, the Company provides technical support for production engineering of DENSO OTOMOTIV PARCALARI SAN, A.S.

Agreements concluded with DENSO AIR SYSTEMS CORPORATION (ASJP)**Agreement on the International Hiring of a Labor Force**

Agreement date: 1 April 2018

This contract defines the conditions of secondments of DENSO AIR SYSTEMS CORPORATION employees on work missions to the Company.

Other Supplies

As of 1 April 2018 based on the merger through amalgamation project between the subsidiary Denso Air Systems Czech, s.r.o., on the one part as the dissolving company, and Denso Manufacturing Czech s.r.o., having its registered office at Heyrovského 476, Liberec XXIII-Doubí, 463 12 Liberec, Corporate ID No. 254 32 338, on the other part as the successor company, Denso Air Systems Czech, s.r.o., ceased to exist without liquidation and its net assets passed on to the successor entity Denso Manufacturing Czech s.r.o., which assumed the legal position of the dissolving entity and continued to make purchases from the fellow subsidiary DENSO AIR SYSTEMS CORPORATION (ASJP) based on the contracts and agreements concluded prior to the date of the merger.

The Company decided not to disclose the supplies amounts of individual agreements concluded with related entities in the Related Party Transactions Report as we consider the information to be information subject to trade secrecy under Section 82 (6) of the BCA.

Measures Among Group Entities Unspecified Above

In the year ended 31 March 2025, the Company realised purchases and sales of tangible and intangible fixed assets with related parties.

If a contract for specific income or purchases is not listed above, related party transactions are based on orders.

The Company performed no acts at the instigation or in the interest of the controlled entity or entities controlled by it in relation to assets in excess of 10% of the controlled entity's equity, apart from the sale of products.

Confidentiality of Information

Confidential information in the group comprises information and facts that are part of the business secret of the controlling and controlled entities and other related parties, and information that was designated as confidential by any group member. In addition, confidential information includes any business information, including the terms agreed by the contractual parties in individual contracts, that could, on its own or in connection with other information or facts, cause damage to any entity within the group. For this reason, this Related Party Transactions Report has been prepared so as not to cause any damage to these entities and contains no information on the prices or the relevant amounts.

Conclusion

This report describes all transactions between the controlled and controlling entities and related parties within the group that originated and were carried out in the year ended 31 March 2025, ongoing transactions from prior periods based on contracts concluded earlier or acts and measures performed and adopted earlier, and transactions that originated in the year ended 31 March 2025 yet whose implementation will be ongoing or will start in the subsequent periods. All of the above-described transactions were carried out or concluded based on an arm's length principle; therefore, the Company believes that no detriment arises for it from the contracts concluded or the acts and measures performed and adopted. The Company considers the above-described transactions to be balanced. The cooperation brings mutual benefits.

In Liberec on 30 June 2025



Akihiko Kakiuchi
Company President