

Registered number: 01994997

Unipart Group of Companies Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2022



Unipart Group of Companies Limited

Company Information

Directors	Bryan Jackson CBE Darren Leigh Hamid Mughal OBE John M Neill CBE Ian Truesdale UGC GP Scotland Limited
Company secretary	T Russell
Company number	01994997
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Registrar	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6ZX
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX

Unipart Group of Companies Limited

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Unipart Group of Companies Limited

Contents (continued)

This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2022, prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and includes the Executive Chairman's Statement, the Chief Executive's Review, the Strategic Report, the Governance Review, the Directors' Report, the Independent Auditors' Report and the Financial Statements for the year ended 31 December 2022.

2022 Highlights

Trading performance	Turnover £917.3m + 11.6% (2021: £821.6m)	Underlying PBIT £12.2m + 27.1% (2021: £9.6m)	PBIT £41.6m + 433.3% (2021: £7.8m)
Financial strength	Net cash £3.3m + £15.7m (2021: £(12.4)m)	Pension liability £167.5m - £253.1m (2021: £420.6m)	Net assets £73.7m + £232.6m (2021: £(158.9)m)
Environmental, Social & Governance	Employee engagement score 3.9 + 2.6% (2021: 3.8)	RIDDOR (over 7 day injury rate) 1,660 - 10.3% (2021: 1,850)	Carbon intensity ratio 39.4 tCO₂e/£m in line (2021: 39.4tCO ₂ e/£m)

Executive Chairman's Statement

I'm pleased to be able to report that Unipart delivered a strong set of results and a healthy balance sheet in 2022 and that we look forward to the future of our Group with a great deal of confidence. I am particularly proud and grateful to our leadership and all my fellow employees for the way we navigated the many challenges and kept our people safe, our processes running in an exemplary manner and the agility with which we supported the changing needs of our customers.

We were all deeply saddened at the loss of Her Majesty Queen Elizabeth II. Our colleagues felt a particular affinity to Her Majesty and members of the Royal family who graced us with their presence on several occasions. The many tributes paid to her by global leaders and the way the world tuned in to the reporting of the funeral demonstrated the extraordinary respect and affection for our Monarch. She will be greatly missed.

In 2022, Britain saw many widespread economic challenges that affected businesses and individuals. We experienced inflation at levels not seen for decades, driven by exponential increases in energy costs as well as the cost of food and other everyday basics that people need to survive.

Multiple changes of political leadership fostered uncertainty in markets at home and abroad. Brexit continued to be a divisive factor in our country, with most economists agreeing that it will have a negative impact on our nation's gross domestic product of more than £80 billion per annum, and damage investment and trade.

Although its severity decreased last year through a concerted effort of careful management and inoculation, the Covid-19 pandemic had an incredible impact on the world. No society, business or individual was left unaffected.

The devastating war in Ukraine created a humanitarian and geo-political crisis that has impacted the national and global economy in many ways. Like the Covid-19 crisis, the sudden and widespread fear and uncertainty from Russia's invasion forced businesses to reconsider their plans for resilience and the demand for continuous innovation in the face of adversity.

Our Company was not immune to these challenges, but ever since leading the buyout of our Company we have sought to create a business that is widely diversified in terms of the customers it serves, the sectors in which we operate, the technologies we provide and our geographic spread to avoid the risks of a single point of failure.

In a continuing uncertain world, no one can plan for every eventuality, but we can be prepared by having the right culture, capabilities, competencies, and capacity. Our long-standing commitment to The Unipart Way has created a culture whereby people at the operating level in the Company can respond quickly to change by redesigning our processes with speed and agility, and that was brilliantly illustrated as we responded to the pandemic. The pervasive Unipart Way competencies mean that all my fellow employees speak the same Unipart Way language and can be instantly effective if we need to move people around the group to support the changing circumstances of our customers. It has been critical to our growth in recent years.

These many changes and the uncertainties that came alongside them delayed my decision to split the role of Chairman and Group Chief Executive, but as we approached the end of the year, I recommended to the Board that Darren Leigh should be given the opportunity to take on the role of Group Chief Executive and agreed that I would continue as the full time Executive Chairman of the Group. Darren had worked closely with me as Chief Financial Officer during one of the most challenging times for the Group and I was clear that he would be unambiguously committed to leading The Unipart Way and continuously focusing the Group on living by our long standing philosophy, "To understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else", which has served us so well over many decades.

Darren demonstrated that he has the commercial and financial acumen to partner with me as we work together to not only grow our sales and profitability but, more importantly, to continuously reinvent the business to participate in the markets of the future. For many years, Unipart has taken its environmental responsibilities seriously, winning many globes of honour and I'm pleased that Darren will champion our sustainability agenda with passion and commitment.

Executive Chairman's Statement

We are very excited about the opportunities the Group has in 2023 to work with new customers, expand our technology offering and deliver our promises on our sustainability agenda.

Looking to the future

Unipart remains committed to being at the technological forefront in our markets. It is essential that companies develop and automate to be competitive in a digital age. During 2022, we invested in developing technological solutions and, paired with our culture of continuous improvement, we are seeing numerous products and services emerge both to improve our internal processes and as propositions for new and existing markets. Unipart Technologies Group now has several products that use world-leading technology to provide innovative solutions to complex problems in markets such as construction, logistics and the emerging market of 'green' technologies.

Environmental, social and governance standards are high on the agenda of every board as we plan for the future. As long-standing members of Business in the Community, sustainability initiatives and environmental responsibility have been top of our agenda for over 25 years, resulting in numerous awards for reducing and, in some cases, eliminating the environmental impact of our operations. We take our commitment to carbon neutrality extremely seriously and each of our businesses is dedicated to optimising energy usage, removing waste from the value chain and using zero emissions technology to develop new environmentally- friendly products and services. I am delighted to reconfirm Unipart's commitment to bring forward our deadline to reach net zero carbon by a decade to 2040.

The Board

In line with our succession plans to build on the experience within the Group whilst bringing a fresh perspective, there have been a number of changes to the Board.

As previously stated, I was delighted to announce the appointment of Darren Leigh as Group Chief Executive in October. Darren believes in our values and is unambiguously committed to The Unipart Way. I know he will continue to use our guiding philosophy in leading the Unipart Group to deliver value for all our stakeholders and has committed wholeheartedly to our desire to grow our business safely and sensibly, in line with both our values and our willingness to take well-judged entrepreneurial risks.

In addition, Ian Truesdale was welcomed to the Board as an Executive Director in September. Ian has led our Logistics business successfully since joining Unipart in 2021, winning several substantial and exciting contracts with both new and existing customers. Ian brings a wealth of commercial experience, and I am delighted that he has joined the Board.

Bryan Jackson, one of our non-executive directors, was appointed Senior Independent Director in November. This appointment reflects Bryan's continuing commitment to Unipart and the instrumental role he plays in Board and governance matters.

Finally, I agreed with Frank Burns that he would retire from both the Board and his role as Executive Vice President with effect from 31 January 2023. Frank has been with Unipart for 35 years, having held senior roles in Manufacturing and Logistics, whilst being instrumental in the development and reach of The Unipart Way. I would like to take this opportunity on behalf of the Board and all his colleagues to thank Frank for his many years of service and to wish him a long and happy retirement.

Our people

Unipart could not thrive as it does without the deeply committed and talented people who deliver outstanding personal customer service every day on behalf of our Company. I have been proud of the way our people have gone 'above and beyond' to continue to meet and often exceed the changing needs of our customers. This is particularly impressive in light of the adversity of the last few years.

Executive Chairman's Statement

As I welcome many visitors to tour our sites, see our operations and meet our people, they are often overwhelmed by the creativity and dedication shown by all our colleagues. The levels of engagement and productivity we continue to achieve are exceptional. I would like to thank all of our people for enabling Unipart to be recognised as a leader in its chosen markets and the chosen partner by some of the most successful customers in the world.



John M Neill CBE
Executive Chairman

24 April 2023

HRH Queen Elizabeth II

In 2022, we joined the rest of the United Kingdom and the world in mourning the loss of our sovereign, HRH Queen Elizabeth II. We are deeply saddened by the loss that we share with our entire nation, but we are equally grateful for having had the privilege of a monarch who has been an exemplar to the world and has been loved by so many of her people over several generations. We will greatly miss her.

There will be much written about Her Majesty's lifetime of devoted public service and her legacy that has shaped so much of Britain and the lives of her people. For people in our Company, there are also the personal memories of her visit to Unipart in 1995, which remain with so many of our colleagues who participated in the event or celebrated her visit through the video that was broadcast live to our entire Company.

On behalf of Unipart, I wish to once more send our sincere and deepest condolences to her family.

Chief Executive's Review

Unipart is a truly diverse business, with an incredibly engaged and loyal workforce and an impressive customer base. I am delighted and honoured to have been appointed Group Chief Executive Officer.

Despite the global challenges affecting economies and supply chains, 2022 has been a positive year for Unipart, with momentum increasing over the year and a particularly strong fourth quarter. We have seen our operations continue to prosper and have delivered double-digit revenue and earnings growth across our business despite the exceptional cost of energy and inflationary pressures. Unipart responded to the economic headwinds with courage and agility and we start 2023 with strong commercial pipelines and a renewed sense of optimism for the future.

Group turnover increased to £917.3m (2021: £821.6m), delivering Group underlying profit before interest and tax of £12.2m (2021: £9.6m). I am pleased to report not only double digit turnover growth, but also double digit growth in profits, a positive cash inflow for the year and a healthy closing balance sheet position.

It has taken an extraordinary amount of dedication from all areas of the business to continue to generate profit through the challenges of the last few years, and as I start my new role as Group Chief Executive Officer I have reflected on the huge number of talented people working alongside me at Unipart to deliver success. With that in mind, we have revisited our strategy and mapped out our roadmap for growth. Our commitment to accelerating margin accretive revenue growth has been examined in detail, including how we implement this across the Group.

The Unipart Way is at the heart of everything we do at Unipart and is demonstrated in the way we think, the way we work and the way we behave. It is an essential part of implementing our growth objectives, as all of our colleagues take personal responsibility for identifying new ways to deliver the service excellence for which we are renowned. We believe that Industry 4.0 technologies and environmental sustainability are not just aims for the future, where we can follow a course set by others, but tools we can use now to revolutionise our ways of working and to lead the next generation forward.

As explained in our Sustainability and Responsibility report, in late 2022, Unipart accelerated its targeted carbon net zero date by a decade to 2040 and has already made a huge amount of progress on this journey. This revised 2040 target represents both the urgency of the climate crisis the world faces and Unipart's heightened commitment to play its part. The UK-wide target to meet net zero carbon remains at 2050, but Unipart's revised 2040 target represents our proactive vision in this area as we continue to meet and exceed the needs of our customers. We will maintain our momentum to achieve this ambitious target by instilling carbon consciousness in everything we do.

Our breadth of technology offerings is rapidly increasing, both in terms of tools and capabilities within the business and the products, services and solutions we offer our customers. We have set the aim of transforming our warehousing services to become a technology-led logistics partner, with examples already being used such as Autonomous Mobile Robots. We believe we are the only 3PL in the world to develop our own AMR which is founded on our 35 years logistics and Unipart Way experience for some of the most globally recognised brands. Unipart Technologies has released several products to the market including a Digital Block Controller to allow a single line railway to be controlled without the need for end-to-end cabling or on-board equipment, and an electronic Request to Stop system which has been introduced to the Far North line in Scotland. This enables customers on the line to request a train to stop at remote stations by sending a signal to the driver's in-cab system, where previously they would have to slow in anticipation of customers at stations. This product, along with others being developed, will reform the way remote railways work.

Unipart's values and principles guide our culture and decision-making at every level. We have a long history of partnering with our customers so that we truly understand and serve their needs better than anyone else. The growth of Unipart is of paramount importance, and we are delighted to have been awarded a number of contracts in 2022 with both new and existing customers.

Chief Executive's Review

JCB global supply chain partner

In 2022, Unipart was announced as JCB's new global supply chain partner, with responsibility for all UK operations and systems.

Central to JCB's decision to select Unipart was our experience in delivering supply chain transformation around the globe. We were able to demonstrate how engagement and innovation drives our operational excellence and continuous improvement culture in our operations every day. This is a critical objective for JCB who set out to transform their own supply chain by working with a partner who they trust to support and enable future success, and achieve their ambitious growth plans over the next five years.

Airbus logistics contract

Unipart won a multi-year contract to provide in-plant logistics services to Airbus, a leading aircraft manufacturer and the UK's largest commercial aerospace company.

The contract, which goes live in Q1 2023, includes the take-on of 450 people to the Unipart Logistics business across production facilities in Broughton and Filton, where we will be responsible for the receipt of in-bound product from around the globe, warehousing, kitting and line feed logistics to Airbus' on-site wing assembly lines at both sites.

Our foundation of operational excellence and innovation makes us the ideal partner to help deliver a step change in operational performance, and to support their supply chain transformation.

Hyperoptic supply chain business

Unipart won a five-year contract to deliver supply chain services to fibre broadband provider Hyperoptic. The long-term contract will see Unipart deliver a wide range of services including the forward and reverse logistics of broadband routers and infrastructure equipment, recycling services, and distribution to Hyperoptic's field engineers and their end customers.

We are making significant progress with our own carbon reduction commitments and this will be a focus across the five-year contract with Hyperoptic. Our innovative, sustainable and flexible supply chain solutions, in particular our use of digital solutions and data to create the visibility, scalability and efficiencies needed across the supply chain, positions us well to support this growth journey.

New Jersey Transit HVAC overhaul

In the USA, Unipart won a multimillion dollar contract with New Jersey Transit to convert air conditioning units to more environmentally-sustainable models across its transport inventory. New Jersey Transit is the second largest commuter rail system in the US by ridership, providing more than 925,000 weekday trips on 253 bus routes, three light rail lines, 12 commuter rail lines and through Access Link paratransit service.

Unipart is ideally placed, both geographically and in our long experience of manufacturing and life extension of HVAC equipment, to support this upgrade. This contract was awarded based on the skills the local Unipart team has in the overhaul of major sub-systems, as well as the ability to draw on the capabilities of the wider Unipart Group.

Lotus EV battery contract

Our Hyperbat joint venture won a multi-million pound deal this year with Lotus to supply battery packs for the new all-electric Evija hypercar.

Hyperbat will produce lithium-ion battery packs for the British carmaker for an initial period of three years. The mid-mounted battery pack will support a target output of 2,000PS and will ensure the Lotus Evija can reach 0-62mph in just three seconds and a top speed of over 200mph.

Chief Executive's Review

Situated at the Unipart Manufacturing site in Coventry, Hyperbat's new state-of-the-art facility houses the latest manufacturing technologies to ensure 'no-fault-forward' quality systems and total traceability. This is designed to support high-performance vehicles such as the Lotus Evija.

The joint venture considerably benefits from the research and development facilities at Coventry's Institute of Advanced Manufacturing and Engineering (AME), which offers on-site support in areas like laser welding, metallurgy and metrology, and the Unipart Powertrain Applications business, which has over 30 years of Tier 1 automotive manufacturing expertise.

Sky contract extension

Unipart extended its contract with Sky for a further two years across all service areas. This extension, to 2024, reinforces the strength and success of a partnership that began in 2004 as a set top box fulfillment operation. Since then, it has evolved at pace to support Sky's business and service growth, and continues to do so through the introduction of new innovative, sustainable, supply chain solutions.

The partnership continues to develop, with support for Sky Store, Sky Retail and Sky Business Connect added to the portfolio in recent years, alongside the phenomenal success of Sky Mobile, which has grown to three million users over the last 12 months. We continue to support the full Sky product portfolio with logistics, recycling, call centre and fleet management services for Sky's field engineers and UK customers.

We are incredibly proud Sky continues to respect Unipart as a trusted supply chain partner, having supported their growth for nearly 20 years. The strength of the partnership is testament to the whole team, whose hard work and commitment, combined with technological solutions and The Unipart Way, demonstrates to Sky that there is no better strategic supply chain partner for them to work with to achieve their service, transformation and sustainability goals.

Extension of growing Q-Cells contract

Unipart extended its contract with Q-Cells following another year of significant growth and exceptional operational performance. As a result of increased UK legislative focus on photovoltaic (PV) solutions, volumes have grown considerably with a 150% increase in inbound activity. We have therefore expanded the Q-Cells area within Honeybourne, with the team on-site growing by 50% and the operating hours extended, to seamlessly support increased Q-Cells requirements.

Q-Cells is one of the largest manufacturers of high-efficiency PV solar panel technology in the world for residential, industrial and commercial sectors. We have provided warehousing and distribution services since 2015, today storing up to 80,000 solar panels for distribution to over 260 customers across the UK, Ireland and mainland Europe. All Unipart Logistics sites are now powered by 100% renewably sourced electricity, including Honeybourne where our core activity for Q-Cells is located.

Extended aftermarket contract with a leading luxury vehicle manufacturer

Unipart has been awarded five-year contract extensions to continue delivering aftermarket supply chain services for a leading luxury vehicle manufacturer at two sites in the USA. These extensions further build on a partnership that has evolved to support the client's growth in the US.

In addition, the client has extended our contract for overstock and interplant logistics services from our Atlanta facility, where we currently deliver automotive supply chain services to a range of luxury automotive customers. As part of the new contracts, we will support the roll out of a new global scanning solution linked to the proprietary warehouse management system.

Behind the client's decision to extend and grow with Unipart is our commitment to deliver continuous improvement, sustainability and increased employee engagement, driven across all operations by our application of digital supply chain technology and The Unipart Way. This, combined with our focus on dealer and customer experience, closely resonated with the client and gave them the confidence to grow with us as a strategic supply chain partner.

Chief Executive's Review

These extensions, together with our continued growth in the US with Jaguar Land Rover, further demonstrates we have the scale, innovation and credibility to serve the US automotive aftermarket industry with agile, cost-effective solutions to support the needs of both internal combustion engine and electric vehicle supply chains.

Extended partnership with Three

Unipart signed a new multi-year contract extension with Three to continue providing logistics and distribution services in the UK.

This latest extension with Three takes us beyond our twentieth year of partnership, having supported them since they launched in 2003 as 'the network that was born to be different'.

Three knows that the supply chain partnership with Unipart is unique and it continues to evolve as we expand our innovative and sustainable, supply chain capabilities and solutions.

New repair solution for a leading technology company

Unipart further extended the range of services it provides to a leading technology company in the year, with the successful launch of a new repair solution. The new operation provides an in-depth and complex repair solution for the client's retail stores, which was previously carried out in Eastern Europe. This means faster repairs for customers, and reduced costs and increased environmental benefits.

We have already had excellent feedback from stores, commenting on the easier booking process and improved turnaround time – now less than 24 hours, compared to 10 days previously. This creates a far more positive repair experience for the client and most importantly for the end customer.

New site for growth with NHS Supply Chain

Over the past three years, Unipart has been working closely with the NHS Supply Chain to ensure they have the appropriate investment and infrastructure in place to deliver the future needs of patients, and the best possible service to the NHS.

This year, the NHS Supply Chain signed a lease for a new purpose-built regional distribution centre in Gorsey Point, Widnes. This new site will provide additional capacity for future growth, with the intention of this ultimately becoming a national distribution centre.

The new site has been specifically chosen due to its close proximity to the current Runcorn site to ensure we can retain all our valued colleagues, and will be built in line with the award-winning standards of our Suffolk Park site which we successfully opened in 2020.

Enhanced EV supply chain services

Unipart has launched an enhanced range of electric vehicle battery solutions to support the automotive industry's rapidly growing production challenges and critical supply chain demands.

By 2030, the sale of new petrol and diesel vehicles will be banned in the UK, which is why we have invested time, money and research into developing an end-to-end solution that supports our existing and future customers with their dynamic EV supply chain needs.

This enhanced proposition builds on over ten years of EV battery storage and transportation services for existing customers around the globe. When combined with the specialist high performance battery design and manufacturing capabilities through Hyperbat, our new proposition enables us to offer the full range of safe, compliant and sustainable services needed to supply, maintain and support the end-to-end EV battery lifecycle.

Chief Executive's Review

Employee engagement

At Unipart we genuinely believe that our people make the difference. This is one of the fundamental principles of The Unipart Way. We cannot operate and achieve our strategic goals without engaged employees that feel appreciated and are motivated to deliver for our customers and Unipart's long-term success.

During September we took the time to understand how our colleagues feel about working at Unipart by conducting our annual employee engagement survey.

This year, 79% of colleagues who were invited to participate took the opportunity to have their say, with over 9,500 comments made in response to the questions asked. A huge thank you to everyone who responded.

I was delighted to see our overall Unipart Group results are really positive, with both satisfaction and engagement scores increasing by 0.1 from 2021. This is in contrast to the trend that overall UK engagement has declined and global engagement has remained static.

For satisfaction, our score has increased to 3.7, with colleagues citing continued opportunities for flexible working after the pandemic, increased opportunities as the business grows, and a great team and leader as reasons for higher satisfaction.

Employee engagement also increased to 3.9, and with lower levels of disengaged colleagues than 2021 at only 9%, just half the global average. We also have more than three times the amount of "actively" engaged colleagues than an average UK organisation, up from 27% in 2021 to 31% in 2022.

As research shows, engagement is mainly driven by daily interactions and experiences. Unipart empowers local leaders to work with their teams to resolve any concerns raised in the survey, and to identify and do more of the things that make Unipart a great place to work.

Unipart Way Gate to Great relaunch

Our Gate to Great programmes provide colleagues with a structured development path that enables them to develop their skills in The Unipart Way, including areas such as innovation and technology. This ensures they have the right skills and behaviours to carry out their roles today, and to achieve their future career aspirations at Unipart.

In 2022, we relaunched our Gate to Great programmes. These new programmes allow a blended approach to learning, with parts of the training available as independent learning modules on Unipart's e-learning Management System (eLMS) and The Unipart Way Online, in addition to face-to-face webinar training sessions. This approach enables colleagues to take control of their personal development and start or continue their Gate to Great journey much quicker than ever before.

Our Gate to Great programme demonstrates our strong commitment to personal growth, ensuring colleagues have the right skills to grow with the business.

Recent awards

I am pleased to report that Unipart achieved several awards in 2022:

- Unipart's Logistics and Rail operations were each awarded British Safety Council Swords of Honour which are seen as the pinnacle of world-class health and safety;
 - The achievement takes Unipart's tally to more than 60 Swords of Honour over the last decade, more than any other company in its sectors. As a result, the British Safety Council awarded Unipart's commitment with a special 'Sword of Honour Consistent Achievement Award';
 - Unipart was awarded a prestigious Globe of Honour for the tenth consecutive year for outstanding environmental management in its logistics operations;
 - Unipart achieved a five-star rating in the British Safety Council Environmental Sustainability audit for the tenth consecutive year;
 - Unipart have been awarded 3 Gold RoSPA awards for outstanding safety performance;
-

Chief Executive's Review

- Unipart secured a Princess Royal Training Award for outstanding workplace training for the fourth year in a row;
- Unipart was named 'Corporation of the Year' at the 2022 Automotive Global Awards for its innovative Electric Vehicle proposition.

Our People

I would like to pay tribute to and thank all our colleagues for their contributions in 2022, whether individual contributions or as part of their teams. As I have stated already, at Unipart we genuinely believe that our employees make the difference and we endeavor to increase their engagement with the business and go the extra mile for our customers.

I would also like to thank my colleagues on the Executive Leadership Team, established on my appointment to the role of Group CEO. I appreciate their leadership, teamwork and support during the last year and look forward to another exciting year ahead.

Looking ahead

I am delighted to report that after a strong close to 2022, we will start 2023 with healthy pipelines across all parts of our Group, with numerous opportunities on the horizon to win more business with both existing and new customers, whilst expanding into new geographies and increasing our commercial offerings.

I expect 2023 to be a year that Unipart deliver an acceleration in margin accretive growth.

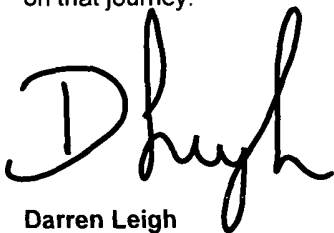
Final word

Finally, I would like to repeat that I am both delighted and honoured by the opportunity bestowed upon me by the Board, to lead Unipart as Group Chief Executive Officer. In my role as Chief Financial Officer I worked very closely with John Neill. The relationship that we have and the strength of our partnership is founded on unambiguous agreement of the priorities for Unipart. I am privileged to continue to benefit from this partnership.

The Unipart Way was designed, developed, and implemented in Unipart many years ago, has been refined over three decades, and continues to be the living, beating heart of our culture. Through its systems of employee engagement, organisational capability, operational excellence, and customer engagement, The Unipart Way is our unique competitive advantage and remains central to the future success of our business.

One of the key objectives for me is to make sure we continue doing all of the right things, including continuing to leverage the power of The Unipart Way to deliver an acceleration in margin accretive growth for Unipart.

We have a very bright and successful future ahead of us and I am delighted by this opportunity to lead Unipart on that journey.



Darren Leigh
Group Chief Executive Officer

24 April 2023

Strategy

The Unipart Way is at the heart of everything we do at Unipart and is led by our guiding philosophy, "to understand the real and perceived needs of our customers better than anyone else and to serve them better than anyone else". This philosophy reminds us that we are a customer-centric business that succeeds by engaging our employees to deliver operational excellence and outstanding levels of customer service.

Unipart aspires to become and remain our chosen customers' supply chain partner of choice and we do this by continuing to exceed our customers' expectations through the application of The Unipart Way. We continue to invest in The Unipart Way, in particular through our innovation and sustainability focus. Our aim is to reduce CO₂ emissions in our drive to carbon net zero, whilst continuously improving and innovating activities to deliver productivity for ourselves and our customers. New tools and capabilities continue to be deployed in the Group and are driving high levels of improvement and efficiency. As you will see from our Operating Review, digital tools and robotics are already being embraced across the business and their use is growing exponentially year-on-year.

This is achieved through a unique approach that combines process improvement, with the effective engagement and development of people, which is vital to sustaining the benefits of process change and continuously improving performance. By engaging people, The Unipart Way unlocks their knowledge and creativity to develop new ideas and supports the development of a continuous improvement culture. In recent years, we have also developed and incorporated advanced digital capabilities into The Unipart Way ecosystem.

We have invested more than 30 years in developing The Unipart Way, and we continue to develop this philosophy of working, thereby driving productivity and delivering operational excellence in our businesses and for the benefit of our customers. Maintaining The Unipart Way at the heart of everything we do, and continuing to invest in the methodologies, allows us to innovate and succeed in our strategy by developing a strong culture of employee engagement.

The Unipart Way is based on a profound belief that the potential of our business is intrinsically linked to the potential of our people. We encourage all of our people to increase their expertise in all aspects of their work through development programmes under the banner "Gate to Great". Every member of staff has a personal learning journey which enables them to fully participate in our philosophy, and to learn and grow with the business.

The importance of engaging people at every level of the business can never be overestimated, and we remain committed to our network of initiatives designed to optimise employee engagement throughout the globe, including:

- The Unipart U – This is one of the longest-established corporate learning institutes in the UK. It was opened in 1993 with the mission statement: 'to train and inspire Unipart's people to achieve world-class performance within the company and amongst its stakeholders';
- Faculties on the Floor – This concept has been developed as a direct extension of the Unipart U, to bring learning directly onto the shop floor. It enables individual employees to develop the key knowledge and skills required to improve quality and productivity in their day-to-day jobs. It also enables teams to tackle production issues in real-time using proven problem-solving tools and techniques within the faculty, and then immediately prove their learning by implementing solutions directly in the operation;
- The Unipart Way Online is an extensive online knowledge management system. It contains the latest learning and knowledge about the tools and techniques of The Unipart Way, our major business systems, and digital developments from across our Group. It also incorporates Spark, an easily accessible app that enables employees from across the Group to share knowledge and best practice in real time; and
- eCoaching – Our electronic coaching system is a comprehensive, cost-effective system that enables our expert practitioners to train and coach people anywhere in the world. They can provide coaching 'in the moment' by using technology to create a virtual 'go and see' environment to help people apply the right tools in the right sequence at the right time.

Strategy

The Unipart Way isn't just a set of tools; it is a designed system that engages every single employee within our organisation. The Unipart Way is demonstrated in the way we think, work and behave and it not only motivates people, it equips them with the skills to diagnose problems and create innovative solutions that will make a dramatic difference. It is a complete ecosystem refined over many years to deliver sustained productivity improvements. Productivity has been cited as the route to improving living standards for everyone in the UK, and we believe our focus on this, coupled with deep employee engagement and a focus on innovative technology and sustainability endeavours, is unrivalled. Unipart is committed to helping customers succeed in any sector and in any geography, and it is this mission that has allowed us to build deep and enduring relationships with so many global brands.

Technology

In order to provide the best and most innovative solutions to our customers, Unipart is committed to successfully integrating digital and technological solutions in our operations. We work closely with our customers to identify areas for automation and use of technology in our processes to ensure a proactive and collaborative approach.

Our Gate to Great development programme, made available to all colleagues, provides additional development in digital literacy, business systems, cyber security, coding, data and automation. Using these skills, every colleague in our business can drive technological development and identify improvements as well as learning new skills which helps with employee engagement.

Unipart Technologies, formed in 2020, has a specific focus on developing new technology solutions to meet market need and brings together extensive engineering capabilities with a deep industry understanding to ensure products brought to market are targeted to meet customer needs and result in technological advancement.

Unipart has partnered with several universities to ensure that we are well-placed to participate in new government initiatives for research and development. These partnerships play a key role in helping us to participate in new research and development projects as well as bringing together the educational and commercial forums to help bring through the next generation of talent. Forming partnerships with universities in this way allows innovative projects to develop into market-leading commercial products and services, providing benefits to our existing and future customers. In addition, we provide undergraduate engineering students with the opportunity to pair their formal education with a hands-on experience in a state-of-the-art manufacturing facility through the Institute for Advanced Manufacturing and Engineering, our collaboration with Coventry University and the UK Rail Research and Innovation Network hub in Doncaster.

Sustainability

It is our belief that by viewing the planet as a stakeholder, companies everywhere will redefine how they do business. Having signed up to the United Nation's Race to Zero Campaign in September 2021, Unipart has stated its commitment to become carbon net zero by 2040. Working sustainably while still meeting the needs of our customers, requires creative thinking and the drive to see it through. Our momentum has been maintained through the strong engagement of our people and through the application of continuous improvement techniques embodied in The Unipart Way. The Group has adopted science-based targets to provide a clear path to reducing emissions in line with the goals of the Paris Agreement aligned to the Science Based Target initiative, with targets to be net zero carbon for our scope 1 and 2 emissions by 2030 and net zero carbon inclusive of scope 3 emissions by 2040. We will progressively identify and develop those technologies, capabilities and businesses which will secure our aim and strategic intent, and enable us to eliminate carbon from our operations and generate new pools of sustainable profits.

Accelerating pace

It is our belief that to be successful in our goals, we need to accelerate the speed at which we implement changes in our business to keep up with the increasing pace of change in the world. Our business aims to demonstrate unparalleled responsiveness and agility to meeting customer demands, which has been particularly important in the pandemic and post-pandemic world where the supply chain environment has been incredibly volatile. By

Strategy

using the methodology available to us in The Unipart Way and the engaged workforce it brings, we have demonstrated our ability to deliver for our customers in turbulent times.

Our strategy is to maintain the guiding philosophy of The Unipart Way on not just “understanding the real and perceived of our customers better than anyone else but serving them better” than our competitors. This coupled with our innovation and sustainability efforts and investments will lead to an acceleration in sustainable and margin accretive growth.

Operating Review

Unipart strives to be the supply chain partner of choice and we continue to lead the industry in driving transformational change into our customers' supply chains across the world. Our deep understanding across a number of sectors gives us a unique perspective to identify value and implement innovative ideas to unlock value for our customers. Our highly knowledgeable and skilled people apply The Unipart Way to drive unparalleled levels of service and improvement across all of our operations.

2022 has been a strong year despite the difficult external operating environment. We have seen revenue growth across all of our core businesses and have secured new business wins in target sectors for the future. Our investments in technology and in our people have given us the capability to capitalise on new areas of opportunity to support accelerating our growth, developing new customer-centric propositions and achieving technology-led efficiencies through innovation.

Sustainability

We are committed to achieving net zero carbon across our supply chain. In 2022, we measured our full carbon footprint for the first time, including emissions from our entire value chain. As a result, we have revised our net zero carbon targets, bringing these forward by a decade such that we are targeting to be net zero carbon by 2040.

In 2022 our environmental initiatives led to a reduction in CO₂ emissions by 20% and water consumption by 10% and resulted in an overall recycling rate of 97%. More detail about our activities can be found in the Sustainability and Responsibility Report on pages 20 to 22.

Automation, digital and operational excellence

We have made significant progress with our automation, digital and operational excellence agenda. The Group has invested in growing capabilities in this area as well as outlining a clear and focused automation strategy, with solutions suited to different levels of integration and complexity that will give us a further competitive edge whilst also ensuring we fulfil our customer promise.

As part of a 'Warehouse of the Future' project, we have successfully implemented automated box handling solutions and auto labelling with Sky. Significant progress has also been made on developing in-house automation solutions and new technology to assist with time consuming facility tasks and potential new automated solutions for stock integrity processes have been identified, all with a focus on improving service to our customers and delivering our strategic priorities.

The Advanced Supply Chain Institute (ASCI), which was completed in 2021, is a multi-purpose learning and collaboration space where our colleagues and existing and new customers can experience transformative digital and automation solutions first hand whilst increasing resilience, reducing cost and lowering environmental impact. In 2022 alone, around 1,700 colleagues and customers visited the ASCI to see some of our advanced supply chain solutions first hand. The ASCI is also a focal point for the network of 120 Digital Champions across Unipart that have been trained to help coach employees and drive improvements across the Group.

During the year, Unipart has continued to develop a number of new innovative technological products and solutions. These include:

Autonomous Mobile Robots (AMR)

Investment in and the development of our proprietary AMR technology continued throughout 2022. With global demand for AMRs forecast to increase from £12.6bn in 2023 to £22.4bn by 2025, this is an exciting space for Unipart. Our design has been founded on 35 years of world-class supply chain experience and The Unipart Way operational excellence for some of the most globally recognised brands. Unipart now have a fully tested prototype in operation in one of our warehouses and we will be investing to accelerate the development and deployment during 2023.

Operating Review

SmartBench

Unipart has developed a suite of digital products to solve common engineering challenges that can be adapted to suit a customer's needs. SmartBench is a digitally-enabled assembly workstation for manual engineering processes which improves productivity, agility, quality and safety. Unipart have deployed SmartBench within our own rail operations in Crewe to significantly increase our own relay servicing capabilities, but SmartBench can be configured for multiple operations across all sectors.

Laser Cut Reinforcement (LCR)

LCR is an innovative alternative reinforcement technology for structural concrete applications. The technology has been included in a full-scale structure at the Manufacturing Technology Centre (MTC), and the MTC has since awarded Unipart significant funding to further develop this product. As well as improving quality, safety of employees and productivity compared to traditional rebar, LCR also significantly reduces embodied carbon, building on our sustainability commitments.

Our markets

Automotive

The automotive industry continued to experience significant disruption in 2022, with challenges ranging from the global shortage of semiconductors, global shipping and airfreight constraints and the Ukrainian humanitarian crisis, through to the residual effects of the pandemic.

Despite this ever-changing environment, we have maintained excellent performance for our customers. We were proud to have been awarded a five-year UK supply chain partner contract at JCB, the iconic British manufacturer of construction equipment. Unipart will take responsibility for the JCB World Logistics warehouse in Staffordshire together with UK in-plant operations, additional off-site UK warehouses and packer operations, a 30-vehicle transport fleet and the implementation of a new warehouse management system. More than 400 employees will transfer to Unipart when the contract starts in Q1 2023. We look forward to supporting JCB's ambitious growth and sustainability plans through the continuous improvement philosophy of The Unipart Way, driving transformation, sustainability and supply chain excellence.

During the year, Unipart launched its innovative new Electric Vehicle (EV) proposition to support customers in their electrification journey. Our capabilities now extend from manufacturing highly innovative EV batteries, to designing and operating comprehensive smart EV battery storage, charging and testing facilities, to complete lifecycle management solutions. This unique, innovative and comprehensive range of services was recognised with a prestigious award at the 2022 Automotive Global Awards, where Unipart was named 'Corporation of the Year'.

2022 was a very successful year for the BMW Group contract with a suite of positive key performance indicators (KPIs) reflecting a year of excellent service. We also achieved 100% plastic free on the BMW Group contract by replacing plastic packaging tape with paper tape and are working collaboratively with BMW Group on a sustainability project to introduce the same paper tape at the MINI plant in Oxford that we serve.

Customers continued to demonstrate their confidence in Unipart with a number of contract extensions being agreed in the year. Jaguar Land Rover extended both the Unipart Melbourne, Australia and Rosslyn, South Africa aftermarket operations for a further three years. During 2022, Unipart received the first parts into the flagship Mercia Park site, JLR's Global Distribution Centre, starting a transition from their current single brand UK sites.

Unipart has continued its long standing relationship with McLaren, successfully supporting both build and launch of the McLaren Artura, a next generation hybrid supercar. We also continued our business growth in the Asia Pacific region with Tesla with the launch of a new 18,500m² non-bonded warehouse in Kunshan, China.

Operating Review

Unipart's Van Wezel business is a leading European distributor of repair and associated products. Whilst the industry as a whole experienced significant impacts from increases in energy and shipping costs during 2022, Van Wezel continued to strengthen its position and delivered year-on-year revenue growth.

Our Serck Motorsport operation works closely with the F1 customer base to provide essential race services and extended its reach in the year by opening new premises in Charlotte USA to service the US motorsport market.

Technology, consumer and e-commerce

We worked tirelessly to deliver value and service to our customers throughout the year, but particularly over events such as Black Friday where we achieved huge volumes despite severe inclement weather. We were thrilled to be awarded additional work with a major customer to secure a new UK Distribution Centre that will offer improved capacity and additional services well into the 2030s.

We continue to support our customers with their sustainability aims and the circular economy. We have enhanced our zero waste approach for our clients to allow us to handle more product lines and we supported the development of a refurbished phone offering at a reduced cost and carbon-footprint on a customer's website to complement their new handset offering. We see significant opportunities to further our offering in this field in the future.

Unipart secured a five year contract with Hyperoptic to deliver a range of services (including the forward and reverse logistics of broadband routers and infrastructure equipment, recycling services, and distribution) to their engineers and end customers. The Unipart Way played a vital part in the successful implementation of the contract, with colleague capability and upskilling of a new team being a core focus. In support of their sustainability vision of zero waste to landfill, we will be managing the returns and strive to achieve 100% recycling of all products received from Hyperoptic engineers.

Unipart has continued to provide the central planning and distribution of lightside products to Selco Builders Warehouse branches across England and Wales. This has improved their branch availability, insulated against supply chain disruption and delivered efficiency and safety benefits arising from a significant reduction in the level of "goods in" from direct suppliers. Last year the central distribution of lightside products reduced the number of direct deliveries to the branch by a staggering 170,000 shipments. The footprint of this operation has also grown to support the expanding estate of Selco Branches and the growing product range supplied through this centralised model.

In 2022, Unipart delivered against its "Going Green" strategy with a further increase in the number of supplier collections backhauled on our delivery fleet. In July, we launched the use of Hydrotreated Vegetable Oil (HVO) fuel from our Cowley site. This has allowed all vehicles operated on behalf of Selco to switch from diesel to this cleaner alternative, offering a reduction on carbon emissions of up to 90%. In addition, the return of both cardboard and plastic from branches has enabled the recycling of 400 tonnes of cardboard and 270 tonnes of plastic.

Health

Despite incredibly challenging conditions in 2022, it was a positive year for our contracts with customers in the health sector. In Unipart's fourth year of managing the logistics operation for the NHS Supply Chain in England, overall performance levels continued to exceed all contractual KPIs across the network, achieving record high service levels to NHS trusts. With the ongoing effects of the pandemic, demand from NHS trusts has been less predictable, but we have been able to respond quickly by demonstrating operational agility and flexibility.

The successful delivery of service levels to NHS trusts despite ongoing industry disruption, including strikes by border, port and rail workers, extreme weather conditions and additional product compliance controls, has again demonstrated our expertise in business continuity planning. In support of the Government's local and global efforts, we were actively involved in Operation London Bridge in the UK, and abroad, when critical items were dispatched to Ukraine during the commencement of the conflict.

Operating Review

Significant focus continues on the NHS Supply Chain's Transformation and Sustainability programme, with Unipart being awarded the fit out, warehouse implementation and operational management of a new 400k sq. ft. facility in Widnes. We have also successfully commenced the roll out of a new Transport Management System. All NHS facilities have been transferred to renewable energy and electric vehicles have been trialled, which together have contributed to a huge CO₂ reduction within the NHS supply chain.

Aerospace and defence

Building on our long standing partnership with Rolls-Royce plc, we are delighted to deliver growth in our aerospace sector, having won a multi-year contract to provide in-plant logistics services to Airbus. Under the contract, which goes live early in 2023, we will be responsible for the receipt of in-bound products from around the globe, warehousing, kitting and line feed logistics, to Airbus' onsite wing assembly lines in Broughton and Bristol.

Rail

Unipart provides a wide range of products and services as well as a full spectrum of logistics and distribution services to almost all of the rail operators and many contractors in the UK rail market, and also has a growing international presence. In addition to providing customers with solutions to complex supply chains, the rail business manufactures, repairs and overhauls rail equipment and has a strong and ever-growing technology-based offering drawing on Unipart's 'home-grown' capability.

The rail industry has been through turbulent times in the last few years as a result of the pandemic and delayed spend by Network Rail. Whilst passenger numbers have improved, they remain well below pre-pandemic levels, and supply chains in the industry have been impacted by the war in Ukraine, rising energy costs and inflationary pressures. In the UK, industrial unrest has continued to impact the sector and rail reform has been delayed, creating uncertainties in the market.

However, these pressures are creating new growth opportunities for Unipart through the delivery of cost and performance improvements, which Unipart is well placed to deliver and add significant value to our customers. Furthermore, the overall growth prospects for the industry are good, with forecasts predicting that the global rail market will experience an average annual growth rate of 3.0% through to 2027, resulting in higher global volumes.

During 2022, Unipart succeeded in securing numerous supply contracts with clients including Angel Trains. All existing contracts were successfully renewed as they fell due, representing 100% contract retention.

Our strategy to offer our customers a comprehensive range of supply chain solutions and performance improvement technologies, was further embedded in the year through the support of a global train manufacturing company to identify and implement an innovative solution to repair structural defects on their UK fleets. Our success on this project has resulted in a number of other opportunities which draw on The Unipart Way capabilities.

Internationally, target growth areas saw numerous business wins. In North America, we secured a new four year overhaul contract with New Jersey Transit. There has also been a 150% increase in sales of a signalling product into North America, which required us to respond rapidly to increased demand whilst maintaining world-class manufacturing standards. Unipart has also continued to have success working with Class 1 operators to develop improvements to their train safety systems. Further innovations using digital technologies are also planned that will offer a significant upgrade and benefits over existing HVAC systems installed on trains in the US today. In Australia and New Zealand, we delivered several items of large plant to a range of customers and have reconfirmed our partnership with a Singapore-based business to distribute inspection systems. The general market outlook is positive, with considerable investment in the rail sector across the Australian and key Asian markets.

There is a growing interest in the rail industry in the digitalisation of asset management and condition based maintenance to improve reliability and manage obsolescence. Many customers have already engaged with us to discuss the solutions that we can offer or develop. By growing with these partners and developing value-

Operating Review

added solutions, Unipart will become an integral part of their operation and maintenance activity and ultimately a supply chain partner of choice.

Unipart is working on developing and commercialising a range of digital technologies across a number of areas including worker safety, digital signalling and infrastructure monitoring. In support of this, our commitment to the UK Rail Research and Innovation Network (UKRRIN) and the UKRRIN Innovation Hub is enabling excellent engagement and collaboration with industry partners and has already facilitated a number of new product developments.

Sustainable products and services are becoming increasingly important to customers who recognise the value that Unipart brings to their sustainability ambitions and progress. A number of the product ranges under development are specifically designed to reduce the use of energy where a substantial improvement in the carbon footprint can be achieved.

Within the Rail sector, a number of new products have been developed using our technological and digital capabilities including:

Eco Insights

Unipart has designed and developed an energy monitoring system to support growth in the green economy. This utilises Uniparts' Paradigm Insights platform which is used to aid predictive maintenance for the global rail industry.

Eco Insights assists businesses in tracking scope 1 and 2 emissions and driving sustainability and a reduction in energy usage resulting in a reduction in costs. Pilots have commenced within the group with external sales targeted for Q1 2023.

Digital Block Controller (DiBloc)

Unipart has developed DiBloc to allow a single line railway to be controlled without the need for end-to-end cabling or on-board equipment. The product has been designed to be encased in the traditional electronic key token machines units. The product has now achieved Network Rail product trial certification and is ready for external sales.

Request Stop

Unipart's Request to Stop system has been introduced to the Far North line in Scotland. This enables customers on the line to request a train to stop at remote stations by sending a signal to the driver's in-cab system, where previously they would have to slow in anticipation of customers at stations.

Manufacturing

Unipart's manufacturing operations have been impacted by continued low volumes in 2022 as the automotive industry deals with the headwinds of the Ukraine war and global semiconductor supply chain disruption. Despite these challenges, we successfully launched fuel tanks and fuel tank filler pipes for the entire range of JLR's new Range Rover and Range Rover Sport vehicles.

During the year, our Hyperbat joint venture won a multi-million-pound contract to supply batteries to Lotus Cars for its new all-electric Evija hypercar, the world's most powerful production car. In collaboration with its partners BT, Ericsson and NVIDIA Hyperbat implemented the first 5G Virtual Reality (VR) 'digital twin' solution with Masters of Pie and The Grid Factory. This solution enabled remote teams to communicate, collaborate and interact via virtual 3D engineering models from various parts of the country.

We have extended our ties with Coventry University through the extension of the Institute for Advanced Manufacturing and Engineering (AME) facility. The AME is a unique partnership between Coventry University and Unipart, and is located on our site in Coventry. Known as the 'faculty on the factory floor', it allows students to engage directly with the engineering and manufacturing industry and develops graduate engineers to address the growing skills shortage in the sector. The AME joined a consortium which won government funding in 2022

Operating Review

to create a cost and carbon effective Smart Factory for polymer parts as a replacement for injection moulding. Additionally, the AME also continues its government backed project with Bentley Motors to develop and upscale the recycling process of rare earth magnets for electric and hybrid vehicles.

Unipart's specialist heat exchange business, Serck, continued to develop, including the relocation to a new larger site in Gateshead to accommodate the growth it is delivering in the North of England.

Health, safety and wellbeing

Health, safety and wellbeing continue to be at the forefront of our agenda. The Unipart vision of zero harm remains a priority, resulting in an unrelenting focus on ensuring that our workplace promotes positive physical and psychological health, happiness and resilience for our employees. We have trained Mental Health First Aiders across our operations at a ratio of one for every 50 employees. In addition, we provide basic mental health awareness training for all colleagues through e-learning platforms and our efforts were recognised when Unipart became the first organisation to be audited by the British Safety Council for health and wellbeing.

With a strong and effective Health and Safety Management system in place, 2022 saw Unipart obtain ISO 45001 accreditation and retain Bronze accreditation in the voluntary Fleet Operator Compliance Scheme for a second consecutive year. We also achieved 5 Stars in the British Safety Council audit for the 12th consecutive year with our highest score to date and received several British Safety Council awards for safety through their prestigious Swords of Honour programme. We were also awarded with 3 Gold RoSPA awards for outstanding safety performance.

Unipart is proud of its record in delivering operational excellence and the benefit of this focus has been underlined in 2022 through the successful performance of our businesses across diverse sectors and geographies. The Unipart Way principle of understanding and meeting the needs of our customers through engaging and empowering our people will allow us to continue to make a positive difference into 2023 and beyond.

Sustainability & Responsibility

Responsible Business

Unipart has long been a proud advocate of the responsible business agenda and to our knowledge was one of the first British companies to publish a mission statement challenging us to inspire all of our stakeholders to want to stay with us for life, moving away from a single short-term focus on shareholders.

Our Responsible Business Strategy has evolved over the years to reflect broader societal changes, but at its core the focus remains on our people, the planet and our principles.

We recognise that Health and Wellbeing continues to be a strategic differentiator. Attracting, recruiting and retaining a workforce whilst empowering them to be physically and mentally healthy and resilient is a key enabler for the business' growth strategy.

Our Wellbeing strategy is split across the following key areas -

- Financial wellness (Financial Wellbeing);
- Be kind to your mind (Mental); Seek Social Connection (Social) & Know your body (Physical)
- Lifestyle (nutrition, sleep, hydration)

The Group Wellbeing programme is a holistic framework, under which sits a variety of interconnected tools & resources to educate and support, to empower and encourage the maintenance of good health and the sharing of real life through peer to peer storytelling.

Data analysis has allowed further understanding of our demographics and the creation of a risk profile, which has directed the programme both holistically and locally. During 2022, we created and launched concepts to support building trust, resilience and connection.

The Group framework has empowered the Wellbeing & Mental Health First Aid community across Unipart, with in excess of 200 volunteers. This is designed to both understand and drive what the employees need and the provision of a structured development pathway will drive the impact of this community further throughout 2023.

In light of the ongoing concerns around economic uncertainty and the cost of living squeeze, Unipart delivered a financial awareness campaign, which focused on the key stages of managing money, budgeting, debt management and planning for the future.

It is widely acknowledged that attracting and retaining talent is a critical element of organisational success. Across industries, organisations are evolving their attraction and development agenda to tackle 'the war for talent'. Emerging talent sits high on this agenda and presents a real opportunity to grow our own talent within Unipart with a focus on the skills that are required for the organisation in the present and also for the future.

Alongside our focus on emerging talent our approach to attracting people in the 'Experienced Hire' area continues to evolve year on year. In recent years, we have thoroughly examined our recruitment practices to better understand the applicant profile and enable us to increase the diversity of this profile. We have taken simple steps such as changing the images used in campaigns to reflect our workforce more widely and have adopted the use of social media campaigns via Facebook, Instagram, LinkedIn, and YouTube using our own colleagues as 'Brand Ambassadors' to give an authentic insight into what it's like to work at Unipart.

Our careers pages have been updated in the last quarter of 2022 to support that authentic insight and we engaged market-leading specialists to help us develop our external messaging in support of our EVP (Employee Value Proposition). This means that we are not only communicating what it's like to work at Unipart, but also communicating the benefits of working here, including our organisation, the rewards, our people, the work and the opportunities on offer.

Sustainability & Responsibility

We continue to recognise the importance of being inclusive and promoting diversity across our existing workforce, which in turn, drives innovation and creativity, and is in the long term interests of our business.

Unipart has a strong culture on which we pride ourselves, encouraging personal growth and development for all. We work hard to ensure our colleagues are treated with dignity and respect, with freedom from discrimination of all types, and we use our Employee Engagement system to deeply understand any barriers to engagement for our colleagues and put in place appropriate interventions.

We know our colleagues work hard to make a difference to our colleagues, customers, company, community, and environment every day. Recognising these actions and behaviours regularly is an essential part of ensuring our colleagues feel valued, motivated, and encouraged to continue to give their best every day. It's also proven that recognising others can improve our personal sense of wellbeing too. We have long recognised and rewarded exceptional customer service through our Group-wide 'Mark in Action' recognition scheme and in 2022 we introduced a new recognition framework called CARE which enables colleagues to recognise and reward great work done by colleagues at a local level.

With a strong and effective Health and Safety Management system in place, 2022 saw Unipart gain ISO45001 accreditation a number of our logistics, rail and manufacturing sites. Unipart participated in the Fleet Operator scheme and attained Bronze recognition for a second consecutive year.

We achieved 5 Stars in the British Safety Council audit for the 12th consecutive year. The Unipart Way ensures that our safety systems are so embedded in our operations that we continue to record an extremely low Lost Time Incident Frequency Rate (LTIFR) which averages at a rate of 0.5 across the business. LTIFR is a calculation of the number of incidents resulting in time away from work.

The Group's vision of zero harm remains strong, resulting in an unrelenting focus on ensuring health, safety and wellbeing in the workplace with the aim to have a workplace that promotes positive physical and psychological health, happiness and resilience to be the best versions of themselves. Supporting our mental health programme we have trained mental health first aiders to a ratio of 1:50 across the Group and we have provided basic mental health awareness training for all colleagues through e-learning platforms and were the first organisation to be audited by the British Safety Council for health and wellbeing.

We were proud to be awarded with 4 Gold RoSPA awards for our safety performance and to be recognised across all of our major UK sites with a number of the highly prestigious Swords of Honour at the British Safety Council Awards. The British Safety Council also awarded Unipart:

- International Safety Award – Best in Country
- International Safety Award – Transport and Logistics Sector
- International Safety Award – Chief Adjudicators Award for highest scoring application
- Sword of Honour – Consistent Achievement award (recognition for our continual success).

Streamlined Energy and Carbon Reporting

Minimising the impact on the environment of Unipart's worldwide operations is of fundamental importance to the Group and Unipart continues to particularly focus on optimising its energy usage in moving towards a net zero carbon position. Many of our sites are certified against ISO14001 standard for environmental management systems. These sites have robust processes and procedures in place to help drive environmental improvement across different metrics.

In 2022, the Group has measured its Scope 3 carbon footprint, expanding from Scope 1 and 2 to measure the carbon impact across our entire value chain. In addition, Unipart has joined the UN's Race to Zero campaign, and in alignment to the Science Based Target Initiative is committing to achieve net zero carbon by 2030 for its operational emissions (scopes 1 and 2) and net zero carbon by 2040 for its entire value chain, both against a

Sustainability & Responsibility

2021 baseline. These are improving on previous commitments of carbon neutrality by 2030 and becoming carbon zero by 2050 at the latest.

During the year, Unipart undertook a number of carbon reduction projects. Unipart has partially transitioned to consuming Hydrotreated Vegetable Oil (HVO) instead of diesel, significantly reducing the carbon impact of our fleet. Unipart has taken in-house some transport services on behalf of the Rail operations, so that these journeys can also transition to HVO. NHS Supply Chain Fleet are involved in a 12 month pilot for electric trucks equipped with refrigerated bodies, in part funded by the Department for Transport's £10m Battery Electric Truck Trial.

We have also undergone facilities improvements across a number of operations, installing technologies and solutions to prevent heat loss and gain, including rapid roller doors, dock levellers, flexi walls and bay door canopies. A tree planting project took place at Unipart's Honeybourne site, whereby 250 native trees were planted by Unipart colleagues with the aim of sequestering carbon over the trees' lifetime, as well as offering an opportunity for employee engagement and wellbeing. In addition to carbon reduction projects, there has been greater focus on enhancing environmental awareness through the creation of the Environmental Sustainability course on the eLearning platform. Furthermore, climate change risk assessment workshops have been carried out across Unipart and NHS Supply Chain sites, evaluating risks posed to operations by the changing climate and identifying measures to mitigate these risks.

As part of our 'Go Digital, Go Green, Go Faster' strategy, a number of employee engagement activities happened through 2022 as we continue to embed the importance of sustainability into the business. One such activity was 'Energ-eyes', whereby teams across the Group were invited to think of new and different ways to operation in processes and procedures both at work and home, that would lead to energy reduction, this was re-run in the lead up to the winter months.

Following enhancements to the Group's IT infrastructure to support large volumes of video conferencing, a Hybrid working policy has now been formalised for the Group, supporting colleagues to work from home, reducing the need for unnecessary travel.

Our chosen intensity measurement ratio is total gross emissions in metric tonnes (t) of CO₂e per million pounds (£) of UK turnover.

UK operations	2022	2021
Energy consumption used to calculate emissions: (MWh)	130,205	135,567
Emissions from combustion of fuel (tCO ₂ e) (Scope 1)	22,515	20,426
Emissions from purchased electricity (tCO ₂ e) (Scope 2)	683	718
Total gross tCO ₂ e emissions	23,197	21,144
Intensity ratio: tCO ₂ e/£m	39.4	39.4

Section 172(1) Statement

We believe that considering our stakeholders in key business decisions is not only the right thing to do, but is fundamental to our ability to drive value creation over the longer term.

The Directors of Unipart, and those of all UK companies, must act in accordance with a set of general duties. These include a duty under Section 172 of the Companies Act 2006 to promote the success of the Company, and in doing so the Directors must have regard (amongst other things) to certain stakeholders and other factors.

In this statement, on pages 23 to 26, we set out our approach to stakeholder engagement and highlight examples of how each of our key stakeholder groups have been considered and engaged.

Further information on our stakeholders and how we engage with them can be found in the Strategic Report, the Sustainability and Responsibility Report and the Corporate Governance Statement within this Annual Report.

Our approach

The Board recognises that the long-term success of Unipart is strongly linked to active engagement with and consideration of all its stakeholders. Effective engagement allows the Board to understand relevant stakeholder views on material issues which may impact the business and helps to inform the Board's decision making. In accordance with their statutory duties, the Directors are responsible for ensuring that appropriate stakeholder consideration and engagement activities are carried out. However, stakeholder consideration is also embedded throughout the business, with the Executive Leadership Team and senior management actively engaged in communication and involvement initiatives.

At the heart of our approach to stakeholder engagement is The Unipart Way. Principle 4 of The Unipart Way, 'we manage with a long-term view', guides our thinking and encourages the adoption of longer-term strategic initiatives rather than short-term gains. We always aim to act fairly across all our stakeholders and create an enduring reputation as a Group where people want to work, customers want to partner with us for the long-term, and suppliers want to collaborate with us, whilst at the same time ensuring the Group maintains the highest levels of ethical standards and support for the environment and the communities in which it operates.

Our people

Why they matter

We believe that our people make the difference. We cannot operate and achieve our strategic goals without engaged employees that feel appreciated and are motivated to deliver for our customers and the Group's long-term success.

Key priorities

Feeling valued and appropriately rewarded; having a safe, inclusive and diverse place to work with a respectful corporate culture; being able to share their views and have their voice heard in decision-making; having the opportunity to learn, develop and grow.

How the Board engages

The Directors engage with our people in several ways, including regular updates to the business from our Group Chief Executive, management brief newsletters, our in-house news programme, Grapevine, and leadership conferences. In addition, the Directors regularly join leadership team meetings across the business and will frequently take the opportunity to hear from and engage with employees directly during site visits.

How Unipart engages

Through The Unipart Way, our people are empowered to embrace challenges, solve problems and drive continuous improvement. We offer a wide range of training and development programmes, including our Gate to Great journeys, and support our people to learn and grow so that we can promote from within and provide long-term and fulfilling careers across the Group.

Section 172(1) Statement

Employee engagement is a key metric, and results from the annual employee engagement surveys give the Board and the Executive Leadership Team an informed picture of how our people feel about working at Unipart. As noted in the Sustainability and Responsibility Report, in 2022, our satisfaction score increased to 3.7, with employee engagement increasing to 3.9, reflecting the focus we have placed on:

- increasing the opportunities for personal growth, development and promotion;
- enhancing our recognition culture through the launch of the CARE framework, sharing local best practice schemes and raising the overall awareness of the importance of recognition with our leadership teams; and
- ensuring our people feel cared about by Unipart through our wellbeing initiatives, including the continued roll out of the Mental Health First Aider programme and providing support through Unipart WorkWell, with services such as Lifeworks and Salary Finance.

Our Mark In Action award programme, led by our Executive Chairman, celebrates those employees who have demonstrated world class levels of productivity, quality and customer service. In 2022, 79 individuals were recognised through the programme; they join over 3,500 employees who have received the prestigious Mark In Action award since the programme commenced in 1988.

Our customers

Why they matter

Our customer promise is 'to understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else'. By delivering our customer promise, we can achieve sustainable, profitable growth to ensure the future success of our business.

Key priorities

To have their needs understood and fulfilled; to be listened to; to enjoy a long-term, mutually beneficial partnership based on transparency and integrity; a positive and timely approach to the resolution of any challenges.

How the Board engages

In support of our customer promise, Board members engage with prospective, new and existing customers. Customer feedback is incorporated into business updates and proposals for the Board's review and consideration. Throughout 2022, the Board was briefed regularly on the status of our relationships with key customers.

How Unipart engages

By focusing on what matters most to our customers and prospective customers and what is happening in their markets, our engagement activities are designed to ensure that valued customers never leave us and new customers seek us out. The Unipart Way provides a structured approach to drive increased customer loyalty, identify new opportunities with existing customers and win new customers.

Our customer engagement surveys provide detailed insight into our customers' views of Unipart, our people, our performance, our value, our delivery and our alignment to their goals. The survey offers a valuable opportunity to explore customer perceptions, gain insights into their markets and future direction, and identify how we can increase the value that Unipart provides. Scores and comments are reviewed by the relevant leadership teams as well as the Executive Leadership Team.

Our suppliers

Why they matter

Our trusted suppliers enable us to provide our customers with the high-quality products and services they expect, and support delivery of our customer promise.

Section 172(1) Statement

Key priorities

Long-term relationships built on mutual aspirations, integrity and professionalism; being treated fairly and ethically.

How the Board engages

The Board reviews and considers supplier relationships and feedback in operational, performance and risk updates. We have strong codes of conduct in relation to anti-bribery and corruption, competition law, human trafficking and modern slavery and prevention of the facilitation of criminal finances legislation: any departure from these by our suppliers is reported to the Board.

How Unipart engages

Supplier engagement generally occurs on a day-to-day basis at operational levels to ensure that our expectations are met from a quality and delivery perspective. However, where strategic-led discussions are required, engagement is escalated to senior levels of the business.

Long-term agreements are entered into with key suppliers where appropriate, and performance targets are regularly agreed with suppliers to align with our drive for continuous improvement. The Group has instilled a culture of ensuring we pay suppliers in line with commercially agreed payment terms.

Our shareholders

Why they matter

Securing our shareholders' trust through continuous engagement ensures their ongoing investment and support.

Key priorities

Delivering sustainable, profitable growth over the long-term; seeing proactive and conscientious Environmental, Social and Governance (ESG) plans being formed and corresponding good performance in ESG areas.

How the Board engages

The Group's largest shareholder is UGC Pension Funding LP, whose shareholdings are beneficially held on behalf of the Group's main defined benefit pension schemes. Board members attend and participate in pension trustee meetings to support the collaborative relationship between the Group and the schemes and to update the trustee boards on the Group's performance.

How Unipart engages

A large proportion of our shareholders are existing or former employees and engagement with them is principally through the Annual Report & Accounts. In addition, our Communications team and Group Company Secretary are available to respond to queries from shareholders throughout the year. Our website (www.unipart.com) provides regular updates on our activities and news.

Our pension scheme members and trustees

Why they matter

Our employees and former employees who are members of our pension scheme, represent the heritage of our Group. We have made long term commitments to the trustees of the pension scheme to pay contributions into those schemes in order that pensioners are paid their pensions in full when they retire.

Key priorities

By delivering reliable cash generative growth, the Group can deliver on its long term pension commitments, which coupled with the investment strategy of the pension fund provides the foundation for ensuring member benefits are paid in full and on time.

How the Board engages

The Board agrees scheme-specific funding plans with the trustees of the Group's defined benefit pension arrangements as part of the triennial valuation process. These funding plans are designed to ensure that, along with a prudent assessment of asset returns, the schemes will be fully funded within an acceptable timeframe.

Section 172(1) Statement

The Group Finance Director meets with the Trustees on at least a bi-annual basis to present updates on Unipart's financial performance.

How Unipart engages

We actively engage with pension trustees on the performance of investments and assets. Active, deferred and pensioner members can access all the information they need to manage their pension arrangements, including key scheme documentation, through our dedicated website (unipartpensions.com).

Our communities and the environment

Why they matter

Community acceptance and mutual respect allows us to operate successfully and ensures we are a force for good for the people and places we impact. This includes the wider environment, where considerate use of resources contributes towards our long-term sustainability.

Key priorities

To be a socially responsible business that cares about its long-term impact on the environment and the communities it operates in.

How the Board engages

Doing well by doing good has been at the heart of our responsible business strategy for more than three decades. The Directors continue to oversee our sustainability strategy, including our obligations in respect of environmental responsibility. Following our commitment to the UN Race to Zero Campaign in 2021, the Board recognised the need for Unipart to be ambitious on its journey to net zero carbon and, in 2022, it set the target of net zero greenhouse gas emissions across our operations (Scope 1 and 2) by 2030 and carbon net zero across our whole value chain (Scope 3) by 2040.

How Unipart engages

Through our community engagement programmes, we seek to limit any adverse impacts we may have whilst encouraging our employees to play an active part in their local communities. In 2022, employees joined together for the first BIG Charity Challenge to raise money and awareness for Macmillan Cancer Support and Alzheimer's Society, as well as a number of causes local to our sites and the communities we work within.

Financial Review

Headline Financial Results

Unipart's financial results for 2022 show a strong performance in the face of numerous macro-economic challenges. The aftershocks of the pandemic continue to be felt in the wider economy and were exacerbated by the Russian invasion of Ukraine, increased energy costs, high levels of inflation, supply chain disruption and global semiconductor shortages.

Despite these detrimental trading conditions, Unipart delivered double-digit turnover and profit growth for the year, along with a much-improved balance sheet and liquidity position at the end of the year.

Turnover for the Group in 2022 was £917.3m, an increase of 11.6% over 2021. This was mainly due to increased business with existing customers, who have rewarded our focus on delivering our customer promise by extending and widening the scope of services we provide. Full year Underlying PBIT* was £12.2m, an increase of 27.1% year-on-year, and demonstrates our consistency in delivering solid levels of performance despite the adversity faced in the broader economy (and in particular the significant increase in energy costs).

The Group ended the year with a net cash position of £3.3m after a cash inflow of £15.5m. The cash inflow was supported by a one-off disposal of a surplus property.

The full year financial results demonstrate how the Group's commitment to diversity in the sectors and territories we serve, and our ability to respond quickly and decisively to adverse events, has provided stability in a rapidly-shifting economic landscape. The long-term partnerships we nurture and our ability to deliver consistently for our customers has never been more important.

Key performance indicators	2022 £m	2021 £m	Movement
Turnover	917.3	821.6	11.6%
Underlying PBIT*	12.2	9.6	27.1%
Net cash/(debt)	3.3	(12.4)	(126.6)%
Net assets excluding pension deficit	241.2	261.7	(7.8)%
Return on net assets calculated as Underlying PBIT divided by net assets excluding pension deficit and tax balances	6.8%	7.2%	(0.4)%

* Underlying PBIT is profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items.

In preparing the financial statements for the year ended 31 December 2022, the Group has continued to present the Consolidated Profit and Loss Account in a columnar approach, so that it better represents the performance of the Group.

The pension liability which is reported in the Consolidated Balance Sheet relates to the Group's defined benefit schemes, the majority of which were closed to future accruals several years ago. Accounting for defined benefit schemes is complex, can drive volatile movements from year to year and can lead to significant charges and credits to the profit and loss account. It can also result in large fluctuations in the reported pension liability which reflect general UK economic factors rather than matters relating specifically to the Group's performance or that of its pension schemes.

Turnover (note 5)

Turnover for 2022 of £917.3m (2021: £821.6m) increased by £95.7m year-on-year. The turnover growth we have experienced in 2022 demonstrates our ongoing performance in ensuring customer satisfaction across many markets and geographies. The Group is very proud of its record of increasing turnover for many years, and it exits the year with a healthy order book and a number of significant new business contracts which will go

Financial Review

live in 2023. It is an exciting time for us as we extend our relationships with existing customers and forge partnerships with new customers.

Profit before interest and tax (note 6)

Profit before interest and tax was £41.6m (2021: £7.8m), reflecting strong underlying growth and the net one-off exceptional gain noted below. Profit before interest and tax, share of joint venture and associate profits after tax and exceptional items was £12.2m (2021: £9.6m). This growth in profits is in spite of the net impact of increased energy costs of £5.0m in the year, with turnover and gross margin performance more than offsetting these additional costs.

Exceptional items (note 7)

An exceptional credit of £28.0m (2021: charge of £4.4m) was reported in the Consolidated Profit and Loss Account. This reflects a credit of £34.1m arising on the disposal of a surplus property and a charge of £(6.1)m related to one-off costs associated with the restructuring of certain Group operations in response to market conditions, reshaping Unipart to ensure we are in an optimal position to participate as markets recover from the widespread uncertainty experienced in recent years. Within the share of joint ventures and associates profits, there is a further £(1.3)m exceptional charge (2021: £nil) in respect of the impairment of an associate entity following a reassessment of its carrying value.

Interest and other financial income and charges (notes 8 and 9)

Net interest payable for the year was £2.7m (2021: £1.9m), reflecting the higher interest rates due to increases in the Bank of England base rate. The net other finance charge of £8.0m (2021: £7.1m) reflects the net interest cost on pension schemes as prescribed by FRS 102. Net other finance charge also includes a charge relating to the unwinding of discounting on provisions in 2022 of £0.1m (2021: £nil).

Tax (note 12)

Consistent with our published Tax Strategy, the Group focuses on ensuring tax compliance risks are managed appropriately and, therefore, the Group pays the appropriate amount of tax. The Group's Tax Strategy is reviewed at least annually and is approved by the Board.

The Group's tax charge for the year was £6.5m (2021: £2.3m).

Profit/(loss) after tax

The profit after tax of £24.4m (2021: loss of £3.5m) is stated after a net charge of £7.6m (2021: £7.0m) relating to defined benefit pensions.

Cash flow and funding position (note 28)

Net cash flow generated in operating activities before contributions to the defined benefit pension schemes was £7.2m (2021: used £8.1m). This inflow reflects the benefit of a one-off disposal of a surplus property.

As a result of the cash outflow, borrowings have decreased over the course of the year and the Group reports a closing net cash position of £3.3m (2021: net debt of £12.4m). The Group has robust cash management disciplines in place and a positive and proactive approach towards capital allocation, ensuring all of the Group's stakeholder needs are met. Unipart has sufficient borrowing facilities and headroom available to finance the ongoing operating requirements of the Group.

Net assets

The Group reports net assets of £73.7m (2021: net liabilities of £158.9m). The change to positive shareholders' funds has been due to a reduction in the pension deficit, driven by the increase in bond yields during 2022.

Pensions (note 24)

The reported pension deficit represents the assets in the Group's defined benefit schemes at the end of the financial year, less the discounted liabilities of the total benefits expected to be paid out to members over the life of the scheme. Due to accepted accounting standards, the pension deficit is required to be recognised on the balance sheet despite the liability being paid out over the lives of the schemes' members, through to around the year 2080. Future accruals to the Group's two main defined benefit schemes ceased in 2005. Since then, the Group has undertaken significant activity to address its obligations to these schemes. The Group has agreed scheme-specific funding plans with the pension scheme trustees as part of the triennial actuarial valuation

Financial Review

process. These funding plans are designed to ensure that, along with a prudent assessment of asset returns, they will bring the schemes to being fully funded within an acceptable time frame.

Applying accounting standard FRS 102, the closing net deficit of the Group's defined benefit pension schemes decreased to £167.5m (2021: £420.6m). This decrease is primarily driven by an improvement in the discount rate applied to the schemes' liabilities. The increase in discount rate from 1.88% to 4.94% resulted in a reduction in the schemes' liabilities of £370m during the year.

The use of AA corporate bond yields to derive the discount rate in accordance with FRS 102 has resulted in a high degree of prudence being reflected in the reported pension deficit, as compared to the Group's expected return from the pension schemes' assets. Alternative valuation methodologies exist, such as the 'Best Estimate' valuation, which as the name suggests is a neutral valuation balancing each assumption with a 50/50 probability, the primary assumption difference to FRS 102 being the discount rate as the Best Estimate valuation reflects the return expected from the schemes' assets. The Company's best estimate discount rate at 31 December 2022, based on advice from the scheme investments advisor, was 6.4%. Using this discount rate, whilst maintaining all other FRS 102 valuation assumptions, would have reduced the reported pension deficit by £95.7m from £167.5m to just £71.8m as at 31 December 2022. Therefore, had the pension deficit been calculated adopting this best estimate discount rate and after considering the corresponding reduction in deferred tax asset, the reported net assets of £73.7m (2021: £(158.9)m) would increase further and the Group would report a substantial positive net asset position in the Balance Sheet of £145.5m.

It is important to note that, despite the annual reported movements in the liabilities of the schemes, these pension liabilities remain long-term liabilities, which no party can unilaterally accelerate. The Group has a deficit repair contribution plan agreed with the pension trustees for the biggest scheme which runs until 2039 and has made all cash contributions to the schemes on time and in line with the agreed contribution plans.

Going concern

The Group financial statements have been prepared on the going concern basis. The Group remains profitable, has medium to long-term committed borrowing facilities in place and has a long-term payment plan for the pension deficit. The borrowing facilities available to support the Group's operational requirements are detailed in note 20 to the financial statements. In addition, and as discussed in the Directors' Report, the directors have considered in detail the impact of a number of detailed financial resilience stress tests that have been undertaken. In light of the significant long-term borrowing facilities available and business performance, the Board is of the view that the Group has sufficient headroom available to finance ongoing activities and withstand any reasonably foreseeable downside scenarios.

After making these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Dividends

The Board is not proposing a dividend for the year.

Post balance sheet events

After the balance sheet date, the Group entered into an agreement to renew its major banking facility. The new facility is secured by fixed and floating charges over certain of the Group's assets and is committed until March 2027.

An agreement was signed on 15 November 2022 to exchange contracts on the sale of Intertruck Benelux BV and Unipart Property Netherlands BV to a third party, with completion dates on 14 February 2023 and 3 April 2023 respectively. As such, this represents a non-adjusting post balance sheet event.

On 28 February 2023, the Group sold its entire interest in Westcode (U.K.) Limited. As such, this represents a non-adjusting post balance sheet event.

Financial Review

Treasury policies

The Group's financial risks are managed centrally, with policies approved by the Board.

(a) Interest rate risk

Interest rate risk in respect of debt is reviewed on a regular basis. To protect against the volatility of interest charges, interest rate swaps and interest 'caps' and 'collars' may be used for appropriate proportions of the debt as required.

(b) Foreign currency risk

The Group's net transactional currency exposures, arising principally in US Dollar, Euro and Australian Dollar, are hedged to 'protect' forecast gross profits and cover short-term currency exposure where appropriate. The hedges are enacted through forward and spot currency contracts, and options entered into on the basis of trading projections. The Group enters into foreign exchange and interest rate contracts in the course of normal trading when material.

(c) Liquidity risk

The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. In the context of the current banking environment, the Group is pleased to have secured medium to long-term banking facilities and continues to maintain strong control over working capital. The Group has further reviewed its liquidity risk and, as noted in the Directors' Report, a number of stress test scenarios have been undertaken to assess the resilience of Group's banking headroom and funding positions. Based on this assessment, the Directors have a reasonable expectation that the Group has adequate liquidity resources to manage the business through the reasonably foreseeable financial conditions that may prevail.

(d) Counterparty risk

The investment management of liquid funds aims to maximise the return on net funds subject to the security of the principal and the liquidity of the Group. The Group has identified counterparties of suitable creditworthiness.

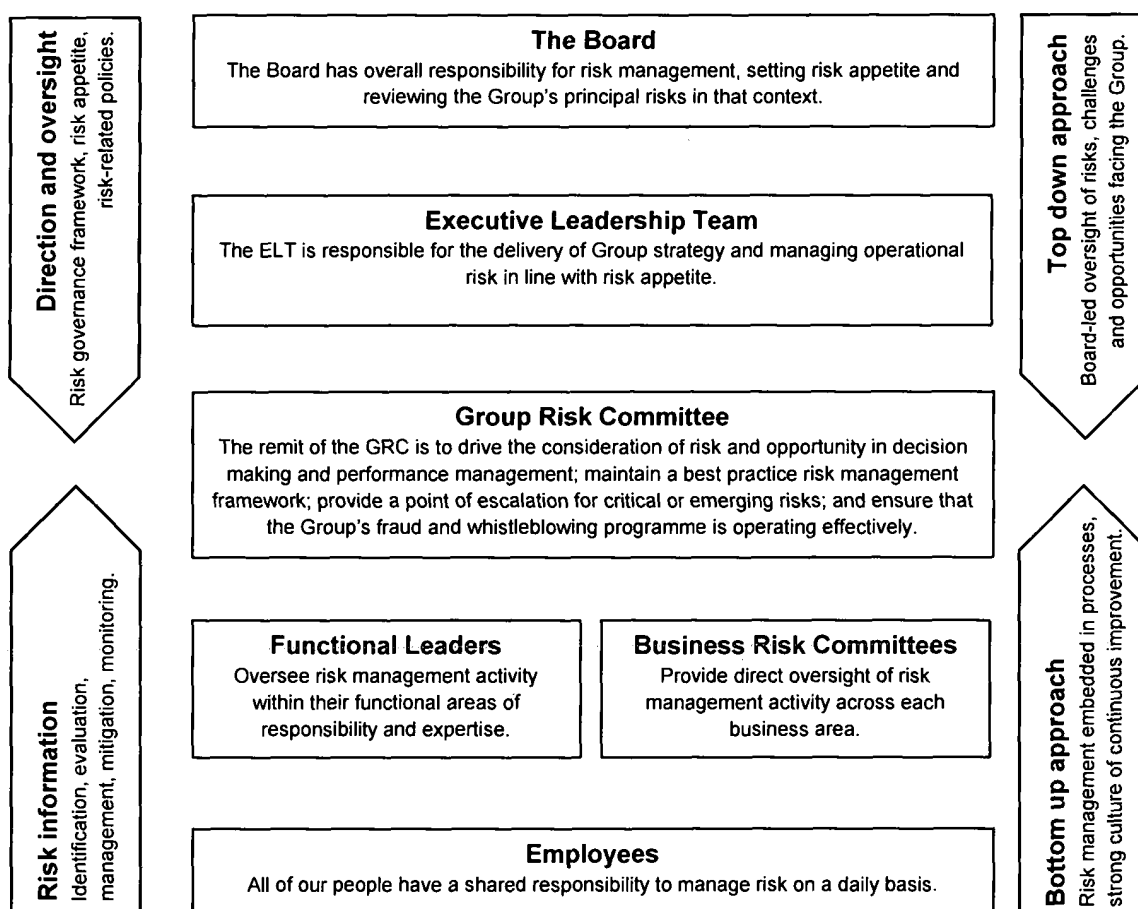
Risk Management

Identifying, understanding and managing risk is fundamental to delivery of our strategic objectives and to sustaining the success of the Group. Unipart has a robust risk management framework in place which enables the business to mitigate risk whilst leveraging potential opportunities that may arise in a considered and informed way.

Risk governance framework

The Board has overall responsibility for risk management and establishing the Group's risk appetite. It monitors the risk environment and reviews the relevance and appropriateness of the principal risks to the business. The Executive Leadership Team (ELT) supports the Board in setting the Group's risk appetite and ensuring processes are in place to identify, manage and mitigate the Group's principal financial and non-financial risks. The ELT is supported in the day-to-day management of risk by the Group Risk Committee (GRC), which provides risk management direction across Unipart. The GRC comprises members of the ELT, with senior management representing all areas of the business invited to attend meetings on a regular basis.

Comprehensive risk registers are maintained by each area of our business to identify, evaluate and monitor exposure to and management of risk. Risks are evaluated using consistent measurements of likelihood, financial and reputational impact, both before (inherent) and after (residual) mitigating controls are taken into account. In 2022, a target risk rating was introduced to assess the desired level of control required to optimally manage each risk. A named risk owner is responsible for ensuring that adequate mitigating controls are in place and operating effectively. Risk registers are presented to the GRC throughout the year, with the information combined to form a consolidated view of risk across the Group. The GRC reviews the consolidated Group risk register before it is submitted to the ELT and Board for review and challenge. In addition to receiving reports from the GRC, both the ELT and the Board discuss risk-related matters as part of their annual agendas.



Risk Management

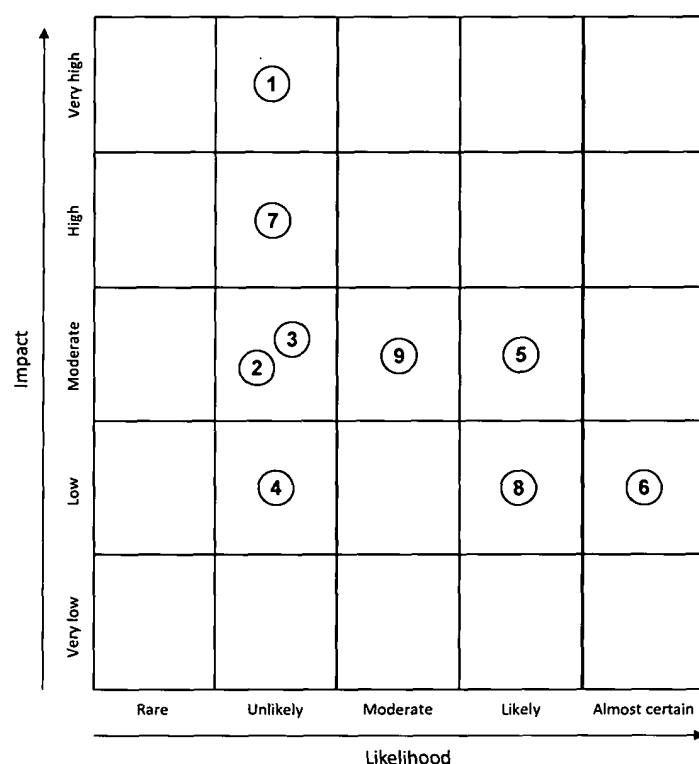
Our risk profile

2022 was a year in which Covid-19 and its economic and societal consequences continued to evolve. The global economy remains weaker than it would have been without the pandemic. Geopolitical instability, including the conflict in Ukraine, cyber crime and rising inflation, commodity and energy prices have all disrupted the world economy and introduced new risks that need to be considered. We have also seen an acceleration in changing stakeholder attitudes to climate and the environment and the role that businesses need to play in protecting them.

Unipart's risk profile will continue to evolve as a result of future events and, therefore, an awareness of emerging risks is important in driving effective strategic planning. This will allow us to monitor and understand the potential implications and build these into our decision-making processes at the right time.

Risk heatmap

Current risk assessments taking account of current mitigations.



1. Pension funding
2. IT security and stability
3. Customer retention
4. International markets
5. Talent and capability
6. Climate change and the environment
7. Liquidity and funding
8. Pace of technological change
9. Contract execution

Risk Management

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks facing Unipart, including those that would threaten its future performance, solvency or liquidity, to identify risks that could:

- adversely impact the safety or security of our employees, customers and assets;
- have a material impact on the financial or operational performance of the Group;
- impede achievement of the Group's strategic objectives and financial targets; and/or
- adversely impact the Group's reputation or stakeholder expectations.

The principal risks reported in 2022 are set out on pages 34 to 39. They do not comprise all the risks that the Group may face and they are not presented in order of importance. The nature and profile of these risks are updated each year to reflect the changing risk landscape. There may be additional risks that emerge in the future, and we undertake regular horizon scanning to identify and report these to the Board.

Each principal risk includes:

- examples of risk mitigation (these are not exhaustive);
- the movement in the overall level of risk exposure enduring 2022;
- a risk update; and
- key risk indicators which are used as a metric for measuring the probability of an event and its consequences.

Key:

▲ Increase in risk exposure	▼ Decrease in risk exposure
<> No change in risk exposure	* New risk

Risk Management

1. Pension funding

We fail to fund our Group defined pension schemes sustainably.

Context

In accordance with accepted accounting standards, Unipart recognises a large pension deficit on its balance sheet in relation to its defined benefit schemes which were predominantly closed to future accrual in 2005.

A range of external factors, including discount rates, rates of inflation, market returns and mortality rates, are applied when calculating the schemes' liabilities. Significant adverse changes in any of these factors could materially increase the deficit and lead to changes to agreed funding plans and/or regulatory intervention.

Mitigations

The Group maintains a strong working relationship with the scheme trustees and their advisers. We have agreed scheme-specific funding plans with the trustees as part of the triennial actuarial valuation as at 31 December 2020. These funding plans are designed to ensure that, along with a prudent assessment of asset returns, the Group meets its commitments to pensioners and the schemes and that the recovery contributions are affordable and sustainable for the Group. Unipart has made all cash contributions into the schemes on time and in line with the agreed contribution plans.

Change in year

V

Applying accounting standard FRS 102, the closing net deficit of the Group's defined benefit pension schemes reduced to £167.5m as at 31 December 2022 (2021: £420.6m).

Key risk indicators

Pension deficit (£m)

Operational oversight

The Board

Further information

Financial Review (pages 28 and 29), Pension liability (pages 91 to 93)

2. IT security and stability

Our critical technology capabilities are not maintained due to cyber threats or system failures, impacting the services we deliver.

Context

We depend on a core set of critical IT systems which are fundamental to the day-to-day running of the business. These systems are at risk from increasingly sophisticated security threats.

A major IT security or instability incident could result in a key system being unavailable, causing operational difficulties, disruption for our business and that of our customers and/or data losses, and leaving the Group exposed to potential financial losses and the risk of reputational damage.

Mitigations

Our Information Security team is responsible for monitoring information security and cyber threats. We employ complex technical IT security controls to protect our information and our key systems and engage external specialists to validate the effectiveness of our controls against industry best practice. We have robust disaster recovery and business continuity plans in place and test them regularly. In line with The Unipart Way, we adopt a continuous improvement approach to IT security and continue to invest in the security of our systems. All employees are required to complete cyber security training and comply with a suite of IT security policies.

Change in year

A

There has been an increase in the risk of cyber attacks due to geopolitical instability. We continue to strengthen our cyber security arrangements and have successfully implemented a number of planned infrastructure improvements and documented crisis action plans should such an attack occur.

Key risk indicators

Volume and nature of incidents

Operational oversight

Executive Leadership Team, Group Risk Committee

Further information

Risk Management

3. Customer retention

We are unsuccessful in retaining key customers at the point of contract renewal.

Context

We strive to be a partner of choice for our customers, and seek to develop long-term, mutually beneficial relationships with them. By investing in these partnerships, we can better understand our customers' needs, their markets and future direction, and identify how we can increase the value that Unipart provides.

We currently benefit from a significant number of long-term partnerships with key customers, and the loss of any material contract could adversely impact financial performance and has the potential to cause reputational damage.

Mitigations

Customer engagement is a key system of The Unipart Way and provides a structured approach to increasing customer loyalty. Customer relationships are fostered at all levels within the business and we adopt a programme of regular reviews and surveys to seek feedback on our performance and gain deeper insights into our customers' requirements.

Unipart has an international, multi-market presence, leading capabilities and a track record of delivery on its commitments to its customers. We continue to invest in developing new products and services which deliver tailored and innovative solutions, whilst remaining focused on operational excellence to remain competitive by eliminating waste and improving efficiencies.

Change in year



We are delighted to have been awarded contract renewals with a number of long-standing customers, including Sky and Three.

Key risk indicators

Customer contract retention rate (%)

Operational oversight

Executive Leadership Team

Further information

Chief Executive's Review (pages 5 to 10), Operating Review (pages 14 to 19), Customer engagement (page 24)

4. International markets

We are unable to operate in overseas markets as a result of local developments or instability.

Context

Unipart has operations in 20 countries worldwide and provides products, services and solutions to 70 countries. Some of the markets in which we operate are less mature and may be adversely impacted by political, regulatory, economic, tax or legal developments that are less predictable and beyond our control.

The occurrence of any such events could have an adverse effect on the Group's financial performance and may impact our ability to deliver our strategic objectives.

Mitigations

Unipart has a well-established legal and regulatory compliance structure aimed at ensuring adherence to regulatory requirements and identifying restrictions that could adversely impact the Group's activities. We also engage with a network of professional advisors to ensure compliance with local regulations and obtain advice on any developments that may impact local markets.

The Group periodically reviews the level of investments maintained in overseas territories and the key performance drivers in each. Under our delegated authorities framework, prior approvals are required for certain in-territory activities.

Change in year



The level of new overseas operations is unchanged during the year, however we have been working closely with our customers to manage any supply chain issues caused by the conflict in Ukraine.

Key risk indicators

Number of overseas operations and entities

Operational oversight

Executive Leadership Team

Further information

Group undertakings (pages 98 to 101)

Risk Management

5. Talent and capability

We fail to attract, recruit and retain employees with the right skills, competencies, values and behaviours.

Context

Our people are critical to Unipart's success. We are committed to investing in our employees and enabling them to fulfil their potential. Failure to attract, recruit and retain people required to grow the business would impact our core operational activities, delivery of our strategic objectives and the long-term success of the Group.

The consequences of the pandemic, including skills shortages and wage inflation, have contributed to a challenging labour market. Colleagues and potential candidates are demonstrating a preference for roles and employers that offer flexibility to support life choices, work-life balance and career development in addition to attractive pay and benefits. Linked to these influences, the need for employers to demonstrate a cultural alignment in other areas such as sustainability, diversity and ethical values are becoming increasingly important.

Mitigations

We continue to invest in internal and external talent to strengthen capability at all levels, develop our future leaders and drive internal career progression. Development Boards have been established to review talent and succession planning, and our organisational capability review process identifies key areas of development and performance improvement required to support growth.

Pay rates and benefit packages are externally benchmarked to ensure they remain competitive. We undertake annual employee engagement surveys and address any areas where weaknesses are noted. Our culture empowers and encourages our people to embrace challenges, solve problems and drive continuous improvement.

Change in year

▲

We have taken steps to introduce new attraction and recruitment strategies, including increased use of social media and enhanced recruitment partnerships, managed through improved manpower planning.

Retention strategies have focused on our employee engagement agenda, in particular the implementation of our CARE framework for recognition and the development of our Wellbeing agenda, all of which has resulted in lower employee attrition.

6. Climate change and the environment

We are unable to reduce the environmental impact of our business and progress towards our net zero targets.

Context

There is increasing pressure from carbon-conscious customers and government bodies to operate in a more environmentally conscious manner, where sustainability forms a core part of decision-making.

Future business performance will be impacted by our ability to effectively manage the transition to a low-carbon economy: balancing commercial decisions with environmental responsibility, agreeing business-wide decarbonisation priorities and managing changes in customer preferences.

Delivering on our targets to reduce our carbon footprint and operating in a sustainable manner is a crucial imperative for both Unipart and all of its stakeholders.

Mitigations

The Group Chief Sustainability Officer is responsible for leading the Group's environmental strategy, and the achievement of carbon reduction targets remains a fundamental aim of the Executive Leadership Team.

We are targeting the achievement of net zero greenhouse gas emissions across our operations (Scope 1 and 2) by 2030 and carbon net zero across our whole value chain (Scope 3) by 2040. We have taken a business-led approach to setting reduction targets and delivering activities to reduce our environmental impacts.

Climate-related risks and mitigations are identified, assessed and monitored through our risk management activities, and sustainability considerations are embedded within our decision-making processes. Our environmental management systems are ISO14001 certified and our environmental standards have been externally recognised over many years by the British Safety Council.

Change in year

▲

We continue to identify and implement opportunities to reduce our impact on the environment as well as promoting ongoing environmental awareness through employee engagement activities, workshops and online training.

Risk Management

Key risk indicators

Employee engagement and satisfaction scores
Retention rate (%)

Operational oversight

Executive Leadership Team

Further information

Sustainability & Responsibility (pages 20 and 21), Our people (pages 23 and 24)

Key risk indicators

Intensity ratio

Operational oversight

Group Sustainability Committee

Further information

Sustainability & Responsibility Report (pages 21 and 22)

Risk Management

7. Liquidity and funding

We are unable to ensure sufficient liquidity to meet our funding requirements.

Context

We need to continue to be able to access appropriate sources and levels of funding to finance our current operations and support our growth plans. Our ability to repay debt and fund working capital, capital expenditure and other expenses depends on our operating performance, ability to generate cash and to refinance existing debt. We also have pension fund commitments that require active management and monitoring.

An inability to maintain short- and long-term funding to meet business needs could impact our ability to deliver our strategic objectives and cast doubt on the Group and the Company's ability to continue as a going concern.

Mitigations

The Group has access to significant worldwide and long-term borrowing facilities, which the directors anticipate being available on a continuing basis. We produce long-term cash flow forecasts, which include consideration of severe but plausible downside scenarios, to enable the Board to assess the funding requirements of the Group and its banking headroom positions.

The Group has robust cash management disciplines in place, and we continue to maintain strong control over working capital and robust scrutiny of discretionary expenditure. Our Treasury operations are managed and monitored in line with Board-approved policies so that appropriate investment decisions are made and investments can be appropriately financed. We focus carefully on customer debtor collections, whilst ensuring our suppliers are paid on time.

Change in year



We continue to have sufficient borrowing facilities and headroom available to finance the ongoing operating requirements of the Group. Our major UK banking facilities have recently been renewed.

Key risk indicators

Financial headroom projections

Operational oversight

The Board

Further information

Financial Review (page 29), Directors' Report (page 54), Post balance sheet events (page 97)

8. Pace of technological change

We fail to keep pace with the increasing automation and digitalisation opportunities within our markets.

Context

The rate of technological change and demand for innovation is having a profound effect on the sectors in which we operate. Unless we continue to develop innovative, technology-led products, services and solutions, Unipart may fail to retain existing customers or win new business, leading to adverse impacts on financial performance.

The risk of disintermediation by new entrants or businesses who successfully develop their offering appropriately could materially restrict the Group's ability to grow.

Mitigations

Unipart was an early adopter of the digital agenda and has built a suite of products, services and solutions that can provide competitive advantage for our customers. We use product and technology roadmaps to support strategic planning by identifying technologies required to support our growth. These roadmaps support our annual Corporate Planning process, which seeks to identify technological threats to our existing operating models and the mitigating actions and investments required.

Our Advanced Supply Chain Institute (ASCI), completed in 2021, provides a learning and collaboration space where colleagues and customers can experience transformative digital and automation solutions first hand. We have an extensive network of Digital Champions across the Group that have been trained to coach employees to drive technological improvements.

Change in year



We continue to develop and launch innovative and technology-led products and solutions for our customers, including our proprietary Autonomous Mobile Robots (AMR), SmartBench and Laser Cut Reinforcement (LCR) technology.

Key risk indicators

Product and technology roadmaps

Operational oversight

Executive Leadership Team

Further information

Chief Executive's Review (page 5) Operating Review (pages 14 & 15)

Risk Management

9. Contract execution

We fail to deliver on our contractual obligations to customers.

Context

Our customers operate in diverse sectors and geographies and the contractual basis on which we engage with them can be complex. Non-compliance with contractual terms could result in termination, litigation and financial penalties as well as reputational damage, and may result in failure to win new contracts or the non-renewal of existing contracts.

The Group is also reliant on certain key suppliers for the successful operational delivery of contracts to meet customer expectations. The failure of, or a breakdown in relationship with, a key supplier could result in disruption to the Group's operations.

Mitigations

Management undertake regular reviews of contracts at all stages of the customer lifecycle; where appropriate reviews are held on site in support of the 'go and see' principle of The Unipart Way. New business implementation is subject to a formal project closure process, which captures feedback and supports continuous improvement.

Initiatives are in place to select suppliers that match our expectations in terms of quality, sustainability and commitment to customer service, and strong relationships are maintained with key suppliers through programmes of regular meetings and reviews.

Change in year

*

The Unipart Project Delivery System (PDS) has been enhanced to support new business implementation through robust, reliable and repeatable processes and business activity has, where appropriate, been reorganised to mirror the customer lifecycle.

Key risk indicators

Financial, operational and customer service performance measures

Operational oversight

Executive Leadership Team

Further information

Our customers (page 24), Our suppliers (pages 24 and 25)

Risk Management

Strategic Report

The Strategic Report was approved by the Board on 24 April 2023.


Darren Leigh
Group Chief Executive

Governance Review

Chairman's Governance Overview

As outlined in my statement on pages 2 to 4, macro events have continued to have a significant impact on the business during 2022. My role, and that of the Board, has been to guide the way through these varied and challenging headwinds whilst retaining our focus on delivering long-term sustainable value.

As a Board, we are responsible for the stewardship of the business and are committed to maintaining high standards of corporate governance across the Group. We believe good governance enhances business performance as well as our reputation within our markets and across relationships with our stakeholders.

The governance section of this Annual Report provides information on the composition of the Board, its role and activities and our governance framework and processes. This framework extends across Unipart, providing a consistent environment in which decisions can be made for the long-term success of the business.

There have been a number of changes to the Board since the start of 2022. In September, we welcomed Ian Truesdale to the Board as an Executive Director, and in October I was delighted to announce the appointment of Darren Leigh as my successor as Group Chief Executive. Bryan Jackson became Senior Independent Non-Executive in November and Frank Burns (Executive Vice President) retired from the Board in January 2023 after 35 years with Unipart.

For the year ended 31 December 2022, under the Companies (Miscellaneous Reporting) Regulations 2018, Unipart has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council in December 2018 (the Wates Principles). The Wates Principles provide a framework for the Board to reflect on Unipart's corporate governance arrangements and strive to continuously improve our standards. Our approach to the Wates Principles is outlined in the following report. Our risk management and internal control framework, together with details of the principal risks and uncertainties that Unipart faces, are described on pages 31 to 39. The steps we take to foster effective relationships with our stakeholders are set out in our section 172(1) statement on pages 23 to 26.

I hope that you find the governance section of this Annual Report informative. As always, we welcome any feedback on our approach to governance and this can be directed to our Group Company Secretary, Tanya Russell, who can be contacted at cosec@unipart.co.uk.



John M Neill CBE
Executive Chairman

24 April 2023

Board of Directors

John M Neill CBE

Executive Chairman

Appointed to the Board: January 1987.

Skills and experience: John began his career in General Motors before joining British Leyland in 1974 and becoming Managing Director in 1977. In 1987 he led the management buyout of the company to form Unipart and was appointed Group Chief Executive. He became Chairman and Group Chief Executive in July 2012, with his most recent appointment as Executive Chairman in October 2022.

John is an experienced director and Chairman with decades of boardroom experience gained across a number of business sectors. He is a former director of the Court of the Bank of England, and has held non-executive directorships with Charter International plc, Midlands Electricity plc, Rolls-Royce plc and Royal Mail Holdings plc. He was also a member of the Board of Trustees of Business in the Community from 1992 until December 2022. Previous industry appointments include Vice President of both the Institute of the Motor Industry and BEN, the automotive industry charity.

John has been awarded honorary doctorates in business administration from the Universities of Oxford Brookes, De Montfort and Middlesex. He was also awarded the honorary doctorate from Strathclyde University in recognition of the success of Unipart, its growth and expansion and, in particular, the implementation of The Unipart Way as a model for creating exceptional levels of performance through employee engagement. He is a Fellow of the Chartered Institute of Marketing and an Honorary Fellow of the Chartered Institute of Purchasing and Supply.

In 1994, John was awarded a CBE for services to industry.

External appointments:

- Executive Board Member of the Society of Motor Manufacturers and Traders
- President of Automotive Fellowship International

Board of Directors

Darren Leigh

Group Chief Executive Officer

Appointed to the Board: May 2020.

Skills and experience: Darren joined Unipart in April 2020 as Group Chief Financial Officer and was also appointed Group Chief Risk Officer in October 2020.

Darren succeeded John Neill as Group Chief Executive Officer in October 2022 having done an outstanding job of helping Unipart to navigate through an intensely difficult two and a half year period when the world was impacted by massive market and supply chain volatility arising out of Brexit, the Covid-19 pandemic, the war in Ukraine, semiconductor shortages, port congestion and international shipping restrictions. Darren's commitment to The Unipart Way, Unipart's proprietary system for creating exceptional levels of performance through employee engagement, combined with his unwavering focus on delivering real value for Unipart's customers, will ensure Unipart continues to grow, winning new customers, in new geographies and market sectors.

Darren brings a wealth of experience as a highly skilled and qualified finance professional having been in the industry for over 30 years, with decades of experience in financial leadership roles. Prior to joining Unipart, Darren held a number of senior finance positions at several blue-chip and private equity backed companies, including Finastra Limited, The Sage Group plc, Freightliner Group Limited, Inchcape plc, Marconi plc and Rolls-Royce plc. He has extensive knowledge across multiple sectors, including software and technology, logistics and supply chain, automotive, rail and manufacturing.

Throughout his career, Darren has had considerable success in transformational leadership, implementing and embedding corporate governance, leading global financial transformations and partnering leadership teams to generate significant value. He has managed several business restructures, business mergers, acquisitions, integrations and disposals.

He is also a former Governor and member of the Finance Committee at Sandringham School.

External appointments: none.

Board of Directors

Frank Burns

Executive Vice President

Appointed to the Board: November 2006.

Skills and experience: Frank started his career at Unipart in 1988 and held a number of positions, including as Managing Director of the Group's manufacturing activities. In 1999, he was appointed Managing Director, The Unipart Way and Operations, with specific responsibility for the logistics function within DCM (Demand Chain Management). In 2006, Frank became responsible for leading the logistics operations for the Group and was appointed to the Board later that year.

In October 2021, Frank was appointed Executive Vice President with responsibility for the development and coaching of talent required for the long-term success of the Group. He also led various strategic reviews across the Group, had Board-level responsibility for the Group's Consultancy Practices and continued to have overall responsibility for manufacturing operations across the Group.

With heartfelt thanks for his many years of dedication, Frank retired from the Board and Unipart on 31 January 2023.

External appointments: none.

Board of Directors

Bryan Jackson CBE

Senior Independent Director

Appointed to the Board: April 2013.

Skills and experience: Bryan's association with Unipart commenced in 2005 with his appointment as Deputy Chairman of the Unipart Manufacturing Group. He joined the Board as an independent non-executive director in April 2013 and was appointed Senior Independent Director in November 2022.

Bryan began his career with the Ford Motor Company, where he spent 23 years before joining Toyota Motor Manufacturing (UK) Limited in 1990. He retired as Managing Director in 2004 and was an advisor to Toyota in Europe until 2009. He has worked in many disciplines, holding senior positions and managing several plants in the UK and Europe covering the full range of vehicle manufacturing.

As former Chairman of Sharing in Growth UK Limited, Wesleyan Assurance Society, the Royal Orthopaedic Hospital NHS Foundation Trust, the East Midlands Development Agency and the East Midlands Regional Council of the Confederation of British Industry, Bryan also has extensive Board-level experience.

Bryan was awarded an OBE in 2000 for services to the motor manufacturing industry and a CBE in 2012 for services to economic development and manufacturing. He has an honorary doctorate in business administration from Nottingham Trent University in recognition of his contribution as an industrialist and champion of economic growth.

External appointments:

- Non-Executive Chairman of John Smedley Limited

Board of Directors

Hamid Mughal OBE

Independent Non-Executive Director

Appointed to the Board: January 2018.

Skills and experience: Hamid is an internationally acclaimed industrial leader with more than 35 years' experience in the automotive and aerospace sectors. He provides a wealth of technical and business experience in a range of disciplines, including product engineering, operations management, manufacturing engineering and technology, supply chain management and product development of large scale programmes.

He was Director of New Product Programmes at BMW Group before joining Rolls-Royce plc in 2002. As Director of Global Manufacturing, he was responsible for leading the manufacturing strategy and activities across civil, defence and power systems sectors. He has also held positions as Pro-Chancellor of the University of Nottingham, Chair of the Manufacturing Made Smarter Industrial Advisory Group and is a former director of High Value Manufacturing Catapult.

A chartered engineer, Hamid holds degrees in mechanical engineering, mathematics and technology, production engineering and management as well as a doctorate in manufacturing systems. He has been awarded honorary doctorates in engineering from the Universities of Birmingham, Hertfordshire, Sheffield and Strathclyde and was a former winner of the Mensforth Manufacturing Gold Medal, awarded by the Institution of Engineering and Technology to major and distinguished contributions in the manufacturing sector. He is a Fellow of the Royal Academy of Engineering, the Institution of Mechanical Engineers and the Institution of Engineering and Technology.

In 2014, Hamid was awarded an OBE for services to technology, innovation and manufacturing.

External appointments:

- Special Advisor and Professor of Practice of Engineering & Manufacturing, University of Strathclyde
- Science & Engineering Research Council Advisor and Steering Board Member of the A*Star Advanced Remanufacturing and Technology Centre in Singapore
- Deputy Lieutenant of West Midlands

Board of Directors

Ian Truesdale

Executive Director

Appointed to the Board: September 2022.

Skills and experience: Ian joined Unipart in April 2021 as Managing Director Group Strategy and since October 2021 has headed up the Group's logistics interests across a number of key sectors. Ian joined the Board in September 2022.

Ian's career spans more than 35 years, with almost 20 years in senior international leadership positions within the logistics industry. He brings a wealth of knowledge in operations, supply chain logistics, manufacturing, strategic consulting and digital deployment across a number of industry sectors and international territories.

Ian's early career as a graduate engineer focused on aerospace and automotive manufacturing through roles at AgustaWestland, Toyota Motor Manufacturing UK Limited and Unipart. He worked in strategy consulting for Booz Allen & Hamilton and led a number of large scale supply chain transformation programmes.

Since 2002, he has worked almost exclusively in the logistics sector, with senior positions at Exel Logistics (now DHL), TNT Logistics (now CEVA Logistics) and Kuehne + Nagel, where Ian was part of the global leadership team for contract logistics. Between 2019 and 2021, Ian led the development of the supply chain and logistics strategy for NEOM, Saudi Arabia's showcase future city.

External appointments: none.

Corporate Governance Statement

Governance framework

Our governance framework is the structure through which we manage the Group. It facilitates responsive and effective decision-making, ensuring that the Board and its Committees, the Executive Leadership Team and senior management are able to collaborate proactively, consider issues and respond. We continue to monitor and evolve the framework to ensure that it meets the needs of our business and our stakeholder responsibilities.

Role of the Board

The Board promotes the long-term sustainable success of Unipart, generating value for shareholders, while having regard to its other stakeholders and the impact of its operations on the environment and the communities in which we operate.

The Board agrees Unipart's purpose, values and standards of behaviour expected of all employees, satisfying itself that these and the culture of the business are aligned. The Board also approves the Group's strategy, reviews performance, and oversees and monitors internal controls, risk management and the Company's governance framework. Our robust governance framework sets out how we do business.

Execution of Unipart's strategy and day-to-day management is delegated to the Group Chief Executive, the Executive Leadership Team and subsequently to other senior leadership forums where relevant, with the Board retaining responsibility for overseeing, guiding and holding management to account.

In considering and engaging with stakeholders, the directors act in accordance with section 172(1) of the Companies Act 2006.

Board Committees

The Board is supported by the Remuneration Committee, which is responsible for reviewing and making recommendations on executive director remuneration.

Board composition

The Board consists of executive and independent non-executive directors, plus the Executive Chairman. There is a clear division in the roles and responsibilities between the Executive Chairman and Group Chief Executive.

Executive Chairman

Leads the Board and is responsible for its overall effectiveness in directing the Company. Also facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

Group Chief Executive

Responsible for the development and delivery of the strategy agreed by the Board. Developing for the Board's approval, appropriate values and standards to drive the required behaviours and leading by personal example with regards to culture.

Senior Independent Director

Acts as a sounding board for the Executive Chairman and as an intermediary for the other directors as necessary. Leading the evaluation of the Executive Chairman's performance, and providing feedback. Ensuring appropriate intervention at times of conflict or failure of process at Board level.

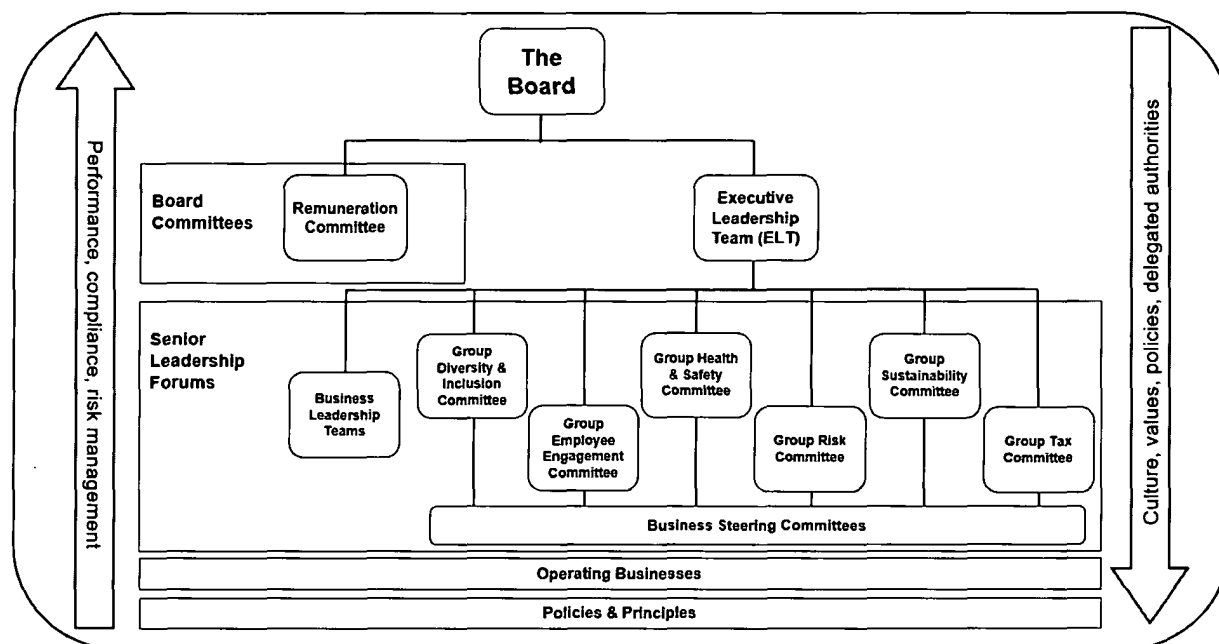
Group Company Secretary

Ensuring that Board procedures are complied with and advising the Board on all governance matters. Also supports the Board by ensuring that it has the policies, processes, information, time and resources it needs in order to function effectively.

Executive Leadership Team

The Executive Leadership Team (ELT), chaired by the Group Chief Executive, is responsible for developing and executing strategy. It manages, monitors and provides the executive input underlying Unipart's strategic and operational decisions, ensuring strong executive alignment on business priorities, investments and actions.

Corporate Governance Statement



2022 Board attendance

The attendance record for Board members during the year ended 31 December 2022 is set out below. There were eight meetings held during the year.

Number of meetings
attended

Executive directors

John Neill	● ● ● ● ● ● ● ●
Darren Leigh	● ● ● ● ● ● ● ●
Frank Burns	● ● ● ● ● ● ● ●
Ian Truesdale *	●

Non-executive directors

Bryan Jackson	● ● ● ● ● ● ● ●
Hamid Mughal	● ● ● ● ● ● ● ●

● Attended

○ Not attended

* Ian Truesdale joined the Board on 22 September 2022.

Director tenure as at 31 December 2022

0-3 years	2 directors
4-6 years	1 director
7+ years	3 directors

Corporate Governance Statement

Applying the Wates Principles

The following provides details of how Unipart applies the Wates Principles and references other parts of this Annual Report which provide further information.

		Further information
Principle one Purpose and leadership	<i>"An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose."</i>	
Purpose <p>Since its origins in 1987, Unipart has become a global manufacturing, logistics and consultancy business, with over 7,000 employees and operations in 20 countries worldwide. Our purpose and vision form the core of our strategic framework, which defines who we are and how we seek to achieve our long-term aims. Our reputation as a responsible, ethical and supportive business is critical to earning and retaining the trust and confidence of our stakeholders. Effective engagement allows the Board to understand relevant stakeholder views on material issues which may impact the business and helps to inform the Board's decision making.</p>		Our Strategy (pages 11 to 13) Section 172(1) statement (pages 24 to 26)
Values and culture <p>The Unipart Way is central to our success and is at the heart of everything we do at Unipart. It is demonstrated in the way we think, work and behave to deliver our customer promise, resulting in sustainable profitable growth. Our culture is dependent on the skills and behaviours of our people who identify opportunities daily to learn and grow, to continuously improve and to 'go the extra mile' for our customers. Our leadership teams continuously monitor our culture using a range of measures to ensure that the desired values, attitudes and behaviours penetrate every aspect of our business.</p>		
Strategy <p>The Executive Leadership Team is responsible for developing and executing strategy. Our Policy Deployment Matrix (PDM) process aligns operational activities to our strategic intent and is cascaded to businesses, functions, departments and teams. Annual goals and objectives for employees are aligned to the PDM to enable our people to recognise how they can contribute to the delivery of Unipart's strategy.</p>		
Principle two Board composition	<i>"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company."</i>	
<p>As at the date of this report, the Board comprises three executive directors, two independent non-executive directors and UGC GP Scotland Limited (representing the Company's largest shareholder, UGC Pension Funding LP). The composition of the Board is in part governed by the Company's constitutional framework.</p>		Executive Chairman's Statement (page 3)
Chair <p>With the appointment of Darren Leigh as Group Chief Executive in October 2022, there is a clear division of responsibility between the role of the Executive Chairman (John Neill), who is accountable for the leadership of the Board, and the Group Chief Executive, who manages and leads the business. John led the management buyout in 1987 and is an experienced director and Chairman with decades of boardroom experience.</p>		Board of Directors (pages 41 to 47) Governance Framework (page 48)
Balance and diversity		Directors' Report (pages 53 to 56)

Corporate Governance Statement

	Further information
<p>Unipart recognises the importance and value of being inclusive and promoting diversity across its workforce. Both the Board and the Executive Leadership Team collectively demonstrate an appropriate combination of skills, experience and knowledge, combined with a very high level of understanding relevant to the needs of the business, across a diverse range of backgrounds.</p> <p>Size and structure</p> <p>The Board believes its size and structure is appropriate to meet the strategic needs and challenges of the business and enables effective decision-making. The Board's independent non-executive directors bring a wealth of experience in world class manufacturing, engineering and digital technologies as well as an external perspective which informs the valuable challenge and guidance they provide to the Board. The non-executive directors are deemed to be independent in that they have no material business or relationships with Unipart that might influence their independent judgement.</p> <p>Effectiveness</p> <p>All directors have access to the advice and services of the Group Company Secretary and may, if they wish, take independent professional advice. Directors keep their skills and knowledge of Unipart up to date by meeting with senior management, visiting operations and attending seminars and training courses. The Executive Chairman is responsible for keeping the effectiveness of the Board under review and ensuring appropriate succession plans are in place.</p>	
<p>Principle three</p> <p>Director responsibilities</p>	<p><i>"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge."</i></p>
<p>Accountability</p> <p>Our governance framework includes documented terms of reference for the Board and the Executive Leadership Team, operating rules, policies, and delegated authorities. Whilst certain matters are reserved expressly for Board approval, day-to-day decision making is delegated to committees and individuals with the most appropriate knowledge and experience, subject to regular reporting to the Board. All directors have a clear understanding of the role of the Board and their statutory duties. The Company's articles of association include provisions in respect of actual or potential conflicts of interests; these are supported by annual conflicts of interest declarations which are completed by directors and members of the wider leadership team.</p> <p>Committees</p> <p>The Board has established a Remuneration Committee to consider and make recommendations on executive director remuneration and terms of employment. The Committee is chaired by Bryan Jackson, Senior Independent Director.</p> <p>Integrity of information</p> <p>The Board receives regular and timely information on all key aspects of the business including financial performance, strategic and operational matters, health and safety, environmental matters, stakeholder engagement and risk management. Financial information is collated from the Group's finance systems and its integrity is ensured, as far as practicably possible, by using appropriately qualified and trained finance staff. Our auditors, PricewaterhouseCoopers LLP, conduct an external audit on the Group's financial information annually. Other key information is prepared by the relevant internal functions. Board papers are distributed in advance of meetings and include an appropriate level of information to allow directors to understand and assess the issues at hand.</p>	<p>Risk Management (pages 31 to 39)</p> <p>Governance Framework (page 48)</p> <p>Remuneration (page 52)</p>

Corporate Governance Statement

		Further information
Principle four Opportunity and risk	<p><i>"A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks."</i></p>	
Opportunity <p>In pursuit of our customer promise, we strive to seek out opportunities whilst mitigating risk. Long-term strategic opportunities are highlighted through the annual Corporate Planning process, the outturn of which is presented to the Board. On a daily basis, our people are encouraged to eliminate waste and drive continuous improvement and innovation to deliver increased value to both our customers and Unipart.</p> Risk <p>The Board has overall responsibility for managing risk and ensuring that an effective risk management process is in place. It monitors the risk environment and reviews the principal risks, mitigations and overall risk appetite. The Executive Leadership Team, through the Group Risk Committee, ensures that inherent and emerging risks are identified and managed appropriately, and that risk registers are updated to reflect current assessments.</p> Responsibilities <p>Our governance and risk management frameworks set out clearly defined roles and responsibilities, frequency and methods of review and reporting, decision-making and communication.</p>		<p>Innovation (pages 14 and 15)</p> <p>Risk Management (pages 31 to 40)</p> <p>Governance Framework (page 48)</p>
Principle five Remuneration	<p><i>"A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company."</i></p>	
	<p>The Remuneration Committee has clearly defined terms of reference and is responsible for making recommendations to the Board concerning the Group's remuneration strategy and recruitment framework for executive directors. The Committee reviews the remuneration structure regularly to ensure that the framework supports Unipart's strategic ambitions and rewards executive directors fairly for the contribution that they make to the business. It takes advice on legislative requirements, market best practice and remuneration benchmarking. The Committee considers the pay and employment conditions of colleagues across the business when setting the remuneration policy for executive directors to ensure that these are aligned where appropriate. We regularly monitor pay trends across all levels of the business and salary increases for executive directors will normally be in line with those of the wider workforce in percentage terms.</p>	
Principle six Stakeholder relationships and engagement	<p><i>"Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."</i></p>	
	<p>Central to our strategic framework are our high-level aspirations for the future of Unipart for all our stakeholder groups. Our strategic priorities and values are how we deliver our vision. They reflect a simply business logic: engaged people deliver excellent service, which in turn delivers sustainable growth and financial returns. Our key stakeholders, and the way in which we engage with them, are set out in our section 172(1) statement.</p>	<p>Our Strategy (pages 11 to 13)</p> <p>Section 172(1) Statement (pages 23 to 26)</p>

Unipart Group of Companies Limited

Directors' Report

For the Year Ended 31 December 2022

The Directors of Unipart Group of Companies Limited (the "Company") present their report for the year ended 31 December 2022.

The Directors' Report comprises pages 53 to 56, together with the sections of the Annual Report incorporated by reference. The Corporate Governance Statement set out on pages 48 to 52 is incorporated by reference into this report and, should be read as part of this report. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 1 to 40 as the Board considers them to be of strategic importance. Specifically, these are:

- the Group's principal activities, a review of the business, research and development activities and likely future developments (throughout the Strategic Report);
- information on how the directors have had regard for the Company's stakeholders, and the effect of that regard (on pages 23 to 26); and
- information on the Group's greenhouse gas emissions in compliance with the Streamlined Energy and Reporting (SECR) Guidelines (on pages 21 to 22).

Results and dividend

The Group reports profit before other exceptional items, defined benefit pension costs, interest and tax of £15.1m (2021: £13.7m) and profit after taxation of £24.4m (2021: loss of £3.5m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2022 (2021: £nil).

A detailed review of the results can be found in the Strategic Report.

Directors and their interests

The following served as directors of the Company throughout the year ended 31 December 2022:

- Frank Burns
- Bryan Jackson CBE
- Darren Leigh
- Hamid Mughal OBE
- John M Neill CBE
- UGC GP Scotland Limited

Ian Truesdale was appointed as a director on 22 September 2022. Frank Burns retired as a director on 31 January 2023.

Biographical details are provided on pages 42 to 47.

During the year, no director had any material interest in any contract with the company or its subsidiary undertakings.

Indemnification of directors and insurance

The Company maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors. The Company's articles of association contain a qualifying third-party indemnity provision, which entitles directors and other officers to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities. To the extent permitted by law, the Company has also granted, by way of deed poll, indemnities to the directors against certain liabilities arising in connection with their position as a director of the Company or of any Group company. The indemnities that constitute a 'qualifying third-party indemnity provision', as defined by section 234 of the Companies Act 2006, were in force during the financial year and remain in force as at the date of this report. Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) for the benefit of the trustees of the schemes were in force during the financial year and remain in force as at the date of this report.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effect of changes in price risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk and cash flow risk. The Group enters into interest rate and foreign exchange contracts to reduce the level of risk that it faces. These policies are approved by the Board and are managed centrally by the Group's treasury department. Further details of the financial risks are disclosed in the Financial Review. Details of the Group's borrowings and the Group's financial instruments have been disclosed in note 20 and note 22 to the financial statements respectively.

Employees

The Group continues to consult and communicate with all employees on various matters, including the economic and financial factors affecting the Group, via regular briefings, on-site and online training, employee forums and through its in-house news programme, Grapevine, which is available online. In addition, the Executive Chairman and Group Chief Executive lead the annual Leadership Conference. Staff involvement in the Group's performance is encouraged through employee bonus and recognition schemes, and this involvement extends to the board of trustees of the Group's main defined benefit pension schemes, on which there are employee representatives.

The Group aims to match the qualifications, aptitude and ability of each current and prospective employee to the appropriate role, and provide equality of opportunity regardless of sex, sexual orientation, nationality, religion, ethnic origin or any other characteristic. The Group does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same role or a suitable alternative. The same principles are applied when an employee is affected by long-term illness, where the Group has a strong track record of supporting and rehabilitating its employees back to work. The Group applies an increased focus on 'prevention' through Unipart Lifeworks, a comprehensive employee health and wellbeing programme.

Further information about how the Group engages with its employees can be found in the Strategic Reports on pages 20, 21, 23 and 24.

Group Share Trust

In order to enable employees to buy shares and have an interest in the Company, a Group Share Trust was established at the time of the original buyout in January 1987. It has an independent trustee and, during dealing periods, it can offer to buy and sell shares. Periodically, it may also participate in schemes that enable employees to acquire shares and share options. It is not considered appropriate to consolidate the Group Share Trust in the Group's financial statements due to the terms of the trust deeds governing the Group Share Trust, which prevent the Group from having de facto control over the Trust.

Unipart Group of Companies Limited

Directors' Report

For the Year Ended 31 December 2022

Political donations

In accordance with the Group's policy, no political donations were made and no political expenditure was incurred during the year (2021: none).

Going concern

Global markets have experienced significant levels of uncertainty in the last few years which has affected most sectors and businesses. After careful consideration of market conditions throughout the year, the key financial risks that the directors have identified for the next financial year are:

- turnover growth not achieved due to depressed volume demands from customers; and
- increased supply chain costs

The Group's banking headroom position and associated covenants have been stress tested for various scenarios relating to the key risks, considering in particular the impact of varying levels of customers' reduced demand resulting in:

- adverse demand impacting growth by up to 50%; and
- adverse supply chain costs resulting in impaired financial performance in addition to the deterioration already seen in 2022.

These assessments have been reviewed and discussed by the Board, with consideration given to sensible mitigating actions that are readily available to the companies within the Group. The directors have considered the commercial mechanisms in place with customers and suppliers, along with the ability, if required, for the business to scale down costs to reflect reduced demand. Being able to efficiently manage costs in line with fluctuating volumes is a fundamental part of the offering the Group already provides to many of its customers. Other mitigating options available include changing the timing of intragroup payments as well as the delaying of discretionary expenditure, which have each been considered and modelled. Furthermore, the consistent use of The Unipart Way across the Group has enabled employees to be redeployed from one site to another.

The Company and Group will continue to monitor and respond to market conditions in the normal course of business and with a forward-looking approach to ensure any issues are identified and addressed at the earliest opportunity.

In addition to the assessment of the impact of the scenarios detailed above, account has been taken of the impact on shareholders' funds due to the pension liability, for which the Group has long-term contribution plans agreed with the pension trustees which run until 2039. The Group has reported profit before interest and taxation and other exceptional items and before defined benefit pension costs of £15.1m (2021: £13.7m). In considering going concern, the directors have reviewed the cash flow requirements of the Group, both under normal circumstances and reflecting the current assessment of the severe but plausible downside scenarios in light of global market uncertainties that have been experienced in recent years. The Group has access to significant worldwide and long-term borrowing facilities, which the directors anticipate being available on a continuing basis. Based on these assessments, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

Since the end of the reporting period, there have been a number of non-adjusting post balance sheet events, details of which are provided in note 31 to the financial statements.

Independent auditors

The Group and Company auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' Report

For the Year Ended 31 December 2022

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website (www.unipart.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each of the directors in office at the date of approval of this Directors' Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' Report set out on pages 53 to 56 was approved by the Board on 24 April 2023 and signed on its behalf by


Darren Leigh
Group Chief Executive

24 April 2023

Company number: 01994997

Report on the audit of the financial statements

Opinion

In our opinion, Unipart Group of Companies Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 December 2022, the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with health and safety legislation, employment legislation and the equivalent local laws and regulations applicable to component teams, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to revenue or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Understanding and evaluating the key elements of the Group's internal control related to estimates;
- Reviewing accounting estimates for bias and validating the support behind the assumptions and judgements made by management including challenging against possible alternatives, for example in relation to retirement benefit obligations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reviewing legal expense accounts, board minutes and in-house legal counsel documentation;
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- Substantive testing of manual journal entries, particularly focused around the year end and journals which have unexpected account relationships;
- Incorporating elements of unpredictability;
- Reviewing component teams' key working papers for all in-scope components with a particular focus on the areas involving judgement and estimates.

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

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

Unipart Group of Companies Limited

Independent Auditors' Report to the Members of Unipart Group of Companies Limited

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham
24 April 2023

Unipart Group of Companies Limited

Consolidated Profit and Loss Account For the Year Ended 31 December 2022

	Note	Results (before defined benefit pensions) £m	Defined benefit pensions * £m	2022 Total £m	Results (before defined benefit pensions) £m	Defined benefit pensions * £m	2021 Total £m
Turnover	5	917.3	-	917.3	821.6	-	821.6
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items **		13.7	(1.5)	12.2	11.1	(1.5)	9.6
Share of profit after tax of joint ventures and associates:							
- Before other exceptional items		2.7	-	2.7	2.6	-	2.6
- Share of other exceptional items related to associates	7	(1.3)	-	(1.3)	-	-	-
Share of profit after tax of joint ventures and associates	15	1.4	-	1.4	2.6	-	2.6
Profit before interest, tax and other exceptional items		15.1	(1.5)	13.6	13.7	(1.5)	12.2
Other exceptional items (not related to joint ventures and associates)	7	28.0	-	28.0	(4.4)	-	(4.4)
Profit before interest and tax	6	43.1	(1.5)	41.6	9.3	(1.5)	7.8
Net interest payable and similar charges	8	(2.7)	-	(2.7)	(1.9)	-	(1.9)
Net other finance charge	9	(0.1)	(7.9)	(8.0)	-	(7.1)	(7.1)
Profit/(loss) before tax		40.3	(9.4)	30.9	7.4	(8.6)	(1.2)
Tax on profit/(loss)	12	(8.3)	1.8	(6.5)	(3.9)	1.6	(2.3)
Profit/(loss) after tax		32.0	(7.6)	24.4	3.5	(7.0)	(3.5)

The notes on pages 68 to 101 form part of these financial statements.

* Defined benefit pension costs have been separated to provide greater transparency of the financial performance of the Group both before and after these non-trading items. See note 3 for further details.

** Underlying PBIT as referred to in the Financial Review.

Unipart Group of Companies Limited

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 £m	2021 £m
Profit/(loss) for the financial year		24.4	(3.5)
Revaluation of freehold and long leasehold land and buildings		8.4	9.1
Actuarial gain recognised on Group pension schemes	24	283.2	148.1
Deferred tax relating to actuarial gain on Group pension schemes		(53.8)	(28.1)
Effect of change in tax rate on deferred tax relating to Group pension schemes		(17.0)	28.7
Other pension related movements		4.0	(3.0)
Movement in unrecognised asset relating to Group pension schemes	24	(28.8)	-
Movement in unrecognised deferred tax asset relating to Group pension schemes		7.3	20.1
Actuarial gain recognised on joint venture pension schemes		-	0.5
Currency translation differences		5.0	(2.6)
Other comprehensive income for the year		208.3	172.8
Total comprehensive income for the year		232.7	169.3
Profit/(loss) for the financial year attributable to:			
Non-controlling interest		0.1	0.1
Owners of the Company		24.3	(3.6)
		24.4	(3.5)
Total comprehensive income attributable to:			
Non-controlling interest		0.1	0.1
Owners of the Company		232.6	169.2
		232.7	169.3

Unipart Group of Companies Limited

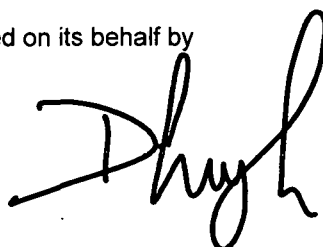
**Consolidated Balance Sheet
As at 31 December 2022**

	Note	2022 £m	2021 £m
Fixed assets			
Intangible assets	13	11.7	13.0
Tangible assets	14	95.3	78.4
Investments	15	24.0	26.3
		<u>131.0</u>	<u>117.7</u>
Current assets			
Stocks	16	114.4	105.4
Debtors: amounts falling due after more than one year	17	76.6	140.1
Debtors: amounts falling due within one year	17	171.6	143.2
Cash at bank and in hand		65.4	57.7
		<u>428.0</u>	<u>446.4</u>
Creditors: amounts falling due within one year	18	<u>(272.9)</u>	<u>(243.9)</u>
Net current assets		155.1	202.5
Total assets less current liabilities		286.1	320.2
Creditors: amounts falling due after more than one year	19	(27.5)	(42.3)
Provisions for liabilities	23	(17.4)	(16.2)
Net assets excluding pension liability		241.2	261.7
Pension liability	24	(167.5)	(420.6)
Net assets/(liabilities)		73.7	(158.9)
Capital and reserves			
Called up share capital	25	0.4	0.4
Share premium account	26	4.4	4.4
Capital redemption reserve	26	11.5	11.5
Revaluation reserve	26	42.2	39.3
Profit and loss account	26	14.6	(215.1)
Total shareholders' funds/(deficit)		73.1	(159.5)
Non-controlling interests		0.6	0.6
Total equity		73.7	(158.9)

Approved by the Board on 24 April 2023 and signed on its behalf by



John M Neill CBE
Executive Chairman



Darren Leigh
Group Chief Executive

Company number: 01994997

Unipart Group of Companies Limited

**Company Balance Sheet
As at 31 December 2022**

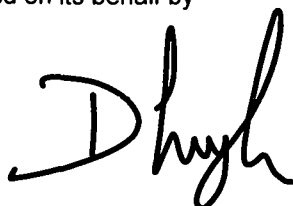
	Note	2022 £m	2021 £m
Fixed assets			
Intangible assets	13	1.7	1.2
Investments	15	39.4	41.6
		<u>41.1</u>	<u>42.8</u>
Current assets			
Debtors: amounts falling due after more than one year	17	20.7	28.5
Debtors: amounts falling due within one year	17	17.4	20.2
Cash at bank and in hand		2.5	3.6
		<u>40.6</u>	<u>52.3</u>
Creditors: amounts falling due within one year	18	(3.2)	(3.9)
Net current assets		37.4	48.4
Total assets less current liabilities		78.5	91.2
Creditors: amounts falling due after more than one year	19	(0.5)	(0.6)
Net assets excluding pension liability		78.0	90.6
Pension liability	24	(9.9)	(40.4)
Net assets		68.1	50.2
Capital and reserves			
Called up share capital	25	0.4	0.4
Share premium account	26	4.4	4.4
Capital redemption reserve	26	11.5	11.5
Profit and loss account	26	51.8	33.9
Total shareholders' funds		68.1	50.2

As permitted by section 408(3) of the Companies Act 2006, the Company has not presented its own Profit and Loss Account or Statement of Comprehensive Income. The Company's loss for the financial year was £7.6m (2021: £nil) and the Company's other comprehensive income for the financial year was £25.5m (2021: £12.6m).

Approved by the Board on 24 April 2023 and signed on its behalf by



John M Neill CBE
Executive Chairman



Darren Leigh
Group Chief Executive

Company number: 01994997

Unipart Group of Companies Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' (deficit)/funds £m	Non- controlling interests £m	Total equity £m
At 1 January 2022	0.4	4.4	11.5	39.3	(215.1)	(159.5)	0.6	(158.9)
Profit for the financial year	-	-	-	-	24.3	24.3	0.1	24.4
Other comprehensive income for the year	-	-	-	8.4	199.9	208.3	-	208.3
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.1)	(0.1)
Transfer between reserves	-	-	-	(5.5)	5.5	-	-	-
As at 31 December 2022	0.4	4.4	11.5	42.2	14.6	73.1	0.6	73.7

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' deficit £m	Non- controlling interests £m	Total equity £m
At 1 January 2021	0.4	4.4	11.5	35.7	(380.7)	(328.7)	0.5	(328.2)
(Loss)/profit for the financial year	-	-	-	-	(3.6)	(3.6)	0.1	(3.5)
Other comprehensive income for the year	-	-	-	9.1	163.7	172.8	-	172.8
Transfer between reserves	-	-	-	(5.5)	5.5	-	-	-
As at 31 December 2021	0.4	4.4	11.5	39.3	(215.1)	(159.5)	0.6	(158.9)

Unipart Group of Companies Limited**Company Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2022	0.4	4.4	11.5	33.9	50.2
Loss for the financial year	-	-	-	(7.6)	(7.6)
Other comprehensive income for the year	-	-	-	25.5	25.5
As at 31 December 2022	0.4	4.4	11.5	51.8	68.1

**Company Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2021	0.4	4.4	11.5	21.3	37.6
Result for the financial year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	12.6	12.6
As at 31 December 2021	0.4	4.4	11.5	33.9	50.2

Unipart Group of Companies Limited

**Consolidated Cash Flow Statement
For the Year Ended 31 December 2022**

	Note	2022 £m	2021 £m
Net cash used in operating activities	27	(0.9)	(23.0)
Tax paid		(4.5)	(4.3)
Net cash used in operating activities after tax		(5.4)	(27.3)
Cash flow generated from/(used in) investing activities			
Acquisition of intangible assets	13	(0.9)	(1.4)
Purchase of tangible assets	14	(16.5)	(6.7)
Proceeds from disposals of tangible assets		39.6	-
Dividends received from joint ventures and associates	15	2.5	3.3
Interest received	8	0.3	0.1
Net cash generated from/(used in) investing activities		25.0	(4.7)
Cash flow (used in)/generated from financing activities			
Receipts from debt		18.2	18.2
Repayments of debt		(31.6)	(5.4)
Interest paid	8	(2.5)	(2.0)
Dividends paid to minority interests		(0.1)	-
Net cash (used in)/generated from financing activities		(16.0)	10.8
Net increase/(decrease) in cash and cash equivalents		3.6	(21.2)
Cash and cash equivalents at 1 January	27	43.2	65.8
Exchange gains/(losses) on cash and cash equivalents	27	1.5	(1.4)
Cash and cash equivalents at 31 December	27	48.3	43.2
Cash and cash equivalents consists of:			
Cash at bank and in hand	27	65.4	57.7
Bank overdrafts	20, 27	(17.1)	(14.5)
Cash and cash equivalents	27	48.3	43.2

1 General information

The Company is a trading company within the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unipart House, Cowley, Oxford, OX4 2PG.

2 Statement of compliance

The consolidated financial statements of Unipart Group of Companies Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

In preparing the financial statements, the Company has reviewed the presentation of the Consolidated Profit and Loss Account in order to assess whether it provides the clearest representation of the performance of the Group. In forming this view, and consistent with the prior year, the directors consider that it is important to present the defined benefit pension costs of the Group in a separate column in the Consolidated Profit and Loss Account to demonstrate the financial performance of the Group both before and after these costs.

A summary of the significant accounting policies adopted by the Group and the Company is given in the following paragraphs. The policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Basis of accounting

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. In considering the going concern assumption, the directors have therefore considered the cash flow requirements of the Group.

The Group has significant borrowing facilities available, which the directors have a reasonable expectation will continue to be available on a similar basis, as disclosed in note 20, with sufficient headroom in respect of these facilities to finance the ongoing activities of the Group.

As also noted in the Directors' Report, the Company has undertaken various stress test scenarios to assess financial resilience and the sufficiency of the significant long-term borrowing facilities available to the Company and the Group. Based on the outcomes of those financial resilience tests, the Board is of the view that the Company and Group will have sufficient headroom available to finance the ongoing activities of the Company. The financial statements have, therefore, been prepared on the going concern basis, under the historical cost basis of accounting, modified to include the revaluation of investment property and freehold and long leasehold land and buildings measured at fair value through profit or loss in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

3 Accounting policies (continued)

3.2 Basis of consolidation

The Group financial statements comprise a consolidation of the financial statements of the Company and all of its subsidiary undertakings, except where control is subject to severe long-term restrictions, and incorporate its share of the results of all joint ventures and associates via equity accounting principles. The results and fair value of the assets and liabilities of undertakings acquired are consolidated from the date the Group gains control. The results from discontinued operations are included up until the date they are disposed of or terminated. Where, in the view of the directors, the Group does not have de facto control over the related entities, these entities are excluded from the consolidation in the Group's financial statements. No Profit and Loss Account is presented for the Company, as permitted by section 408(3) of the Companies Act 2006. Uniform accounting policies are applied across the Group. Intragroup transactions are eliminated on consolidation.

3.3 Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a cash flow statement on the basis that it is a qualifying entity and the Company's cashflows are included in the Consolidated Cash Flow Statement.

3.4 Turnover

Turnover is recognised as the fair value of consideration receivable on goods and services supplied during the year, including amounts received and receivable on management fee contracts. The sales of goods are recognised at the point at which the risks and rewards of ownership are transferred, in accordance with the individual sales contracts. The sales of services are recognised in the accounting period in which the services are rendered, by reference to the agreed contractual arrangements. Turnover is reported net of conditional discounts, VAT and other sales taxes. Turnover derived from gain share arrangements is recognised when the benefits are agreed with customers and are certain.

3.5 Exceptional items

Where items are so material that separate presentation is relevant to the consolidated financial performance, then such items are presented as exceptional items on the face of the Consolidated Profit and Loss Account.

3.6 Pension costs

For defined contribution schemes, contributions are charged to the Consolidated Profit and Loss Account as payable in respect of the accounting year.

For defined benefit schemes, the amounts charged to profit before interest and tax are the current service costs and the scheme administration costs excluding the costs of servicing the investments. They are charged or credited to the Consolidated Profit and Loss Account headings to which they relate. Past service costs are recognised immediately in the Consolidated Profit and Loss Account. The net interest cost is shown as other finance charge adjacent to interest. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

3 Accounting policies (continued)

3.6 Pension costs (continued)

Where defined benefit schemes are funded, the assets of the scheme are held separately from those of the Group, in separate, trustee administered funds. Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

Defined benefit pension costs are analysed out in a separate column on the face of the Consolidated Profit and Loss Account to demonstrate the financial performance of the Group both before and after these non-trading items.

The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the Balance Sheet.

The Group does not recognise a surplus on pension deficits in relation to pension schemes where the trust deed and rules indicate that any surplus is unlikely to be repaid to the Company when that scheme is ultimately wound up.

3.7 Intangible assets

Expenditure incurred to acquire licences to manufacture certain products are capitalised and amortised on a straight line basis over the estimated economic life of the manufacturing activity, or the life of the licence, which are all between five and 10 years. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects.

3.8 Tangible fixed assets

All tangible fixed assets, with the exception of investment properties and freehold and long leasehold land and buildings, are carried at cost less depreciation and provision for impairment, where considered appropriate. The cost of purchased assets is the value of consideration given to acquire the assets and the value of other, directly attributable costs that are incurred in bringing the assets to the location and condition necessary for their intended use.

Investment properties and freehold and long leasehold land and buildings are carried at valuation, being fair value determined by external valuers every three years.

With the exception of freehold land, investment properties and assets in the course of construction, which are not depreciated, depreciation on the cost or valuation of tangible fixed assets is charged evenly to write off the assets to their residual value over their estimated useful lives.

The estimated useful lives range are as follows:

Freehold and long leasehold investment properties	-	not depreciated
Freehold land and buildings	-	35 to 50 years
Long leasehold land and buildings	-	35 to 50 years
Short leasehold land and buildings	-	over the lease term
Plant and machinery	-	one to 15 years

3 Accounting policies (continued)

3.9 Impairment of fixed assets and goodwill

Fixed and intangible assets are reviewed annually for indicators of impairment. Impairment provisions are calculated by comparing the net book value of fixed assets or goodwill with the higher of the fair value less costs to sell and the value in use of those assets. The value in use is calculated using forecast, risk adjusted, discounted, pre-tax cash flows over the economic life of the related fixed asset or goodwill.

3.10 Investment properties

Investment properties are included in the Balance Sheet at fair value, in accordance with FRS 102 section 16 "Investment Property". This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated.

3.11 Investments

Investments in the Company Balance Sheet are shown at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indicator of potential impairment.

3.12 Stocks

Stocks are stated at the lower of cost and net realisable value on a weighted average basis. Cost of finished products and work in progress includes, where appropriate, direct labour and materials and a proportion of factory overheads. Net realisable value is calculated after taking into account provisions for obsolescence, as the actual selling price, net of trade discounts, less costs to completion and all related marketing, selling and distribution costs.

3.13 Warranties and legal claims

Provision is made for the best estimate of the costs of making good under warranty products sold or resolving any legal claims relating to periods before the Balance Sheet date and is discounted, where material.

3.14 Property provisions

Provision is made for the best estimate of the unavoidable future lease payments, on a discounted basis, where material, when the lease becomes onerous, net of amounts that can be reasonably expected to be recovered from subtenants to which the respective property is expected to be sublet.

Provision is made for the best estimate of dilapidation costs, on a discounted basis, where material, at the date the obligation arises. The unwinding of the discount is included within interest expense. The provision is net of amounts recoverable in respect of dilapidation costs for properties that have been sublet to unrelated third parties.

3.15 Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 Accounting policies (continued)

3.16 Deferred tax

Deferred tax is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. A deferred tax liability is recognised if transactions or events result in the Group having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the Balance Sheet date give the Group the right to pay less tax in the future and it is considered to be probable that the asset will be recovered. If the deferred tax asset is expected to be recovered in a period longer than ten years, then 50% of the balance in excess of ten years is derecognised due to the uncertainty of relying on very long term forecasts. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3.17 Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases where the Group acts as the lessor are presented as a receivable at an amount equal to the net investment in the lease. Rental payments received by the Group under the finance leases are apportioned between the finance charge and the reduction of the outstanding obligation.

For assets held under finance leases when the Group acts as a lessee, the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Consolidated Profit and Loss Account in proportion to the reducing capital element.

3.18 Operating leases

Operating lease rentals are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term. Lease incentives are charged to the Consolidated Profit and Loss Account on a straight line basis over the expected lease term.

3.19 Finance costs

Costs incurred in respect of obtaining new debt instruments are capitalised and reported against the respective debt within liabilities and amortised to the Consolidated Profit and Loss Account over the term of the facility.

3.20 Government grants

Government grants in respect of capital expenditure and employment costs are released to the Consolidated Profit and Loss Account in the year in which they are received.

3 Accounting policies (continued)

3.21 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Consolidated Profit and Loss Account.

The Profit and Loss Accounts of overseas activities are translated into sterling at average rates of exchange. The Balance Sheets of overseas activities are translated at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising on the retranslation at closing rates of the opening Balance Sheets of overseas activities, together with the year end adjustment to closing rates of Profit and Loss Accounts translated at average rates, are taken to reserves.

3.22 Business combinations and goodwill

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributable to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is written off to the Consolidated Profit and Loss Account on a straight line basis over periods that represent the estimated useful economic lives of those assets which are between five and 20 years.

The Group has taken advantage of the exemption in respect of applying FRS 102 section 19 "Business Combinations and Goodwill" to business combinations effected before the date of transition.

3.23 Financial instruments

The Group has chosen to adopt FRS 102 Section 11 "Basic Financial Instruments" and FRS 102 Section 12 "Other Financial Instruments Issues" in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances, are initially measured at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

3 Accounting policies (continued)

3.23 Financial instruments (continued)

Basic financial liabilities, including trade and other payables, bank loans and loans from Group companies are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are capitalised and netted against the respective facility and amortised over the period of the facility to which it relates.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value of derivatives are recognised in profit or loss in finance costs or income, as appropriate, unless it is appropriate to apply hedge accounting in which case changes are recognised in the Consolidated Statement of Comprehensive Income.

4 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period, particularly in relation to the adoption of the going concern assumption, accounting for pension costs, the valuation of investment properties and freehold and long leasehold land and buildings, the useful economic lives of fixed tangible and intangible assets, the recognition of provisions and the recognition of deferred tax assets. Actual results could differ from those estimates.

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

In considering the going concern assumption, the directors have had to apply judgment in considering whether the timing of the current refinancing of the bank facility for the Rail sub-group headed by Unipart Rail Holdings Limited has a significant impact on the overall going concern assessment for the Company and the Group. The existing facility is not due to expire until April 2024 and full credit approval and a draft facility agreement have been received at the date of signing these financial statements for a new facility which would extend until at least April 2025. It is the directors' expectation that this facility agreement will be completed successfully and imminently. The Rail sub-group going concern forecasts assume the new facility is in place. The Rail sub-group operates independently from the rest of the Group, it has separate financing facilities and there are no material projected cash flows projected from the Rail sub-group, nor any contractual or other such commitments, which would have any recourse on the forecasted cash flows of the wider Group in the next 18 months. For these reasons, the judgment of the directors is that the timing of the completion of the Rail refinance would not impact on the ability of the Group to continue to operate as a going concern.

The Group has an obligation to pay pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate based on the return on high quality corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. See note 24 for the assumptions used in accounting for defined benefit pension schemes.

4 Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Investment property and freehold and long leasehold land and buildings are measured at fair value in these financial statements. Fair value is deemed to be an open market basis valuation and is reassessed annually. The valuations are amended when necessary, to reflect current estimates. See note 14 for the carrying value of investment property and freehold and long leasehold land and buildings.

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually and are amended when necessary, to reflect current estimates. See note 13 for the carrying value of intangible fixed assets and note 14 for the carrying value of tangible fixed assets.

Stocks are stated after provisions for impairment. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 16 for the carrying value of stocks.

Deferred tax assets are only recognised to the extent to which it can be regarded as more likely than not that the Group will generate sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted. The Group prepares ten year forecasts based on a Board approved budget and these are used to assess the level of taxable profits that are likely to be generated by the Group in that time, with a 2% long-term growth rate assumed after ten years. These taxable profits are compared with the deferred tax asset to estimate the amount of time it is projected to take to recover the deferred tax asset. If projections show that the deferred tax asset will be recovered in a period of ten years or less, then 100% of the asset is recognised. If projections indicate it will take longer than ten years to recover the deferred tax asset, then 50% of the balance in excess of ten years is disallowed. Further sensitivities are applied to projections to assess the length of time it would take to recover the asset if total Group profits were reduced in the first ten years by a range of downside scenarios to give further reassurance that the asset can be recovered in a reasonable timeframe. See note 21 for details of deferred tax assets recognised.

Provisions are made for the best estimates in relation to warranties, legal claims, onerous property leases and dilapidations. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 23 for the carrying value of provisions.

5 Turnover

It is the directors' judgment that all sales in the current and prior year relate to one class of business, that of the provision of global supply chain solutions.

An analysis of turnover by category is as follows:

	2022 £m	2021 £m
Sale of goods	403.8	372.1
Provision of services	513.5	449.5
Statutory Group turnover	917.3	821.6
Share of joint ventures (i)	29.4	27.5
Share of associates (i)	62.3	59.8
Total turnover (including joint ventures and associates)	1,009.0	908.9

The Group has joint ventures and associates, the turnover of which is not included within Group turnover in accordance with FRS 102. However, the Group's share of such turnover is shown above.

(i) The share of joint ventures' and associates' turnover is based on the percentage of shares the Group owns (see note 32).

An analysis of turnover by geographical location of customer is as follows:

	2022 £m	2021 £m
United Kingdom	588.2	536.8
Rest of Europe	184.4	159.7
Rest of World	144.7	125.1
	917.3	821.6

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Notes to the Financial Statements
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6 Profit before interest and tax

	2022 £m	2021 £m
Group turnover	917.3	821.6
Cost of sales	(751.8)	(667.9)
Gross profit	165.5	153.7
Distribution costs	(38.0)	(35.1)
Administration expenses	(117.0)	(111.7)
Other operating income	1.7	2.7
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items	12.2	9.6
Share of profit after tax of joint ventures and associates	1.4	2.6
Other exceptional items (note 7)	28.0	(4.4)
Profit before interest and tax	41.6	7.8

Total administration expenses, including exceptionals, are £87.3m (2021: £113.4m). Profit before interest and tax includes £1.5m (2021: £1.5m) of defined benefit pension costs.

The profit before interest and tax is stated after charging/(crediting):

	2022 £m	2021 £m
Depreciation of tangible fixed assets	4.4	3.8
Amortisation of intangible assets, including goodwill	1.9	1.8
Amount of stock expensed	230.9	215.0
Operating lease rentals	37.6	42.8
Government grants	-	(1.2)
Sublet income from land and buildings	(1.8)	(2.2)
Profit on disposal of fixed assets	(34.1)	-
Impairment of trade receivables	-	0.2
Foreign exchange (gains)/losses	(1.4)	1.6

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2022 £m	2021 £m
Audit of Group and Company financial statements	0.1	0.1
Other services to the Group:		
Audit of the Company's subsidiary financial statements pursuant to legislation	0.4	0.4

7 Other exceptional items

An exceptional credit of £28.0m (2021: charge of £4.4m) has been reported in the Consolidated Profit and Loss account. This credit relates to the sale of surplus land for income of £34.1m less costs associated with the decision to dispose of a subsidiary of £2.0m, Group restructuring costs of £2.7m (2021: £4.4m) and the impairment of shares in our associate UGL Unipart Rail Services Pty Limited of £1.4m to result in a net credit of £28.0m to which all relate to the administration expense nature within the Consolidate Profit and Loss. Within the share of joint ventures and associates profits, there is a further £1.3m charge (2021: £nil) in respect of the impairment of an associate entity following a reassessment of its carrying value.

8 Net interest payable and similar charges

	2022 £m	2021 £m
Interest payable and similar charges		
Bank loan interest payable	2.5	1.5
Amortisation of issue costs on bank facilities	0.5	0.3
Other interest payable	-	0.2
	<u>3.0</u>	<u>2.0</u>
Interest receivable and similar income	(0.3)	(0.1)
Net interest payable	<u>2.7</u>	<u>1.9</u>

9 Net other finance charge

	2022 £m	2021 £m
Net finance charge on pension schemes (note 24)	7.9	7.1
Unwinding of discounting of provisions (note 23)	0.1	-
Net other finance charge	<u>8.0</u>	<u>7.1</u>

Total finance costs are £10.7m (2021: £9.0m).

10 Employees

Staff costs were as follows:

	2022 £m	2021 £m
Wages and salaries	240.4	213.6
Social security costs	25.7	22.5
Other pension costs	9.6	10.0
	<u>275.7</u>	<u>246.1</u>

Other pension costs relate to contributions to defined contribution pension schemes and current service costs and administration costs relating to defined benefit pension schemes.

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Direct labour	3,767	3,492
Indirect labour	2,210	2,025
Sales, marketing and administration	1,263	1,359
	<u>7,240</u>	<u>6,876</u>

The monthly average number of employees including directors in the Company during the year was 3 (2021: 3), with staff costs of £1.8m (2021: £2.2m).

11 Directors' emoluments

The aggregate emoluments of the directors during the year totalled £2,187,169 (2021: £2,678,737). During the year, retirement benefits were accruing to no directors (2021: none) in respect of a defined contribution pension scheme. No directors (2021: none) accrued retirement benefits under a defined benefit scheme. The highest paid director received aggregate emoluments during the year of £1,092,993 (2021: £1,358,270).

Also included in aggregate emoluments were fees of £124,833 (2021: £129,051), which were paid in the year in respect of the two non-executive directors who served during the year (2021: two).

The aggregate emoluments of key management personnel during the year totalled £5,967,748 (2021: £6,961,805).

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**Notes to the Financial Statements
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12 Tax on profit/(loss)

	2022 £m	2021 £m
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit/(loss) for the year	-	(0.2)
Adjustments in respect of prior years	0.3	(0.1)
	<u>0.3</u>	<u>(0.3)</u>
Foreign corporation tax	3.6	3.9
Total current tax	<u>3.9</u>	<u>3.6</u>
Deferred tax		
Origination and reversal of timing differences	1.8	0.7
Effect of change in tax rates	-	(2.5)
Adjustments in respect of prior years	0.8	0.5
Total deferred tax	<u>2.6</u>	<u>(1.3)</u>
Tax on profit/(loss)	<u>6.5</u>	<u>2.3</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £m	2021 £m
Profit/(loss) before tax	<u>30.9</u>	<u>(1.2)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	5.9	(0.2)
Effects of:		
Expenses not deductible for tax purposes	0.8	0.5
Pension related items	0.1	-
Adjustments in respect of prior years	1.1	0.4
Effect of foreign tax rates	1.4	1.5
Share of joint ventures' and associates' tax reported within profit on ordinary activities	-	(0.2)
Effects of changes in tax rates	(0.1)	(2.5)
Other timing differences	(0.4)	(0.3)
Deferred tax not recognised	(2.3)	3.3
Utilisation of tax losses	-	(0.2)
Total tax charge for the year	<u>6.5</u>	<u>2.3</u>

Factors that may affect future tax charges

The Group has generated significant UK capital losses from disposals in previous years. Such losses will only be available to offset UK capital profits arising in future periods, such as gains arising on the future sale of freehold properties, and it is expected to be some time before these losses are relieved. Accordingly, the Group has not recognised a deferred tax asset in respect of these losses. As a consequence, the Group does not expect to incur any significant tax charges in respect of capital gains within the foreseeable future.

12 Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges (continued)

The Group has recognised a deferred tax asset in respect of excess losses from prior years and accelerated capital allowances, because these are available to offset future taxable profits and it is considered likely that they will be recovered in a reasonably foreseeable timeframe. Where the Group's profit projections show that it is likely that the assets will be recovered within ten years, 100% of the asset is recognised. Where projections show that it is likely that part of the assets will be recovered after ten years, only 50% of the balance in excess of ten years is recognised.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

13 Intangible assets

Group	Goodwill £m	Licences /Other £m	Total £m
Cost			
At 1 January 2022	37.5	2.6	40.1
Additions	0.3	0.6	0.9
Disposals	-	(0.3)	(0.3)
At 31 December 2022	37.8	2.9	40.7
Accumulated amortisation			
At 1 January 2022	26.2	0.9	27.1
Charge for the year	1.7	0.2	1.9
At 31 December 2022	27.9	1.1	29.0
Net book value			
At 31 December 2022	9.9	1.8	11.7
At 31 December 2021	11.3	1.7	13.0
Company		Licences /Other £m	
Cost			
At 1 January 2022			1.2
Additions			0.5
At 31 December 2022			1.7
Net book value			
At 31 December 2022			1.7
At 31 December 2021			1.2

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14 Tangible assets

Group	Freehold and long leasehold investment properties £m	Freehold land and buildings £m	Long leasehold land and buildings £m	Short leasehold land and buildings £m	Plant and machinery £m	Total £m
Cost or valuation						
At 1 January 2022	5.8	51.9	7.4	3.7	57.2	126.0
Additions	-	12.2	0.4	-	3.9	16.5
Disposals	(5.3)	(0.1)	(0.1)	-	(1.9)	(7.4)
Revaluations	-	8.0	0.4	-	-	8.4
Foreign exchange	-	1.0	0.4	0.1	2.4	3.9
At 31 December 2022	0.5	73.0	8.5	3.8	61.6	147.4
Accumulated depreciation						
At 1 January 2022	-	0.6	-	3.2	43.8	47.6
Charge for the year	-	0.2	0.3	0.2	3.7	4.4
Disposals	-	-	(0.1)	-	(1.9)	(2.0)
Revaluations	-	-	(0.1)	-	-	(0.1)
Foreign exchange	-	0.1	0.1	0.1	1.9	2.2
At 31 December 2022	-	0.9	0.2	3.5	47.5	52.1
Net book value						
At 31 December 2022	0.5	72.1	8.3	0.3	14.1	95.3
At 31 December 2021	5.8	51.3	7.4	0.5	13.4	78.4

Included within plant and machinery are assets held under finance leases with a cost of £2.6m (2021: £2.5m) and accumulated depreciation of £0.6m (2021: £1.9m).

If the freehold and long leasehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2022 £m	2021 £m
Cost	34.8	22.2
Accumulated depreciation	(7.7)	(7.5)
Net book value	27.1	14.7

14 Tangible assets (continued)

Of the total Revaluation Reserve of £42.2m (2021: £39.3m), an amount of £41.8m (2021: £37.8m) relates to freehold and long leasehold land and buildings and an amount of £0.4m (2021: £1.5m) relates to investment properties.

At 31 December 2022, the portfolio of investment, freehold and long leasehold properties was revalued, on an open market basis, giving a total aggregate value of £80.9m (2021: £64.5m).

The investment, freehold and long leasehold properties, including overseas properties, were valued by external valuers Cushman & Wakefield, being qualified valuers and members of the Royal Institution of Chartered Surveyors (RICS). All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.

The revaluation of investment properties and the revaluation of freehold and long leasehold properties only to the extent that a revaluation decrease exceeds the revaluation gains accumulated in equity in respect of an asset, or to the extent that a revaluation increase reverses a revaluation decrease of the same asset previously recognised in profit or loss, are reported in the Consolidated Profit and Loss Account. All other revaluation gains and losses are reported in other comprehensive income. During the year, total revaluation gains of £nil (2021: £nil) are included within profit and loss and revaluation gains of £8.4m (2021: £9.1m) are included within other comprehensive income.

Revaluations of properties recognised in profit or loss, along with the revaluation surplus realised on the disposal of property, are transferred between the Profit and Loss Account and the Revaluation Reserve.

Deferred tax is recognised except to the extent that there are sufficient capital losses available within the Group to utilise any capital gains that arise on the future sale of the revalued properties. A deferred tax liability of £1.7m (2021: £1.4m) has been recognised.

Unipart Group of Companies Limited

**Notes to the Financial Statements
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15 Investments

Group	Investment in joint ventures £m	Investments in associates £m	Total £m
Cost			
At 1 January 2022	10.0	16.3	26.3
Share of profits retained	1.0	0.4	1.4
Losses transferred to provisions	-	0.1	0.1
Share of other comprehensive income	-	(1.5)	(1.5)
Dividends	(0.1)	(2.4)	(2.5)
Foreign exchange	(0.1)	0.3	0.2
At 31 December 2022	10.8	13.2	24.0
Net book value			
At 31 December 2022	10.8	13.2	24.0
At 31 December 2021	10.0	16.3	26.3

The Group's interest in joint ventures is 50% of the ordinary share capital of Kautex Unipart Limited, 50% of the ordinary share capital of Unipart Rail ARC Middle East LLC and 50% of the ordinary share capital of Hyperbat Limited which have been included in the consolidated financial statements using the equity method of accounting.

Associated undertakings represent the Group's 29% ordinary shareholding of ACI-Auto Components International s.r.o, the Group's 40% ordinary shareholding of Lucchini Unipart Rail Limited and the Group's 30% ordinary shareholding of UGL Unipart Rail Services Pty Limited, all of which have been included in the consolidated financial statements using the equity method of accounting.

The Group provides certain services to its joint ventures and associated undertakings, the transactions being disclosed in note 30.

Details of the Group's undertakings are shown in note 32.

Company	Investments in subsidiary companies £m
Cost	
At 1 January and 31 December 2022	74.8
Impairment	
At 1 January 2022	33.2
Impairment in the year	2.2
At 31 December 2022	35.4
Net book value	
At 31 December 2022	39.4
At 31 December 2021	41.6

Details of the investments of the Company are shown in note 32.

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**Notes to the Financial Statements
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16 Stocks

	Group 2022 £m	Group 2021 £m
Raw materials and consumables	11.9	9.8
Work in progress	3.3	3.5
Finished goods and goods for resale	99.2	92.1
	114.4	105.4

There is no material difference between carrying value and replacement cost.

Stocks are stated after provisions for impairment of £25.9m (2021: £23.8m).

The Company has £nil stocks (2021: £nil).

17 Debtors

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Amounts falling due after more than one year				
Deferred tax (note 21)	64.2	130.5	13.6	21.2
Other debtors	12.4	9.6	7.1	7.3
	76.6	140.1	20.7	28.5

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Amounts falling due within one year				
Trade debtors	133.7	104.8	-	-
Amounts owed by Group undertakings	-	-	16.2	18.3
Amounts owed by joint ventures and associates (note 30)	1.2	0.3	1.2	0.3
Corporation tax	0.2	0.3	-	1.6
Deferred tax (note 21)	0.6	0.4	-	-
Other debtors	5.6	7.3	-	-
Prepayments and accrued income	30.3	30.1	-	-
	171.6	143.2	17.4	20.2

Trade debtors are stated after provisions for impairment of £8.5m (2021: £7.7m).

Amounts owed by Group undertakings, joint ventures and associates are unsecured and have no fixed repayment date. Certain amounts owed by Group undertakings bear interest based on applicable reference rate.

Unipart Group of Companies Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

18 Creditors: amounts falling due within one year

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Bank loans and overdrafts (note 20)	48.4	42.9	-	-
Trade creditors	59.4	56.6	-	-
Amounts owed to Group undertakings	-	-	0.7	3.1
Corporation tax	0.7	0.6	2.1	-
Other tax and social security	14.2	18.2	-	0.1
Finance leases	0.6	0.2	-	-
Other creditors	25.6	27.0	-	-
Accruals and deferred income	124.0	98.4	0.4	0.7
	272.9	243.9	3.2	3.9

Amounts owed to Group undertakings are unsecured and are repayable on demand. Certain amounts owed to Group undertakings bear interest based on the applicable reference rate.

19 Creditors: amounts falling due after more than one year

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Bank loans and overdrafts (note 20)	11.9	26.9	-	-
Finance leases	1.2	0.1	-	-
Other creditors	3.2	2.3	-	-
Accruals and deferred income	11.2	13.0	0.5	0.6
	27.5	42.3	0.5	0.6

The future minimum payments under finance leases due after more than one year are due later than one but not later than five years.

Unipart Group of Companies Limited

Notes to the Financial Statements
For the Year Ended 31 December 2022

20 Borrowings

	Group 2022 £m	Group 2021 £m
Amounts falling due within one year		
Bank overdrafts	17.1	14.5
Bank loans	31.3	28.4
	<u>48.4</u>	<u>42.9</u>
	Group 2022 £m	Group 2021 £m
Amounts falling due between one and five years		
Bank loans and working capital facilities	7.2	26.1
	<u>7.2</u>	<u>26.1</u>
	Group 2022 £m	Group 2021 £m
Amounts falling due after more than five years		
Bank loans and working capital facilities	4.7	0.8
	<u>4.7</u>	<u>0.8</u>

The bank loans and overdrafts bear interest based on the applicable reference rate and are secured by fixed and floating charges over certain of the Group's assets. The facility falling due within one year is stated net of unamortised issue costs of £0.2m (2021: £0.1m). The facility falling due between one and five years is stated net of unamortised issue costs of £nil (2021: £nil). The costs are allocated to the Consolidated Profit and Loss Account over the terms of the respective facilities at a constant rate.

The Group has various borrowings facilities available, including a working capital facility of up to £40.0m (2021: £40.0m) committed until March 2024, a working capital facility of up to €2.2m (2021: €2.2m) reviewed annually, a revolving facility of £21.3m (2021: £30.0m) committed until April 2024, a term loan of £nil (2021: £6.5m) repayable in quarterly instalments until April 2024, a term loan of €8.8m (2021: €7.1m) repayable in quarterly instalments until July 2026, a term loan of €9.6m (2021: £nil) repayable in quarterly instalments until November 2032, a revolving loan of €10.0m (2021: €10.0m) renewable annually and a term loan of €1.6m (2021: €1.8m) repayable in monthly instalments until September 2031. The amounts falling due after more than five years are in respect of the term loan which is repayable in monthly instalments until September 2031 and November 2032.

Therefore, at the Balance Sheet date, the Group has aggregate borrowing facilities available to it of £61.3m (2021: £76.5m) and €32.2m (2021: €21.1m).

After the Balance Sheet date, the Group entered into an agreement to renew its major UK banking facility. The new facility is secured by fixed and floating charges over certain of the Group's assets and is committed until March 2027.

Unipart Group of Companies Limited

Notes to the Financial Statements
For the Year Ended 31 December 2022

21 Deferred tax

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
At 1 January	129.2	107.2	21.2	17.8
Amounts (charged)/credited to the Profit and Loss Account	(2.6)	1.3	-	3.1
Amounts (charged)/credited to the Statement of Comprehensive Income	(63.5)	20.7	(7.6)	0.3
At 31 December	63.1	129.2	13.6	21.2
Representing:				
Deferred tax asset included within debtors falling due within one year (note 17)	0.6	0.4	-	-
Deferred tax asset included within debtors falling due in more than one year (note 17)	64.2	130.5	13.6	21.2
Deferred tax liability included within provisions for liabilities (note 23)	(1.7)	(1.7)	-	-
	63.1	129.2	13.6	21.2
	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Accelerated capital allowances	10.1	12.2	-	-
Trading losses and timing differences	11.2	11.9	3.5	3.5
Capital losses	-	-	7.6	7.7
Deferred tax asset relating to pension deficit	41.8	105.1	2.5	10.0
	63.1	129.2	13.6	21.2

The Group does not recognise an asset of £30.0m (2021: £27.8m) in respect of UK capital losses generated from disposals in previous years, certain trading losses that have arisen and accelerated capital allowances due to the uncertainty concerning the timescale of its recoverability.

The Company does not recognise an asset of £25.4m (2021: £21.8m) in respect of UK capital losses generated from disposals in previous years, certain trading losses that have arisen and accelerated capital allowances due to the uncertainty concerning the timescale of its recoverability.

The Group expects to recover all of the asset relating to excess losses and capital allowances within a period of less than ten years and as such has no amounts disallowed.

Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

22 Financial instruments

The Group has the following financial instruments:

	2022	2021
	£m	£m
Financial assets that are debt instruments measured at amortised cost		
Trade debtors (note 17)	133.7	104.8
Amounts owed by joint ventures and associates (note 17)	1.2	0.3
Other debtors (note 17)	18.0	16.9
	<u>152.9</u>	<u>122.0</u>
	2022	2021
	£m	£m
Financial liabilities measured at amortised cost		
Bank loans, overdrafts and working capital facilities (note 20)	60.3	69.8
Finance leases (notes 18,19)	1.8	0.3
Trade creditors (note 18)	59.4	56.6
Accruals and deferred income (notes 18,19)	135.2	111.4
Other creditors (notes 18,19)	28.8	29.3
	<u>285.5</u>	<u>267.4</u>

Financial instruments are measured at fair value.

Derivative financial instruments - forward contracts

The Group enters into forward foreign contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 December 2022, the outstanding contracts all matured within 12 months (2021: 12 months).

At 31 December 2022, the Group was committed to buy AUD 170k at a fixed rate of AUD 1.7771:£1.

At 31 December 2021, the Group was committed to sell JPY 50.0m at a fixed rate of ¥155.55:£1.

Company

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(c), from presenting disclosures in relation to financial instruments on the basis that the Group prepares the equivalent consolidated disclosures.

23 Provisions for liabilities

Group

	Deferred tax liability (note 21)	Legal and product liability	Property	Total
	£m	£m	£m	£m
At 1 January 2022	1.7	2.6	11.9	16.2
Charged in the year	-	0.2	4.7	4.9
Reversed in the year	-	(1.1)	(2.3)	(3.4)
Unwinding of discount	-	-	0.1	0.1
Utilised in year	-	(0.2)	(0.2)	(0.4)
At 31 December 2022	1.7	1.5	14.2	17.4

Legal and product liability

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group including warranties, claims and other disputes. Due to the contractual nature of the Group's business, there are from time to time disputes or claims received. In preparing the financial statements, the directors assess the validity and likelihood of each new and existing claim and consider how they should be reported or provided for in the financial statements in accordance with the accounting standards. If there are claims at the end of the financial year where a settlement is considered probable and there is a reliable estimate of the expected outcome, a provision is made in the financial statements. The timing of outflows of such provisions will vary as and when claims are received and settled, which is not always known with certainty.

Property

Property provisions are made in respect of dilapidations and where contractual obligations for the costs of servicing the lease of a property outweigh the expected future economic benefits from that property. Where it is probable that the Group will not be required to settle a provision, the provision is released. These provisions are expected to be fully utilised at the end of the respective leases, which vary between 1 and 60 years. A discount rate of between 3.5% - 3.9% has been applied (2021: 0.7% - 1.1%).

24 Pension liability

The Group operates several pension schemes in the United Kingdom, the largest being the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme. The assets of these pension schemes are held separately from those of the Group in trustee administered funds. The schemes are principally funded defined benefit schemes. Liabilities are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Contributions are payable in accordance with the long-term schedules of contributions agreed with the trustees of the pension schemes and these schedules will be reviewed in light of the results of the next actuarial valuations. The long-term schedule of contributions extends to 2039. Total contributions to the defined benefit sections of these two schemes made in the year were £6.8m (2021: £13.0m).

With effect from 31 December 2005, defined benefit accrual ceased in the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme and members had the option of continuing to accrue benefits under new defined contribution sections of the schemes. In 2021, these defined contribution sections were closed and transferred into the Legal and General Master Trust.

The latest available formal comprehensive actuarial valuations of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme were carried out as at 31 December 2020 by Aon Solutions UK Limited. Based on this data, the value of the schemes' liabilities has been updated by Lane Clark & Peacock LLP to assess the liabilities of the schemes at 31 December 2022 for the purposes of FRS 102. Scheme assets are stated at their market value at 31 December 2022.

The disclosures for all of the Group's defined benefit arrangements are aggregated below.

Total contributions made in the year to defined contribution schemes were £8.1m (2021: £8.5m).

The key financial and other assumptions used to calculate the schemes' liabilities are:

	2022	2021
Rate of general increase in salaries	3.05%	3.28%
Rate of increase in pensions in payment	2.87%	3.03%
Rate of increase in deferred pensions	2.45%	2.71%
RPI inflation rate	3.05%	3.28%
Discount rate	4.94%	1.88%

A review of mortality for scheme members was conducted in preparation for the actuarial valuations as at 31 December 2020 and the demographic assumptions used in assessing the FRS 102 liabilities reflect this review. For these schemes, the following life expectancies have been used:

	2022	2021
Retirement in this year for male pensioners at age 65	21 years	21 years
Retirement in 2042 for male pensioners at age 65	22 years	22 years
Retirement in this year for female pensioners at age 65	23 years	23 years
Retirement in 2042 for female pensioners at age 65	24 years	24 years

The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Group's UK schemes have been calculated by adjusting the standard mortality tables to reflect the characteristics of the workforce.

In line with prior years, it has been assumed that at retirement, members commute some of their pension for cash. Based on the schemes' current commutation factors, it has been assumed that members will commute 20% of their pension on retirement.

Unipart Group of Companies Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

24 Pension liability (continued)

Minor changes in key assumptions may have a material impact on the quantum of the pension deficit.

Group

The fair value of total scheme assets was:	2022	2021
	£m	£m
Equities/absolute return funds	55.2	71.0
Government bonds	110.2	133.3
Corporate bonds	144.2	157.3
Property/infrastructure	117.3	103.7
Other	154.2	195.8
Total fair value of assets	581.1	661.1
Present value of funded pension plans' liabilities	(719.8)	(1,081.7)
Deficit in funded plans	(138.7)	(420.6)
Unrecognised assets due to surplus restriction	(28.8)	-
Total deficit in plans	(167.5)	(420.6)

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities	Assets	Total
	£m	£m	£m
At 1 January 2022	(1,081.7)	661.1	(420.6)
Scheme administration costs	-	(1.0)	(1.0)
Current service cost	(0.5)	-	(0.5)
Interest (cost)/income	(20.0)	12.1	(7.9)
Contributions by members	(0.2)	0.2	-
Contributions by Group	-	8.1	8.1
Benefits paid	34.3	(34.3)	-
Actuarial gain	348.3	(65.1)	283.2
At 31 December 2022	(719.8)	581.1	(138.7)

Scheme assets include an interest in shares in the Company valued at £16.0m (2021: £16.0m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a loss of £53.0m (2021: gain of £72.4m).

The Consolidated Profit and Loss Account includes the following amounts:

	2022	2021
	£m	£m
Current service cost	(0.5)	(0.6)
Scheme administration costs	(1.0)	(0.9)
Interest costs	(7.9)	(7.1)
	(9.4)	(8.6)

As explained in the Financial Review, using the best estimate discount rate of 6.4% whilst maintaining all other assumptions, would have resulted in a reported pension deficit of £71.8m.

The Group has not recognised a pension asset of £28.8m (2021: £nil) in relation to pension schemes where the trust deed and rules indicate that any surplus is unlikely to be repaid to the Group when that scheme is ultimately wound up.

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Notes to the Financial Statements For the Year Ended 31 December 2022

24 Pension liability (continued)

Company

The Company operates the Unipart Group Retirement Benefits Scheme. The fair value of total scheme assets was:

	2022	2021
	£m	£m
Equities/absolute return funds	5.7	8.8
Government bonds	17.2	16.4
Corporate bonds	25.1	28.8
Property/infrastructure	24.6	22.0
Other	12.8	19.6
Total fair value of assets	85.4	95.6
Present value of funded pension plan's liabilities	(95.3)	(136.0)
Total deficit in plan	(9.9)	(40.4)

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities	Assets	Total
	£m	£m	£m
At 1 January 2022	(136.0)	95.6	(40.4)
Scheme administration costs	-	(0.1)	(0.1)
Interest (cost)/income	(2.5)	1.8	(0.7)
Contributions by Company	-	1.0	1.0
Benefits paid	6.2	(6.2)	-
Actuarial gain/(loss)	37.0	(6.7)	30.3
At 31 December 2022	(95.3)	85.4	(9.9)

Scheme assets include an interest in shares in the Company valued at £3.8m (2021: £3.8m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a loss of £4.9m (2021: gain of £10.8m).

The Company Profit and Loss Account includes the following amounts:

	2022	2021
	£m	£m
Scheme administration costs	(0.1)	(0.1)
Interest costs	(0.7)	(0.7)
	(0.8)	(0.8)

Total contributions made by the Company in the year to defined contribution section of the Company's schemes were £nil (2021: £nil).

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Notes to the Financial Statements For the Year Ended 31 December 2022

25 Called up share capital

The share capital comprises 'A', 'D' and 'E' Ordinary shares of ½p each. Each share, irrespective of class, has the same dividend entitlement and has one vote at a general meeting. On a return of capital on liquidation or otherwise, the assets of the Company available for distribution amongst shareholders shall be applied in paying pro-rata to the holders of the 'A' Ordinary shares the sum of ½p per share and to the holders of the 'D' Ordinary shares and the 'E' Ordinary shares the sum of 1p per share and thereafter, pro-rata to the nominal value of shares held by them.

Group and Company	2022	2021
	£m	£m
74.3 million (2021: 74.3 million) 'A' Ordinary shares of ½p each	0.4	0.4
5.6 million (2021: 5.6 million) 'D' Ordinary shares of ½p each	-	-
1.7 million (2021: 1.7 million) 'E' Ordinary shares of ½p each	-	-
	0.4	0.4

No individual shareholder is able to exercise control and, as a result, the directors do not consider there to be an ultimate controlling party.

26 Reserves

Share premium account

The share premium account represents amounts received above par value in return for shares in the Company.

Capital redemption reserve

The capital redemption reserve is non-distributable and represents amounts that have been transferred following the purchase of the Company's own shares.

Revaluation reserve

Revaluation reserve represents accumulated revaluation gains and losses for the year and prior years.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

Unipart Group of Companies Limited

Notes to the Financial Statements
For the Year Ended 31 December 2022

27 Notes to the cash flow statement

	2022 £m	2021 £m
Profit/(loss) after tax	24.4	(3.5)
Adjustments for:		
- Tax on profit	6.5	2.3
- Net interest expense	10.7	9.0
- Exceptional items	(28.0)	4.4
- Income from interests in associated undertakings	(1.4)	(2.6)
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items	12.2	9.6
Amortisation of intangible assets	1.9	1.8
Depreciation of tangible assets	4.4	3.8
Working capital movements:		
- Increase in stock	(5.5)	(15.2)
- Increase in debtors	(27.8)	(11.2)
- Increase in creditors	22.6	3.0
- Increase in provisions	2.7	2.3
Cash relating to exceptional items	(4.5)	(4.4)
Difference between pension service charge and cash contributions	(6.6)	(13.4)
Unrealised foreign currency gains and losses	(0.3)	0.7
Net cash used in operating activities	(0.9)	(23.0)

Total defined benefit contributions in the year were £8.1m (2021: £14.9m).

Analysis of changes in net cash

	1 January 2022 £m	Cash flow £m	Non-cash movement £m	31 December 2022 £m
Cash at bank and in hand	57.7	6.1	1.6	65.4
Bank overdrafts	(14.5)	(2.5)	(0.1)	(17.1)
Cash and cash equivalents	43.2	3.6	1.5	48.3
Debt:				
Finance leases	(0.3)	(1.5)	-	(1.8)
Debts due within one year	(28.4)	(1.9)	(1.0)	(31.3)
Debts falling due after more than one year	(26.9)	15.3	(0.3)	(11.9)
Total debt excluding cash and overdrafts	(55.6)	11.9	(1.3)	(45.0)
Net (debt)/cash	(12.4)	15.5	0.2	3.3

Non-cash movements relate to the amortisation of issue costs and foreign exchange movements.

Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

28 Financial commitments

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Guarantees for export trading and loan facilities	0.9	1.2	-	-

Under the Group's banking arrangements, the Company, together with certain of its subsidiary undertakings, has given security, by way of fixed charges over certain assets, to guarantee bank loans provided to the Group. The amount guaranteed by the Company outstanding at 31 December 2022 was £6.4m (2021: £16.5m).

29 Operating lease commitments

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2022 £m	2021 £m
Expiry date		
Within 1 year	32.6	32.6
Between 2 and 5 years	77.6	72.5
More than 5 years	42.9	21.6

The Company had no operating lease commitments at 31 December 2022 (2021: £nil).

30 Related party transactions

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	2022 £m	2021 £m
Entities over which the Group has joint control or significant influence		
Sales to related parties	4.4	5.3
Purchases from related parties	0.5	0.2
Payments made on behalf of related parties	7.7	8.3
Balances due from related parties (note 17)	1.2	0.3
Dividends from related parties	2.5	3.4

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made by the Group for doubtful debts in respect of the amounts owed by related parties.

Information regarding transactions with key management personnel is included in note 11.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(e), from disclosing transactions with other wholly-owned Group companies and from representing disclosures in relation to key management personnel on the basis that the Group prepares the equivalent consolidated disclosure.

Family members of either directors or key management personnel were employed by the Group during the year and were each paid a salary appropriate for the tasks and responsibilities of their roles. The positions of these family members employed during the year were: Group Innovation Director and Managing Director for the Heat Exchange businesses; Chief Digital Officer; Director of Operational Excellence and Digital Delivery; Operations Manager; Member of the Learning & Development team in Unipart's consultancy business; and Head of Forum.

31 Post balance sheet events

An agreement was signed on 15 November 2022 to exchange contracts on the sale of Intertruck Benelux B.V. and Unipart Property Netherlands B.V. to a third party, with completion dates of 14 February 2023 and 3 April 2023 respectively. As such, this represents a non-adjusting post balance sheet event.

On 28 February 2023, the Group sold its entire interest in Westcode (U.K.) Limited. As this happened after the balance sheet date it represents a non-adjusting post balance sheet event.

After the Balance Sheet date, the Group entered into an agreement to renew its major UK banking facility. The new facility is secured by fixed and floating charges over certain of the Group's assets and is committed until March 2027.

Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

32 Group undertakings

32.1 Subsidiary undertakings

At the year end, the Group's subsidiary undertakings were as set out below. Unless otherwise stated, the holdings are 100% of the voting rights and shares.

Distribution and logistics management

Europe and the Middle East

VWA Van Wezel Autoparts GmbH	Austria
Schloßmühlstraße 15b, 2320 Schwechat, Austria	
Serck Services (Bahrain) EC	Bahrain
PO Box 3214, Manama, Bahrain	
Unipart NV	Belgium
Soldatenplein Z2, Industriepark 3300, Tienen, Belgium	
Van Wezel Autoparts NV	Belgium
Soldatenplein Z2, Industriepark 3300, Tienen, Belgium	
Comms Design Limited *	England
Instrumentel Limited (87%) *	England
Park Signalling Limited *	England
Samuel James Engineering Limited *	England
Unipart Accelerated Logistics Limited *	England
Unipart Exports Limited *	England
Unipart Group Limited * (i)	England
Unipart Logistics Limited *	England
Unipart North America Limited *	England
Unipart Rail Limited *	England
Unipart Security Solutions Limited *	England
Westcode (U.K.) Limited *	England
Van Wezel GmbH	Germany
Südfeld 7, 59174 Kamen, Germany	
Intertruck Benelux BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands	
Van Wezel Nederland BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands	
Serck Services (Oman) LLC (49%) (ii)	Oman
PO Box 1056, Ruwi 112, Sultanate of Oman	
Unipart Logistics LLC	Saudi Arabia
Integrated Logistics Bonded Zone, Building 8791, 105th Street, Riyadh, 13442, Saudi Arabia	
Unipart Services Spain, S.L. [in liquidation]	Spain
Avenida del Sistema Solar, 19, Nave 5 y 6, San Fernando de Henares, 28830, Spain	
Intertruck Holding Limited	UAE
Level 15 Rolex Tower, Sheikh Zayed Road, Dubai, UAE	
Serck Services (Gulf) Limited (49%) (ii)	UAE
PO Box 5834, Sharjah, UAE	
Serck Services Company LLC (49%) (ii)	UAE
PO Box 4439, Abu Dhabi, UAE	

Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

32 Group undertakings (continued)

Africa, Americas and Rest of the World

S3 Technical Pty Ltd (75%)	Australia
111-113 Newton Road, Wetherill Park, NSW 2164, Australia	
Unipart Group Australia Pty Limited	Australia
111-113 Newton Road, Wetherill Park, NSW 2164, Australia	
Unipart Services Canada Inc.	Canada
400 - 725 Granville Street, PO Box 10325, Vancouver BC V7Y 1G5, Canada	
Unipart Logistics (Suzhou) Trading Co., Limited	China
Room 901, 9th Floor, Xian Dai Logistics Tower, No.88 Xian Dai Avenue, Suzhou Industrial Park, China	
Unipart (Suzhou) Logistics Co., Limited	China
Room 901, 9th Floor, Xian Dai Logistics Tower, No.88 Xian Dai Avenue, Suzhou Industrial Park, China	
Unipart Services India Private Limited	India
Office No. 224, Sector 30-A, Platinum Techno Park, Vashi, Navi Mumbai - 400703, Maharashtra, India	
Unipart Kabushiki Kaisha	Japan
6F Seifun-Kaikan, 15-6 Nihonbashi-Kabutocho, Chuo-ku, Tokyo, 103-0026, Japan	
Rail Supply Chain Services Malaysia Sdn Bhd	Malaysia
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpur, Malaysia	
Unipart Rail Malaysia Sdn Bhd	Malaysia
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpur, Malaysia	
UL Logistics Pty Ltd	South Africa
30 Helium Road, Rosslyn, Gauteng, South Africa, 0200	
Unipart Korea Yuhan Hoesa	South Korea
8th Floor, Royal Building, 5 Dangju-dong, Seoul, South Korea	
Serck Services Inc	USA
5501 Pearl Street, Denver, CO 80216, USA	
Unipart Services America Inc	USA
1209 Orange Street, Wilmington, DE 19081, USA	
Westcode Inc	USA
223 Wilmington, West Chester Pike, Suite 105, Chadds Ford, PA 19317, USA	
Intertruck Africa Limited	Zambia
Plot 6940, Buyantanshi Road, Lusaka, Zambia	

Manufacturing and engineering solutions

Metlase Limited *	England
Serck Services UK Limited *	England
Unipart Construction Technologies Limited * (i)	England
Unipart Powertrain Applications Limited *	England

Group vehicle and property holding companies

LGUA17 Limited *	England
UGC Properties Limited * (i)	England
Unipart Fleet Services Limited *	England
Unipart Property Netherlands BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands	

Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

32 Group undertakings (continued)

Intermediate holding companies

UGC(2015) Limited * (i)	England
Unipart Advanced Manufacturing Limited *	England
Unipart Manufacturing Limited *	England
Unipart International Holdings Limited *	England
Unipart Group Holdings Limited * (i)	England
Unipart Rail Holdings Limited * (i)	England
UGC Holdings BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands	
UNV Invest BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands	
Unipart Rail Holdings (North America) Inc	USA
1209 Orange Street, Wilmington, DE 19801, USA	

(i) Shares held directly by the Company

(ii) These companies have been treated as subsidiaries under section 1162(4) of the Companies Act 2006. The investments are held for the long term and the Group's management takes an active role in the operational and strategic management of these companies. These operations are effectively controlled by the Group with a dominant influence being exercised over their activities.

* Registered address is Unipart House, Garsington Road, Cowley, Oxford, OX4 2PG, England

32.2 Joint ventures and associates

At the year end, the Group's interests in joint ventures and associates were as set out below. Unless otherwise stated, the holdings are 50% of the voting rights and shares.

Distribution and logistics management

UGL Unipart Rail Services Pty Limited (30%)	Australia
Level 10, 40 Miller Street, North Sydney, NSW, 2060 Australia	
ACI-Auto Components International s.r.o (29%)	Czech Republic
Dělostřelecká 190/19, Střešovice, 16200, Praha 6, Czech Republic	
Enerail Limited (34.48%)	England
West Point, Second Floor, Mucklow Office Park, Mucklow Hill, West Midlands, B62 8DY, England	
Lucchini Unipart Rail Limited (40%)	England
Ashburton Park Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	
Monirail Limited (33%)	England
West Point, Second Floor, Mucklow Office Park, Mucklow Hill, West Midlands, B62 8DY, England	
Unipart Rail ARC Middle East LLC	
19th Floor Al Nakhl Tower, 3026 Prince Mohammed Ibn Salman Ibn Abdulaziz Road, As Sahafah, Riyadh 13315, Saudi Arabia	Saudi Arabia

Manufacturing and engineering solutions

Hyperbat Limited *	England
Kautex Unipart Limited *	England

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Unipart Group of Companies Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

32 Group undertakings (continued)

32.3 Non-trading subsidiaries and associates

At the year end, the Group's non-trading subsidiary undertakings were as set out below. Unless otherwise stated, the holdings are 100% of the voting rights and ordinary shares.

Unipart Logistics s.r.o	Czech Republic
Václavské náměstí 808/66, Nové Město, 110 00 Praha 1, Czech Republic	
Dorman Traffic Products Limited *	England
Dorman Traffic Products Pension Trustees Limited *	England
EW (Holdings) Limited	England
Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England	
H.Burden Pension Trustees Limited * (i)	England
HCSU10 Limited (i)	England
Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England	
HCSU13 Limited	England
Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England	
HCSU16 Limited	England
Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England	
Key Fasteners Limited *	England
Lucchini UK Limited (40%)	England
Ashburton Park, Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	
Railpart (UK) Limited *	England
Serck Limited * (i)	England
UGC JV Pension Trustees Limited * (i)	England
UGC Pension Trustees Limited * (i)	England
UGC Retirement Benefits Trustees Limited * (i)	England
Unipart PA Trustees Limited * (i)	England
Unipart Rail Logistics Limited *	England
UGC Pension Shareholding Limited	Isle of Man
1st Floor, Sixty Circular Road, Douglas, IM1 1AE, Isle of Man	
UGC GP Scotland Limited (i)	Scotland
50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	
UGC Pension Funding LP (ii)	Scotland
50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	

(i) Shares held directly by the Company

(ii) A Scottish Limited Partnership

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