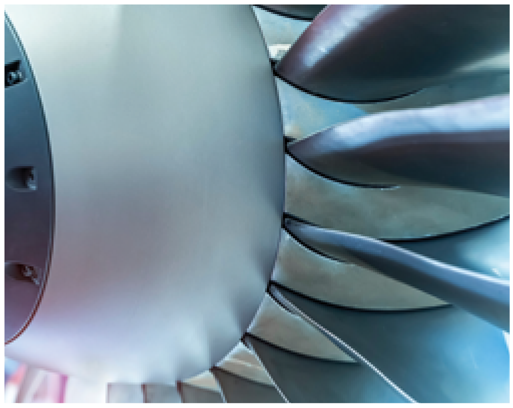
Report & Accounts 2023








We deliver supply chain solutions &
performance improvement technologies

2023 Highlights

Trading performance

TURNOVER
£1,047.9m
▲ 14.2%
2022: £917.3m

UNDERLYING PBIT
£21.7m
▲ 77.9%
2022: £12.2m

PBIT BEFORE OTHER EXCEPTIONALS
£26.5m
▲ 77.9%
2022: £14.9m

Financial strength

NET DEBT/(CASH)
£1.9m
▲ £5.2m
2022: £(3.3)m

PENSION LIABILITY
£184.9m
▲ £17.4m
2022: £167.5m

NET ASSETS
£69.5m
▼ £4.2m
2022: £73.7m

Environmental, Social & Governance

EMPLOYEE ENGAGEMENT SCORE
3.9
▲ in line
2022: 3.9

RIDDOR (Incident rate over seven days per 100,000 employees)
120
▼ 27.7%
2022: 166

CARBON INTENSITY RATIO
34.1 tCO_2e/£m
▼ 13.5%
2022: 39.4tCO_2e/£m

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UNIPART GROUP OF COMPANIES LIMITED
COMPANY INFORMATION

DIRECTORS
Bryan Jackson CBE
Mark Johnstone
Darren Leigh
Hamid Mughal OBE
John M Neill CBE
Ian Truesdale
UGC GP Scotland Limited

COMPANY SECRETARY
Benjamin Thornton

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This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2023, 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 2023.

UNIPART

John M Neill CBE

Executive Chairman

Executive Chairman's Statement

I'm pleased to report a good set of financial results for 2023. Our International business delivered strong profit growth with other sectors sustaining their performance or showing solid progress.

We continue to seize every opportunity to demonstrate to our stakeholders how we live by our philosophy originally created 50 years ago "To understand their real and perceived needs better than anyone else and serve them better than anyone else" guiding us in delivering excellent customer service. It is a privilege to support the incredible work our people do to rise to the challenges to support our customers. The innovative solutions they create and implement allow us to be the supply chain solutions and performance improvement technology partner for our customers on their journey into a technologically changing world.

This year has been one of recovery across many of the countries and market sectors in which we operate following the unprecedented events of the last few years, but new challenges continue to affect industry and society. We have all been faced with geopolitical and economic uncertainty, high inflation, increased cost of borrowing, supply chain disruption and decoupling and higher commodity costs. Unipart, had to face these risks just as everyone else but we remain determined to avoid a single point of failure for our Company by operating in multiple sectors, multiple geographies, multiple technologies serving multiple clients all designed to secure and protect Unipart's future prosperity for all its stakeholders.

This year has also been Darren Leigh's first as Chief Executive Officer. I have been very encouraged and pleased with his unwavering commitment to our guiding philosophy and his passion for The Unipart Way. We agreed that we should build on our past success whilst continuing to evolve and reinvent our business to participate in the future. In 2023 he continued to focus on the financial performance of the business while refining our business model to sustain the progress that has been achieved, making important changes and appointments to the Executive Leadership Team. They too are united around keeping The Unipart Way at the heart of everything we do.

Unipart has a thriving blue chip customer base, engaged colleagues and a clear ambition to be the supply chain solutions and performance improvement technology partner for our customers in all our markets. We achieve this with an unambiguous commitment to our unique way of working, The Unipart Way, which is demonstrated in the way we think, work and behave to deliver our customer promise. Our culture and values are central to our history and future, and, through the use of The Unipart Way, we have achieved outstanding levels of employee engagement, operational excellence and customer engagement. Using The Unipart Way, and our Faculties on the Floor we ensure our colleagues are actively learning and growing by developing the knowledge, skills and experience to unlock their potential to serve our customers and grow and develop as individuals. I am especially proud of all our colleagues' willingness to go the extra mile, delivering continuous improvement and going above and beyond to meet the needs of our customers. I believe this has and will continue to differentiate us from the competition.

While we aim to continuously grow, deliver, and innovate, it is crucial that this is done so in a responsible, safe and sustainable manner and I am delighted Unipart has been awarded the highest possible honour for both safety and sustainability by the British Safety Council once again. This demonstrates our dedication to constantly adapting and evolving our ways of working to maintain a consistently high, market-leading standard in health, safety, and environmental sustainability.

Unipart's commitment to achieving net zero by 2040 requires us to integrate environmental considerations into all levels of decision making in our business. In 2023, our ambitious near- and long-term greenhouse gas emissions reduction targets were validated by the Science Based Targets Initiative, adding external transparency and assurance to our net zero objective. Our investments in green technology are not only driving down our own emissions, but benefiting our customers, suppliers, and communities, helping them to address the climate emergency. This demonstrates our urgency and commitment to ensuring sustainability across our business and will be at the forefront of our colleagues' minds as they seek out opportunities to reduce the impact of climate change for society and future generations.

The Board

Unipart was an early pioneer of the stakeholder business model, building a culture of doing business the right way and taking the long-term view and this ethos remains paramount to the Board. The Board provides leadership to ensure our business is performed in a responsible and sustainable manner with the sound governance expected by our stakeholders. The Board will continue its strategic focus on reinventing our business to participate in the future and drive the strategy by supporting and challenging the Executive Leadership Team. I would like to thank the Board for their dedicated commitment and contributions to Unipart's success.

In September, I was pleased to welcome Mark Johnstone to the Board as an additional Non-Executive Director. Mark is the former CEO of Signature Aviation plc and brings extensive strategic and operational experience across a range of global markets and sectors. My Board colleagues and I look forward to working with Mark as we continue to grow and reinvent our business to develop the next generation of products, services, and solutions to meet the needs of a faster changing world.

Outlook

As we look to build on the Group's positive performance in 2023, we are in no doubt that the economic environment will remain challenging and uncertain given current worldwide events and so we will work hard to identify and address both the risks and opportunities. I continue to believe all businesses must become technology businesses and lead the adoption of both Industry 4.0 technologies and Generative AI.

We are fortunate in having an employee population who are both receptive and keen to embrace change and during 2024 we will accelerate the deployment of the growing range of Generative AI tools to colleagues at every level in our Company. The Unipart Way and our Digital Communication Cells provide the blueprint through which we can all learn and harness the power of this extraordinary technology every day. I'm pleased that we have been able to develop our own Large Language Model based on open-source tools and technologies and that we can count ourselves amongst the leading companies developing this capability.

We have continued our commitment to the green economy and have brought numerous products and services to the market which use digital technologies to assist with the reduction of emissions and carbon.

On a final note, I would like to thank every one of our colleagues for their commitment to Unipart, to continuous improvement and to our customers. A powerful illustration of this commitment are the many stories we celebrate at our Mark in Action award ceremonies during the year. At the time of our buyout, we set a corporate goal to make the Unipart brand the mark of outstanding personal customer service and our Mark in Action award program recognises teams and individuals who go beyond the normal call of duty to live up to this goal. I was delighted to welcome many past winners to celebrate the 35th anniversary of Mark in Action celebrating more than 3,600 individuals who have won the award, which is independently adjudicated by our external judges.

I look forward to us all working together in 2024 to realise the exciting opportunities which lie ahead.

John M Neill CBE

Executive Chairman 28 March 2024

Chief Executive Officer's Review

Darren Leigh

Chief Executive Officer

When I was appointed Chief Executive Officer just over a year ago, my main aim was to build on Unipart's long track record of success to promote transformation and growth as we move into a new technological age.

I am therefore delighted our 2023 performance was one of the strongest years on record, delivering our strategic imperative of accelerated margin accretive revenue growth despite the wider economic uncertainty. Not only have we surpassed £1bn in revenue during 2023, we have also introduced more than 3,000 colleagues to Unipart and have delivered numerous strategic projects for new and existing customers.

In the last few years we have faced numerous market and external headwinds which have affected global economies and supply chains, and have required businesses to rethink how they are responding to customer needs and positioning themselves in the marketplace. Unipart has a culture of reinvention and one which allows us to respond to such challenges with agility and speed. As a result, we've seen growth across our operations gaining momentum through the year to take us into 2024 in a very strong position.

Group turnover increased to £1,047.9m (2022: £917.3m), delivering Group underlying profit before interest and tax of £21.7m (2022: £12.2m). It is a strong achievement to increase turnover by more than £100m and almost double profits in only 12 months, and I am pleased to report we have closely managed cash flow for the year to enable us to retain the capital to invest in Unipart's continued growth in the future.

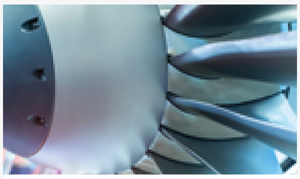
In 2024 we will celebrate 50 years since the creation of the Unipart brand. This provides an opportunity for collective contemplation and reflection on the journey Unipart has made up to today and the prosperous and purposeful future we have ahead of us. This landmark occasion creates a renewed focus on future growth for all our colleagues.

During 2023, we refined our strategy to ensure all our leaders are clear on our roadmap for growth and the actions needed to achieve it, with the results unequivocally showing we are on the right path. The Unipart Way Forward Plan will harness the talents and enthusiasm of all our colleagues across the business to implement continuous improvement, innovation and automation to deliver success both within our business and for our customers. The Unipart Way Forward Plan is set out in more detail in the Strategy section of this report on pages 12 to 15.

Chief Executive Officer's Review

Unipart has developed and diversified to address the needs of a wide range of world-class 21st Century organisations across our core seven market sectors in the UK and internationally. We've become a leader in delivering supply chain solutions and performance improvement technologies to blue chip companies all over the world. These companies and many others have trusted Unipart to deliver products, services and solutions that differentiate them from their competitors, which continuously improve and deliver increasing levels of value.

Automotive



Aerospace & defence

Technology

E-Commerce, consumer & retail

Healthcare

Rail & public transport

Industrials

The Covid-19 pandemic and resulting macroeconomic instability demonstrated the fragility of global supply chains, and with conflict in the Middle East and around the Red Sea, further turbulent times lie ahead for the supply chain industry. Using The Unipart Way, we have successfully managed our way through each of these external events and disruptions. Unipart combines world-class performance improvement disciplines from its manufacturing and logistics heritage, with a powerful culture of employee engagement and personal development. As a result, The Unipart Way has been combined with new technologies such as predictive analytics, business information systems and condition-based monitoring to transform supply chain management. This innovative approach builds resilience, cost effectiveness and agility into our supply chain solutions and performance improvement technologies.

This has delivered innumerable benefits to customers who have repeatedly committed to long-term relationships with Unipart. With a portfolio of hundreds of supply chain products, services and solutions created through innovative problem-solving and technology development programmes across our sectors, Unipart continues to deliver 'above and beyond' performance for our customers around the world.

The Unipart Way is at the heart of everything we do and is demonstrated in the way all of our colleagues think, the way we work and the way we behave. It is vital in the way it guides us in achieving our strategic imperative, engaging and empowering all of our colleagues to take the lead in implementing new and innovative solutions and delivering on our customer promise.

In 2023, in order to expedite the development and usage of new technologies across Unipart, we created a dedicated Technology Working Group to specifically focus on how we are advancing our use of technology internally and in the products and services we sell. We have identified four key technology themes for Unipart: automation, data science (including machine learning, artificial intelligence and statistical analytics), digital twinning and sensors which we will leverage to transform our warehousing services to become a technology-led logistics partner. To enable the adoption of technology-enabled solutions at all of our sites, we have a dedicated automation team in place to support delivery and implementation.

Unipart has brought several new products to market in 2023 which support our innovation aims and also align to our sustainability objectives, including Eco Insight, a tool which allows businesses to use technology to monitor energy usage and easily identify opportunities to reduce inefficiencies; a Laser Cut Reinforcement technique which allows products to be developed for the construction industry which require less carbon, less time and less cost than traditional products; and Smart Bench, a digitally-enabled assembly workstation, which improves productivity, agility, quality, safety and traceability.

Our challenging sustainability objective of being carbon net zero by 2040 remains unchanged and will require us to be innovative and agile in its delivery. Sustainability considerations are integrated into all decision making at Unipart in order for us to assess impacts on our decarbonisation journey. In 2023, we have made progress in developing our strategy for delivering growth in the green economy, by harnessing green technology and tailoring a suite of new products and services to enable our business and our customers to further reduce our carbon footprint. This year we have also carried out climate risk assessments across our locations to consider both the physical and transitional risks that could hinder our business in achieving success and in reaching net zero. Further information is provided in the Sustainability report on pages 22 to 25. I am pleased to say that although no business can fully predict how the world will change in the next 50 years, we are confident we are already well on course to taking the actions that will mitigate the risks we face.

Unipart's guiding philosophy is to understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else. This has been rewarded this year with multiple opportunities to extend the services we provide to new and existing customers.

Volkswagen Group

We also extended our contract with Volkswagen Group UK for another three years, taking us to the end of 2026. Over the past five years, despite the challenges of the pandemic, Unipart has delivered year on year service improvements for Volkswagen Group UK.

This is an exciting opportunity to further develop our growing partnership, with Unipart and Volkswagen Group UK fully aligned on quality, cost and delivery objectives. We are also looking forward to working in partnership to deliver new sustainability targets as the business transitions to an electric vehicle future.

BMW

After a successful five-year partnership, we were awarded a contract extension to 2026. This will allow us the opportunity to build our growing relationship and deliver on several key priorities for BMW Group, including migrating new lines to our Cowley Distribution Centre and an industry-leading system implementation.

Scania

We have been awarded a new business contract with Scania, part of the Volkswagen TRATON Group, and a major manufacturer of commercial vehicles, specifically heavy duty lorries, trucks, and buses.

Luxury sports car manufacturer

Unipart won a new three-year contract to deliver aftermarket logistics services for a luxury sports car manufacturer. Australia is a key market for the customer who partnered with Unipart because we were able to demonstrate our extensive expertise in personalising services to deliver for our customers in the automotive sector.

Porsche

Unipart won a three-year contract with Porsche in China to provide warehousing, customer service and transport management services for Porsche marketing and merchandise materials, from a new warehouse in Kunshan, China. The services will be enabled by the implementation of a new, Unipart in-house developed, warehouse management system.

Porsche has chosen to partner with Unipart because we demonstrated our extensive expertise and ability to digitise our services in China, and within the automotive sector.

Major UK car manufacturer

Unipart was awarded a five-year contract to support a major UK car manufacturer's strategy in the Asia Pacific region via the provision of aftermarket services from an expanded warehouse footprint in Narita, Japan. Under the contract, which went live in December, we are integrating a number of existing aftermarket services, customer service and finance services for the customer in the Asia Pacific region.

We have demonstrated our commitment to outstanding customer service and passion for their customers over many years, which has enabled us to secure this exciting new business and strengthen our close and long-standing relationship.

Vodafone

We extended our 24-year partnership with Vodafone for a further three years. Vodafone has chosen us as a long-term partner as they recognise how our colleagues consistently put The Unipart Way at the heart of how they think, work and behave. We have demonstrated to Vodafone we can serve them and their customers better than anyone else and exceed the agreed service levels because we have engaged people who deliver excellent performance. Our colleagues continually improve and innovate, solve problems at their own level and react quickly and efficiently to Vodafone's changing requirements.
From July, under the new contract, we began to manage Scania's entire aftermarket outbound freight operations in China and provide a 4PL solution involving the appointment and management of a preferred transportation supplier, to ensure the seamless distribution of products held in Scania's Regional Distribution Centre in Shanghai, to all retailers across the country.

G.Network

Unipart has won a multi-year contract with full fibre broadband provider G.Network. The new contract, which went live in July, sees Unipart deliver end-to-end field service solutions to support all of the products required by G.Network's engineers, including tools, equipment, cable and routers.

G.Network selected Unipart as a 'journey partner' to design, implement and improve the supply chain solutions necessary to accelerate the next phase of their exciting business growth and sustainability commitments. Unipart's approach to innovation, sustainability and process excellence gives G.Network the confidence that we are the ideal partner to support an efficient and scalable supply chain to realise their growth ambitions.

New repair solution for a leading technology company

Unipart further extended the range of services it provides to a leading technology company, with the successful relocation of their business to a brand new, larger site in the UK. The new site provides significant operational scale and opportunity for expansion and additional services well into the 2030s as well as supporting the ongoing environmental/sustainability agenda of both Unipart and our customer.

Employee engagement

At Unipart we believe 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 who feel appreciated and are motivated to go the extra mile, deliver for our customers and contribute to Unipart's long-term success.

Each year we take the time to understand how our colleagues feel about working at Unipart by conducting our annual employee engagement survey.

This year, 85% of colleagues invited to participate took the opportunity to have their say, a significant increase on the previous year equating to an additional 1,000 colleagues providing feedback on what it is like to work for Unipart and how engaged they feel. Without this level of input, we are unable to do as much as we possibly can to improve the lives of our colleagues. I would like to say a huge thank you to everyone who responded.

I was delighted to see Unipart's results continue to exceed overall UK trends, with both satisfaction and engagement scores maintaining their position from 2022. In Unipart, we achieved 30% active engagement, whereas the global average for actively engaged people is 23%. Last year, following feedback around growth and development, we focused on developing more active engagement between line managers and their colleagues on a one-to-one basis, which has resulted in an improved score on this metric in 2023.

As research shows, engagement is mainly driven by daily interactions and experiences. To support this, we have developed the Unipart CARE framework, which is our local recognition programme complementing the overarching and more prestigious Mark in Action award scheme, and provides consistency across our operations for rewarding those colleagues who go above and beyond each day. The CARE framework recognises those colleagues who demonstrate positive behaviours which are categorised in four key areas.

We also see a measurable difference extending from our CARE framework, ensuring we care for our colleagues, customers, community and environment. CARE outlines how we can all contribute and make a valuable difference at Unipart to make sure everyone feels respected and valued.

WE ARE UNIPART, WE MAKE A DIFFERENCE BECAUSE WE

C A R E

FOR OUR COLLEAGUES, CUSTOMERS, COMMUNITY, AND OUR ENVIRONMENT

Continually improve & Innovate

Always deliver excellence

Respectful ways of working

Encouraging and inclusive

Employee engagement is absolutely key and one of the main areas cited in colleague responses is the continued provision of growth and development opportunities which we offer through our Gate to Great programme and the newly launched senior leaders' induction, creating opportunities for all colleagues at Unipart to learn develop and grow.

Awards

I am pleased to report Unipart achieved several awards in 2023:

- Unipart became the first organisation ever to be recognised with a British Safety council 'treble' with a Sword of Honour for world-class safety, a Shield of Honour for wellbeing and a Globe of Honour for sustainability
- Unipart won an eleventh consecutive Globe of Honour for sustainability and became one of the first organisations to win the inaugural Shield of Honour for world-class workplace wellbeing
- 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 65 Swords of Honour, more than any other company in its sector
- Unipart achieved a five-star rating in the British Safety Council Environmental Sustainability audit for the eleventh consecutive year
- Unipart won Royal Society for the Prevention of Accidents (RoSPA) gold medals for the sixth year in a row, with three more gold medals for health and safety proving our commitment to a world-class safety culture.

Becoming the first organisation in the world to win the safety, sustainability and wellbeing 'treble' from the British Safety Council demonstrates Unipart's absolute commitment to long-term sustainable growth with our employees, customers and suppliers. This shows our leadership, capability and culture continue to be held up as the world-class benchmark in supply chain solutions and performance improvement technologies.

Our people

In my first full year leading Unipart as Chief Executive Officer I have taken the opportunity to visit as many of our sites around the world as possible, and it is abundantly clear our people are what make the difference at Unipart. It was an absolute privilege to see all of our colleagues in action, maintaining The Unipart Way at the heart of everything they do, to ensure we provide excellence for our customers and serve them better than anyone else. This is Unipart's unique competitive advantage and remains central to the future success of our business.

Unipart's success is testament to our people, an engaged and dedicated group of colleagues who genuinely make the difference to our customers, and I would like to thank all of our colleagues for their outstanding contribution in 2023.

I would like to thank our Executive Leadership Team for the way they have engaged our colleagues and encouraged all our people to have a growth mindset. Their leadership has enabled us to maintain a highly-engaged workforce, delivering operational excellence and outstanding customer service, which has resulted in our success in 2023 and progress against our strategic imperative.

I would also like to take this opportunity to thank our Executive Chairman, John Neill, and Unipart's Board, for their guidance and support throughout my first year as Chief Executive Officer. Unipart has a culture of doing business the right way and this ethos is paramount to ensuring we continue to be the partner of choice for our customers.

Looking ahead

We have an exciting journey ahead as we build on the momentum we gained in 2023 and use it as a platform to deliver further margin accretive revenue growth in 2024. We are starting the year with a healthy pipeline across our sectors and markets and look to seize opportunities to extend our vast portfolio of products, services and solutions to new and existing customers.

We have a clear strategy and direction, we have performance measures to keep us on track, and we have our exceptional and engaged colleagues who continually transform and evolve our business. It is for these reasons that I am convinced Unipart has a very bright future ahead. I am excited to lead Unipart on this journey and look forward to another successful year in 2024.

Darren Leigh

Chief Executive Officer

28 March 2024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LOGISTICS
UNIPAR

Strategy

This year Unipart launched The Unipart Way Forward Plan, our strategy for achieving sustainable, scalable growth with new and existing customers, leveraging and growing our portfolio of products, services and solutions to deliver on our customer promise:

"to understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else".

Our strategy is enabled by placing The Unipart Way at the heart of everything we do, engaging our people, focusing on sustainability and creating technology-enabled solutions.

Progress in 2023

In 2023, we commenced our latest reinvention launching The Unipart Way Forward Plan and took tangible steps to make progress against the goals of the plan. We refined the focus of the business to seven market sectors; automotive, rail & public transport, healthcare, aerospace & defence, technology, industrial, and e-commerce, consumer & retail, creating strategies and roadmaps for each market sector.

We defined value offerings in the marketplace, providing clarity that the products, services and solutions being provided span the end-to-end supply chain, offering supply chain solutions and performance improvement technologies. Our seven core capabilities are: consultancy, distribution & wholesale, design, engineering & manufacturing, planning & supply chain management, logistics & transportation, circular economy services, and improvement technologies.

We outlined plans for growth through cross-selling and delivering more value to customers. In support of this ambition a new CRM platform was implemented during 2023 to encourage collaboration and growth and we are entering 2024 with a very healthy pipeline of opportunities.

Our progress has been most evident in the financial results we delivered in 2023, surpassing £1bn in annual revenue and we have scaled the business in a profitable way, creating a platform for future growth and reinvestment.

THE UNIPART WAY FORWARD PLAN

The Unipart Way Forward Plan has four strategic goals:

GET CLOSER TO THE CUSTOMER IN LINE WITH OUR GROUP PHILOSOPHY

In order to fully understand our customers' businesses and how Unipart can provide excellence for them

REINVIGORATE THE UNIPART WAY

Bringing all Unipart employees together, to collaborate better

PROVIDE SOLUTIONS AND TECHNOLOGIES OUR CUSTOMERS VALUE

To leverage our unique supply chain knowledge, capabilities, assets and portfolio to provide supply chain solutions and performance improvement technologies customers need

ORGANISATIONAL SCALABILITY

Achieve front and back-office synergies to allow Unipart to scale and deliver an acceleration in margin accretive revenue growth

Focus for 2024

Unipart seeks to deliver further growth in 2024 through building strength in existing customer relationships in the UK and internationally, coupled with generating new business opportunities across our seven market sectors. Our products, services and solutions portfolio which outlines our complete customer offering will be leveraged to build holistic, integrated solutions which deliver customer value and fulfil their needs.

The Unipart Way continues to be an integral part of our culture at Unipart and the four systems: Employee Engagement, Organisational Capability, Operational Excellence and Customer Engagement will be leveraged to deliver for customers. As part of this ambition we will seek to increase capability across the group with a focus on developing a growth mindset in senior leaders and increasing capacity by removing duplication and eliminating waste in processes.

We will fully embrace continuous improvement both internally and externally with programmes to deliver process improvements and simplification across Finance, HR and IT, creating scalable back-office platforms with capacity to support future growth. This will be supported by a sustainable and disciplined approach to capital allocation in line with funding and investment plans.

The Unipart Way

The Unipart Way is a designed system at the heart of everything we do that engages every single employee within our organisation. It 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 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 projects, is unrivalled. The Unipart Way is a core part of how we demonstrate value and commitment to our customers, enabling their growth and success. This approach has allowed us to build deep and enduring relationships with many global brands. These relationships and the new customer relationships we will build are a fundamental part of successfully delivering our strategy.

Delivering our strategy is dependent on having an empowered and engaged workforce. By fostering a growth mindset, The Unipart Way unlocks our colleagues' knowledge and creativity to solve problems and supports the development of a continuous improvement culture where everyone can learn, develop and grow. Our Gate to Great development programme is available to all colleagues and provides training in a range of skills from operational to digital to management. Using these skills, every colleague in our business can drive improvements, eliminate waste and non-value adding activities, feel engaged with Unipart and create a pathway for their personal and professional growth.

The Unipart Way has always been at the heart of everything we do and evolves over time to support our strategy, in particular through our innovation and sustainability focus. New tools and capabilities continue to be deployed across Unipart and are driving high levels of improvement and efficiency. As you will see from our Operating Review on pages 16 to 21, digital tools and robotics are already being embraced across the business and their use is growing every year.

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 Technology Working Group (TWG) has a specific focus on pairing technological and engineering expertise with a deep industry knowledge to develop new solutions to meet market and customer needs. In 2023, the TWG was expanded to include members from all areas of the Unipart business. The TWG aims to provide sustainable business growth and operational efficiency, through the development and deployment of technology by leveraging the wide-range and depth of skills and capabilities from across Unipart, to deliver on our customer promise.

THE TECHNOLOGY WORKING GROUP HAS 5 WORKSTREAMS

1. TECHNOLOGY STRATEGY
2. INNOVATION
3. ENGINEERING SYSTEMS STANDARDISATION
4. DATA MATURITY
5. TECHNOLOGY GOVERNANCE

In 2023, the TWG delivered a number of successes by collaborating within the fields of data science and artificial intelligence (AI), physical automation, sensors and digital twinning, all of which form major elements within the technology strategy and product roadmaps. Examples of this include our deployment of a trackside thermal and optical recognition system which uses our proprietary AI to identify train numbers, whether cargo latches are shut and locked and any 'hot spots', such as brakes being stuck, improving railway efficiency and safety and the state of the railway compiler which enables the railway to run in degraded mode using digital twins and models to predict the effects of restrictions.

The TWG has also been driving innovation by collaborating with universities, catapult centres, small and medium sized enterprises, industry experts and our customers. These partnerships play a key role in helping us to participate in new research and development projects as well as bringing together educational and commercial forums to help develop the next generation of talent. Forming partnerships with universities in this way allows innovative projects to scale-up and 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 (AME), our collaboration with Coventry University ❶ and the UK Rail Research and Innovation Network UKRRIN hub in Doncaster ❷. All of these mechanisms provide a technology ecosystem for Unipart to ensure we continue to develop and deliver innovative products, services and solutions for our customers.

Sustainability

Our strategy and the way we work is guided by our commitment to become carbon net zero by 2040. Our aim is to reduce greenhouse gas emissions, whilst continuously improving and innovating activities to deliver productivity for ourselves and our customers. Working sustainably while still meeting the needs of our customers requires creative thinking and commitment to develop new products and solutions.

Unipart has been developing and delivering cleaner, more sustainable service solutions that reduce the environmental impact where we operate across the end-to-end product lifecycle, from design to manufacture, from supply to in-service, returns and product lifecycle and have a set of services and products that enable organisations and industries to make more informed decisions about their resources. An example of this is the most recent Growth in the Green Economy product, Eco Insight, which uses real-time data to visualise energy consumption and carbon impact, and helps businesses prioritise sustainable decision making across products, services and facilities to support the delivery of our and our customers' sustainability commitments.

Unipart published Sustainability The Unipart Way 2023 report ❸, which sets out in more detail Unipart's commitment and strategies towards a sustainable future. Further information can also be found in the Sustainability Report on pages 22 to 25.

Accelerating pace

At the core of our strategy is our desire to be agile, responsive and accelerate the speed at which we implement changes in our business to keep up with the increasing pace of change in the world. Unipart aims to demonstrate unparalleled responsiveness and agility to meeting customer demands, which has been particularly important in the uncertain economic climate of recent years where the supply chain environment has been incredibly volatile. By leveraging The Unipart Way, our engaged workforce and innovative technology solutions we demonstrated our ability to deliver for our customers in turbulent times.

Our strategy is to maintain the guiding philosophy and not just understand the real and perceived needs of our customers better than anyone else but serve them better than our competitors. This coupled with our innovation and sustainability programmes and investments will lead to an acceleration in sustainable margin accretive revenue growth.

❶ Coventry University
coventry.ac.uk/ame

❷ Network UKRRIN
ukrrin.org.uk/2021

❸ Sustainability: The Unipart Way 2023 Report
unipart.com/responsiblebusiness/corporate-responsibility

Operating Review

Unipart aspires to be the supply chain partner of choice in our chosen markets, providing supply chain solutions and performance improvement technologies and bringing innovative solutions to transform customers' supply chains across the world. Our deep understanding across multiple sectors gives us a unique perspective to identify growth potential 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.

In 2023, we accelerated growth in all of our core businesses and successfully partnered with new and existing customers to implement new contracts in the UK and overseas. Our ongoing development of products, services and solutions in traditional markets has been complemented by our Growth in the Green Economy strategy, which has allowed us to maintain our place as a leader in delivering sustainable, best-fit solutions for our customers. Our people have accepted the challenge of bringing customer-focused innovation and continuous improvements to operational efficiency into our business to deliver the strategic imperative of accelerated margin accretive revenue growth.

Automation, innovation and operational excellence

To support the successful delivery of our innovation strategy, we encourage all colleagues to have a healthy dissatisfaction with the status quo and actively seek opportunities for continuous improvement and innovation in all they do. This growth mindset is driven through our use of Digital Communication Cells, equipping our colleagues with the tools, knowledge and infrastructure to share innovative ideas and deploy best practices through our operations. This is showcased in the Advanced Supply Chain Institute (ASCI), where we bring our colleagues - as well as existing and new customers - to illustrate digital solutions, creating an environment which facilitates innovation to solve problems in a practical, engaging and inspiring learning space. More than 900 colleagues and customers visited the ASCI in 2023.

Unipart has launched several new innovative products, services and solutions in 2023 which can support our business and those of our customers in using innovation to further their sustainability and operational efficiency goals:

Eco Insight

Unipart launched Eco Insight, a monitoring solution that provides real-time energy and carbon data allowing for easy identification of inefficiencies. Sensors are used to capture energy usage in areas such as water, gas and electricity with the data being visualised for easy interpretation by the user to identify areas where energy usage and carbon production can be reduced. Eco Insight has already been implemented across multiple Unipart sites and is driving benefits and savings for Unipart and for our customers.

Laser Cut Reinforcement

During 2023, Unipart launched its Unipart Construction Technologies business providing Laser Cut Reinforcement (LCR). LCR is a revolutionary alternative reinforcement product for structural concrete applications in the construction industry. This product greatly reduces design time and enables multiple design options to be rapidly generated and evaluated on a project. The modular product itself provides for a low-cost, low-carbon, more-sustainable alternative to traditional steel rebar. LCR floor beams, optimised retaining walls and foundation modules were all physically tested during the year and the business secured its first order to deliver beams to be installed in a high-rise residential development in London.

Lead Logistics Partner

During 2023, Unipart launched its Lead Logistics Provider (LLP) proposition. The LLP proposition offers our customers a single provider managing all of their supply chain activities, taking responsibility to drive real transformation and benefits and deliver innovation across their entire global supply chain. LLP is already delivering success both here in the UK and overseas.

Our sectors

As part of The Unipart Way Forward Plan described in the Strategy section on page 13, we have identified seven key market sectors in which Unipart will focus. Activities in these sectors are as follows:

1. Automotive

The automotive industry has seen a continued shift towards electrification with original equipment manufacturers (OEMs) investing heavily in the electric vehicle (EV) transition, alongside connected vehicles and autonomous driving technologies. Sustainability also continues to be a key focus influencing design, manufacturing and supply chain processes as businesses try to evolve to meet the demands of a changing market.

Our customers continued to rely on Unipart to deliver agile, resilient and reliable performance across both production logistics and aftermarket, leveraging deep insight from powerful visibility and control tools to navigate this challenging landscape. Global supply chain challenges once again impacted production across the industry, with geopolitical uncertainty a dominant factor, but despite this disruption we continue to implement and operate effective solutions for our customers. The impact of these partnerships is evident in our ongoing achievements in this sector.

In March 2023, we successfully implemented our solution for a multinational heavy duty equipment manufacturer. Operating with around 400 colleagues across both the main warehouse facility and additional in-plant operations and transport solutions, we are exceeding key performance indicator (KPI) and financial targets and continue to deliver against the continuous improvement philosophy of The Unipart Way, driving digital transformation, sustainability and supply chain excellence.

In August 2023, we successfully renewed our contract with Volkswagen Group UK (VWG), extending the existing five-year relationship, proof of the noticeable operational performance provided. Projects for delivery in the new contract will include a new quality management system (QMS) and the introduction of an environmental management system. Over the next three years, Unipart will also support VWG in the delivery of their new IT system implementation for their parts warehouse distribution management.

It has been an active and challenging year for the implementation of new operations for a UK car manufacturer in their new UK location to become one of the largest and most-complex automotive supply chain operations in the UK. Challenges came from the complexity of the transformation, combined with external market pressures, but we are getting closer to the operational stability required to create a lean and efficient supply chain for the customer, linking into their global network including retailers and importers across 70 countries.

Unipart has continued to deliver in its longstanding relationship with McLaren, supporting the launch of a Global Retailer returns programme and both the build, and launch, of the McLaren 750S.

It was the fifth year of the six-year BMW Group contract and it is a testament to the growing partnership between Unipart and BMW Group that a contract extension to 2026 has been agreed. Unipart has worked jointly with BMW Group to implement its VZ2 migration project successfully and also to onboard SAP S/4 HANA, a pilot in the industry, delivered with no disruption to service.

Unipart, via its regional entities, significantly expanded its Asia Pacific customer base during 2023. Our China business has grown in scale and service scope with a number of new technology-driven solutions being launched during the year including a new nationwide freight service based on an in-house developed transport management system and digital reporting platform for Scania's trucks business.

Unipart China ended 2023 with a strategic win in the form of a new contract with Porsche China for the provision of warehousing and freight from a new site in Kunshan. The Porsche contract will see the first use of Unipart China's locally-developed warehouse management system.

The year has also seen strong growth in Australia in the form of a brand-new contract with Ferrari for aftersales, warehousing and logistics services. Unipart's ability to differentiate its offering, via The Unipart Way, and for Ferrari to see this in use with other Unipart clients in Australia, was at the centre of Ferrari's decision to partner with Unipart for a three-year term.

In addition to adding new customers and expanding digital service offerings, Unipart continues to extend and expand existing contracts. In 2023, a key example of this was the addition of business in Japan to Unipart's existing contract with a major car manufacturer, demonstrating once again Unipart's unique position as a partner of choice in Asia Pacific and the value of the customer engagement focus that Unipart colleagues bring to longstanding accounts.

In the US, 2023 was a year focused on development and securing key contract extensions. The Mickleton site successfully transitioned from the start-up phase at the beginning of the year to a maturing site with consistent on-target performance and a showcase rating. Operational gains were also achieved for another major car manufacturer in Chicago and Jacksonville, driven by the newly-established continuous improvement, project management and solution development teams led by the newly-hired Vice President of Operational Excellence & Innovation. These teams drove annualised continuous improvement gains of $1.4m as part of reinvigorating The Unipart Way, establishing Gate to Great cohorts and accreditation of processes. Furthermore, Unipart concluded the successful extension of contracts for the major car manufacturer in Chicago and Jacksonville, while building a significant pipeline of qualified deals and new prospects.

Unipart's Van Wezel business is a European distributor of repair and associated products. Van Wezel delivered a strong performance during 2023 with revenue growth reported across most regions. Underlying volume continues to increase year on year as the business strengthens its market position.

Unipart's Serck Motorsport operation has continued to expand its proposition and offer its clients a wide suite of products and services. The team continues to work with a number of significant customers right across the motorsport stage, including Formula One, Formula-E, Extreme-E, and The British Touring Car Championship.

Our Kautex Unipart joint venture celebrated its 25th anniversary in 2023, marking a hugely successful quarter of a century that has seen it push the boundaries of innovation and provide its solutions to global car manufacturers. State-of-the-art fuel tanks have been manufactured for 19 different vehicle models since 1998, with £50m invested in the latest robotic cells, world-class finishing stations and industry-leading traceability.

We are proud our manufacturing operations are at the forefront of innovation, whether that be ensuring right-first-time battery packs through innovative SMART manufacturing solutions to developing cobot scanning solutions for a fuel tank line.

At the end of 2023, our Hyperbat joint venture successfully expanded its manufacturing facility. This investment will increase the capacity of the business, provide a showcase facility for customers and ensure it is well positioned for future growth.

2. Aerospace & Defence

The strong bounce back from the Covid pandemic has seen a significant ramp up in global airline travel. With this trajectory predicted to rise over the next 10 to 15 years, aircraft manufacturing is set to produce some 40,000 new passenger planes by 2040. The trend is towards lighter, more-efficient, single-aisle aircraft with R&D focusing on more expansive use of advanced composites, new wing design and alternative aviation fuels. Orders for OEMs are healthy, with some reporting a 30% sales increase and order books full until 2032. The production ramp up across the aerospace sector will place a significant pressure on OEMs and tiered suppliers up and down the value stream; all will need to keep pace to remain relevant.

Our newly-awarded contract with Airbus was implemented in 2023, providing a differentiated logistics solution to support across a wide range of areas from warehouse and inventory controls, lineside delivery and kitting. This has already been extended with specialist solutions through 2023 additional storage capacity. Through the implementation of The Unipart Way, we have focused upon implementation of operational improvements, a bespoke QMS, asset management tool, digitalisation programmes and sustainability measures, as well as a wide range of employee engagement initiatives.

3. Technology

The fast-paced technology sector continues to forge ahead and the market continues to consolidate with many networks merging to achieve scale for investments and new customer solutions. Unipart is the partner of choice for these complex technology customers, the in-house outsourced partner, always evolving the supply chain aligned to the changing market and exacting customer needs.

We continue to provide excellent solutions for our customers and successfully supported Sky through their biggest ever iPhone launch in 2023, along with a number of exciting new propositions including their Sky Protect insurance solution and their first laptop offering to the market. Unipart successfully achieved process efficiencies for direct to home orders through our automated print and apply solution.

Unipart successfully renewed its relationship with Three UK for a further three years. This extension will see Unipart continue to deliver forward logistics services for all of Three UK's direct-to-consumer customer orders, business-to-business volume and shipments to Three UK's 298 retail stores. Our ability to provide strong operational performance throughout the peak period in 2023 was evident, and from mid-November to end of December, we picked, packed and shipped a record volume of parcels for Three UK's customers.

During 2023, Unipart seamlessly relocated a major technology customer to the new Magna Park South site, and this new facility supports all activities undertaken on behalf of our customer. The site infrastructure and quality of facilities supports our ongoing investment to our people, building teams to meet the growing complexity, technical requirements and customer demands locally and globally from both an operational and engineering perspective. This growth and investment in capability will allow Unipart to support service growth, innovation and deliver ongoing service excellence for years to come.

Unipart's growth with the same technology customer has also continued outside of the UK. The supply chain operation in the Kingdom of Saudi Arabia celebrated its first full year of operation and has continued to grow, successfully implementing new services adapted to the customer's dynamic needs, and expanded our partnership and operations, a trend set to continue into 2024 and beyond as the market expands.

In August 2024, Vodafone and Unipart will celebrate our 25th anniversary in partnership together, following a successful renewal in 2023 for a further three years, demonstrating our commitment to understanding Vodafone's needs better than anyone else and serving them better than anyone else. Unipart supported Vodafone through multiple new product launches in 2023 and provided 100% service levels through peak, and collectively we have worked to reduce the environmental footprint of our operation by reducing the quantity of paper, cardboard and single-use plastic consumed.

In 2023, Unipart secured a logistics contract with G.Network, continuing to expand the Network Centre of Excellence from our Cowley Distribution Centre. Unipart supply chain services include the forward and reverse logistics of broadband routers and infrastructure equipment recycling services. The Unipart Way played a vital role in the project's successful implementation. Colleague capability and upskilling of a new team was at the heart of the project, enabled through the sharing of best practice with other network operations within the business. The Digital Communication Cell supported the team's understanding of the KPIs and service levels, allowing them to solve problems at their own level with pace.

Unipart has continued to support Hyperoptic's significant growth in customer base, supporting the industry-leading net promoter scores for which Hyperoptic strives. We have used our extensive warehouse network to provide flexible storage solutions to support procurement strategies. To support Hyperoptic's wider supply chain, Unipart Consultancy has completed four phases of work to embed best practice supply chain processes and sales and operations planning.

4. E-commerce, consumer & retail

It was another successful year for our operations in this sector. We recruited and trained more than 500 agency colleagues to support inbound and outbound volumes of up to 1.3m units per week for a major national retailer. Through the use of The Unipart Way, our process efficiency ensured we could eliminate the need for night shifts during the peak period. The retailer's increased portfolio of retail stores was efficiently stocked, and this in turn led to a positive trading platform through their most critical period of the year.

In November 2023, we launched our ecommerce, consumer and retail sector proposition to the market. This, out of the box 'plug and play' solution caters for the small- to medium-sized operations by giving a flexible, commercially-viable and innovative solution that will grow with them along with the support and guidance of Unipart.

5. Healthcare

Throughout 2023, we have delivered exceptional operational performance consistently across the network for the NHS. All of our contractual KPIs have exceeded expectations, impressing our customer and our customer's customers alike.

In 2023, a number of key NHS projects have commenced, including the transition of our home delivery services from Coventry into a new facility in Daventry, along with setting up a new 400,000 sq. ft. site in Gorsey Point in Widnes and the transition of our operations from our Runcorn site into this brand-new warehousing facility. In conjunction with the operational moves, Unipart has supported the development and migration of this site to a new warehouse management system, further future-proofing our supply chain network.

Our ability to effectively deliver large projects and work with new stakeholders has expanded our network and strengthened our partnerships. Through diligent efforts, we have driven cost savings, executed high-performance operations, collaborated with NHS trusts and executed strategic projects supporting their mission to provide excellent service to customers and patients.

6. Rail & public transport

Unipart provides a wide range of transformative technology and supply chain products, services and solutions to almost all of the rail operators and many contractors in the UK rail market, as well as many customers overseas. In addition to providing customers with solutions to complex supply chain challenges, the rail business manufactures, repairs and overhauls rail equipment and has a strong and ever-growing, technology-based offering drawing on Unipart's digital capability, our links with universities and the UK Rail Research and Innovation Network (UKRRIN) hub in Doncaster, and through commercial agreements with companies that have developed disruptive technology.

Trading difficulties continued in the UK rail sector as a result of delayed spending and organisational changes within Network Rail and the lack of new train orders impacting UK rolling stock manufacturing and downstream supply chains. Challenges on multiple fronts continue to impact the sector. Whilst ridership levels and associated revenues have improved, they still remain below pre-pandemic levels. Continued industrial unrest has also hampered the industry, while rail reform delays and the cancellation of HS2 north of Birmingham are creating uncertainties in the market. Meanwhile, central government control of train operations and Network Rail has increased along with cost pressures from the Department for Transport.

However, the pressures on the industry continue to provide opportunities for Unipart to deliver performance improvements through our products, services and solutions, and through cross-selling wider Unipart capabilities, for example technology innovations such as the track circuit assistor designed in the UK was sold into the US rail market.

The infrastructure sector continues to be challenging as Network Rail Control Period 6 (known as CP6) comes to a close in Spring 2024 against a background of high inflation eroding their spending power. We are aligning ourselves with performance improvement efficiencies to support the sector in delivering higher productivity through repair, service and overhaul solutions as well as partnering with third party innovators to introduce new technology. We have had success with manufactured product sales with barrier booms to Network Rail and our biggest ever relocatable equipment building (known as an REB) being supplied into Lisburn in Northern Ireland.

Working with our technology partners we accelerated the uptake of disruptive innovations such as Fuel Active (with reported maintenance, fuel and carbon savings achieved) and Gripple, a new overhead line component that significantly reduces installation time.

Our consumables and fasteners business, which we relaunched in 2022, has increased revenues by 30% year-on-year through successful customer and supplier partnerships including Torrent Trackside. We are launching our interiors offering in 2024 with interest already received from several customers.

In 2023, we were successful in securing a number of government grants to support innovation including further development of a more robust communication network to underpin remote rail services, and scoping quantum scanning technologies in healthcare settings in our MetLase business. Comms Design's 'Request to Stop' is a digital solution that allows passengers to identify their service from the customer information provided on the kiosk and requesting the train to stop by pushing an integrated button which sends a communication to the driver to stop at this station. Beyond improving the passenger experience there are significant benefits to the operator, trains do not need to slow if no passengers are waiting, leading to increased timetable resilience, lower brake wear meaning less maintenance requirement and lower fuel consumption if trains don't need to unnecessarily slow or stop. Its deployment on the Far North Line has now saved 136 tonnes of CO_2 per annum. Further expansion of the solution is underway as we develop a National Request to Stop offering which is broader in functionality and will be deployed in Wales in 2024 bringing more environmental benefits.

Park Signalling's DiBloC product (a digital token block controller to control single line sections of the rail network) was successfully trialled during the year and received product approval from Network Rail. The first products have been sold both in the UK and overseas, including in to the construction industry where the product is used to control traffic flow and access to tunnels. In addition to DiBloC, Park Signalling also obtained product acceptance from Network Rail for its 'MT04R' remote monitoring tool that allows solid state interlocking signalling systems to be accessed remotely. The increased functionality and speed to market is expected to be a competitive advantage for the business in future.

Park Signalling also engaged with Network Rail on a degraded mode working system, a significant R&D project which will allow the movement of trains following a signal failure. The system detects the status of points so a signaller can see how they can move rolling stock through the affected area.

Internationally, 2023 has been a year of progress. In North America and Australia, we have introduced a new range of rail maintenance attachments and equipment. The equipment delivers considerable efficiency gains for track construction and renewal projects, as well as improving worker safety by reducing danger zone working and manual activities. In addition, numerous mobile elevated work platforms (known as MEWPs) have been delivered in Canada, with significant identified opportunities for further growing our yellow goods business.

Also, in North America, we supported the testing of the track circuit assistor (known as a TCA) to improve the safety on the rail network, including the design of a TCA for the Siemens ALC-42 fleet in the US.

Contracts for heating, ventilation and air conditioning system overhauls for two major rail operators in the US were also secured, building on the 2022 order from New Jersey Transit.

7. Industrials

Manufacturing development opportunities in the UK have arisen both within and outside the traditional automotive sectors with a capability to manufacture wiring harnesses established. This is quickly developing as a solution capable of supplying low-volume, complex assemblies to external customers, and with prototyping projects in the utilities sector and initial LCR product assembly in the construction sector.

Unipart's specialist heat exchange business, Serck, has seen many of its customers significantly increase their volumes, particularly in our Sharjah facility in the United Arab Emirates and our Boldon facility in the UK.

After the successful move of our UK industrial business into a much larger facility in Boldon, the team has delivered 50% revenue growth during 2023, while simultaneously enhancing our product and service offering, which has led to us now working with a number of significant blue-chip clients. Our radiator division has seen significant growth in the US market during 2023 and it continues to successfully operate in the Middle East North Africa region and in Australia.

The Gulf and UK teams have worked collaboratively to continue to develop the Turkey market during 2023. By developing strong relationships with a local agent, the team has been able to rapidly grow the proposition in Turkey over just two years to such an extent it now represents the largest single market for new-build heat exchange manufacturing.

Sustainability

Working towards our net zero and environmental targets, our efforts in reducing waste, single-use plastics, and managing energy consumption have made a positive impact on the environment. Across our UK sites, electricity consumption, general waste, dependency on natural gas and single-use plastics, were all reduced.

Using our own proprietary Eco Insight energy management system has allowed us to broaden our understanding of energy drivers and how to reduce them.

Sustainable products and services are becoming increasingly important to our customers who recognise the value we add to their sustainability efforts. For example, Unipart has introduced life cycle assessment reports for our manufactured rail products and we are identifying and working to reduce areas of high-carbon impacts. Unipart has an established portfolio of products, services and solutions that support the drive towards net zero targets in line with government legislation. Our Growth in the Green Economy strategy builds on this and supports faster identification and development of new technologies and solutions, and the continued deployment of existing solutions into the sectors we service to reduce and eliminate carbon, and deliver a step change in sustainability performance for Unipart and our customers.

Responsibility & Sustainability

RESPONSIBLE BUSINESS

Unipart is a proud advocate of the responsible business agenda and embraced the principles that underpin what is now widely referred to as ESG (Environment, Social and Governance) since we were founded 50 years ago.

Our strategy and approach has evolved over the years to reflect UK and global events and changes, but at its core the focus remains on our people, the planet and our principles. In his introduction to the Sustainability The Unipart Way 2023 report Unipart Chief Executive Officer Darren Leigh noted he has witnessed first-hand the conscientiousness our people bring to the workplace and the enormous value they place on sustainability.

OUR CARBON PLEDGE

RACE TO ZERO

Employee engagement

At Unipart, people make the difference. This is one of the fundamental principles of The Unipart Way, of which employee engagement is one of the four key systems. Unipart cannot operate and achieve its strategic goals without engaged employees who feel appreciated and motivated to deliver for customers and Unipart's long-term success. Each September, the business takes time to understand how colleagues feel about working at Unipart by conducting the annual employee engagement survey. Last year, 85% of colleagues who were invited to participate took the opportunity to have their say, with more than 9,500 comments made in response to the questions asked.

Overall, our results were positive, with both satisfaction and engagement scores maintained from the previous year's high standard. This is in contrast to the trend that overall UK engagement has declined and global engagement has remained static.

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.

We also know recognition is crucial to engagement. In 2023, we celebrated the 35th anniversary of our flagship recognition scheme Mark in Action, which recognises individuals and teams who live up to the goal of making the Unipart brand the mark of outstanding personal customer service. We also introduced our CARE recognition framework which empowers everyone at Unipart to recognise positive, inclusive, respectful behaviour that delivers excellence for customers, communities and the environment, and embody The Unipart Way values.

Health and wellbeing

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 Unipart's growth strategy.

Unipart's wellbeing programme is a holistic framework, under which sits a variety of interconnected tools and resources to educate and support, to empower and encourage the maintenance of good health. It supports the sharing of real life experiences through appropriate peer-to-peer storytelling, a powerful way of sharing information and raising awareness. We're incredibly proud the programme achieved a five star audit result in 2023 when assessed by the British Safety Council, an external validation that will continue to aid the development of our programme throughout 2024.

This framework led to the creation of the mental health first aider (MHFA) programme across Unipart, which has grown to a network of more than 250 volunteers signposting their colleagues at our sites to the appropriate resources. To support them in this activity, a workplace health needs assessment was launched as a standardised tool which enabled the creation of tailored wellbeing plans targeting key issues on a site-by-site basis. Clinical supervision sessions were introduced early in 2023 providing regular and robust support for MHFA wellbeing. We will see this develop further in 2024 with the refinement of existing safeguarding protocols.

The Group's vision of zero harm remains strong, resulting in an unrelenting focus on ensuring health, safety and wellbeing with the aim to have a workplace that promotes positive physical and psychological health, happiness and resilience encouraging our colleagues to be the best versions of themselves. Supporting our mental health programme, we have trained MHFAs to a ratio of 1:34 across Unipart and we have provided basic mental health awareness training for all colleagues through e-learning platforms. Unipart was the first organisation to be audited by the British Safety Council for health and wellbeing.

Equality, diversity and inclusion

Unipart is committed to promoting equality, diversity, and inclusion (EDI) throughout our company and across all areas including recruitment, training, development and performance management. We believe a diverse workforce operating within an inclusive workplace is not only the right thing to do but also essential to building a successful and sustainable business.

Unipart has a strong culture which underpins EDI and 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.

The recent addition of demographic information on our annual employee engagement survey helped us to identify our longest-serving employees, whilst still reporting high levels of engagement, had lower levels than other groups. This insight, along with more detailed feedback from focus groups, has enabled us to target interventions to ensure this group feels valued and respected and want to continue their important contribution to the growth and success of our company.

It is widely acknowledged attracting and retaining diverse talent is a critical element of organisational success. Across industries, organisations are evolving their attraction and development agenda to tackle 'the war for talent' and ensure they reach the widest possible range of candidates. 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 were updated to support that authentic insight and we engaged market-leading specialists to help us develop our external messaging in support of our employee value proposition. This means 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, sustainability, The Unipart Way and the opportunities on offer.

Community engagement

As a responsible business, Unipart has long strived to bring value to the communities in which it operates. Unipart Executive Chairman John Neill was a Business in the Community Board of Trustees director from 1992 to 2022, playing a key role in determining the charity's mission and purpose, while safeguarding its values.

Unipart works extensively with local charities across the UK at both an organisational and local level. We held our second Big Charity Challenge in October 2023, which saw a week of focused fundraising events across all Unipart sites to support a host of local charities nominated by our colleagues. Leading from the top, a group of senior leaders took a two-day road trip, visiting sites from across our business to take part in local events.

Outside of the Big Charity Challenge, there is no let-up in activities to benefit local communities, and every day examples of sites raising money and awareness of local charities are shared on Spark, Unipart's internal social collaboration platform.

Safety

With a strong and effective health and safety management system in place, 2023 saw Unipart maintain ISO 45001 accreditation and gain accreditation at a number of our manufacturing sites. Unipart's transport operations achieved bronze recognition in the Fleet Operator Scheme for a third consecutive year.

We were proud to be awarded three Gold the Royal Society for the Prevention of Accidents (RoSPA) awards for our safety performance and to be recognised across all of our major UK sites with a number of British Safety Council awards. We achieved five stars in the British Safety Council audit for the 11th consecutive year, scoring our highest score to date of 98.84%. We were the first organisation to achieve five stars in their supplementary wellbeing audit with a score of 98.20%. Success in these audits enabled us to apply for and win the prestigious British Safety Council Sword of Honour for safety and to become the first organisation awarded the Shield of Honour for wellbeing. By also securing the Globe of Honour for environment management and sustainability, we were the first organisation to achieve the 'treble'.

The Unipart Way ensures our safety systems are so embedded in our operations 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.

Sustainability

Sustainability is at the core of our operating strategy and at the centre of our decision making as we shape the future of our business. Unipart has been committed to the UN Race to Zero since 2021 and intends to reach net zero by 2040. In 2023, we have made additional strides in shaping our sustainability roadmap to 2030 and 2040.

In August 2023, Unipart had its near-term emissions reduction targets in scope 1 and 2 approved by the Science Based Targets initiative (SBTi), aligning with the Paris Agreement. The SBTi also validated Unipart's long-term targets in scope 1, 2, and 3, supporting the 1.5°C science-based net zero pathways by 2050 or sooner. Unipart commits to a 90% reduction in absolute scope 1 and 2 greenhouse gas emissions by 2030 from the 2021 base year, with a pledge that 75% of customers and suppliers (by emissions) will adopt science-based targets by 2027. These commitments are detailed in the Sustainability The Unipart Way 2023 report ❶ .

❶

Sustainability:
The Unipart Way
2023 Report
unipart.com/responsiblebusiness/corporate-responsibility

Unipart has reduced emissions by 23% across all scopes since 2021 (our baseline year) and is on track to deliver carbon reduction commitments. To date, Unipart has achieved this emissions reduction and overall improved environmental performance through:

- Converting the majority of UK sites to green electricity with heat management plans rolled out, and surpassing the 5% gas reduction target for 2023
- Introducing hydrotreated vegetable oil trials have saved 870 tCO_2e in the commercial fleet by replacing diesel with a more environmentally-friendly alternative
- Engaging more than 12,000 colleagues through sustainability education, site-based activities, and intranet updates on green wins. More than 1,700 colleagues completed the sustainability learning module, and a second module on carbon literacy is set for release
- Customer and supplier engagement via carbon emissions integration, supplier workshops, and progress updates
- The rollout of our own Eco Insight tool to improve the granularity and data completeness of monitoring water, gas, and electricity consumption
- Implementation of biodiversity action plans
- A second commuting survey in 2023, with more specific data on transport modes, preceding the launch of green site travel plans across UK sites in Q1 2024
- Expanding climate risk assessments across Unipart, addressing requirements outlined by the Taskforce on Climate Related Financial Disclosures, evaluating risks against specific temperatures from the near-term to the long-term. Risks associated with the transition to reduced carbon practices have also been assessed across the business. See pages 26 to 37 for more detail.

Unipart is proud to have been recognised for its sustainability efforts through several formal certifications and audits including:

- The British Safety Council Globe of Honour for sustainability for the 11th consecutive year in 2023, qualifying through passing a safety audit and showing excellent environmental management, including scoring over 95% in their Five Star Environmental Sustainability Audit, its highest rating ever
- Ecovadis Silver Award Sustainability Rating in 2023 in our rail business
- ISO 14001 certification maintained by logistics sites for more than 15 years
- Three more gold medals in the the Royal Society for the Prevention of Accidents (RoSPA) awards, with Nuneaton and Honeybourne sites achieving their fifth consecutive gold against the criteria.

Streamlined Energy and Carbon Reporting

Our chosen intensity measurement ratio is total gross emissions in metric tonnes (t) of CO_2e per million pounds (£) of UK turnover.

UK OPERATIONS	**2023**	2022
Energy consumption used to calculate emissions: (MWh)	**135,900**	130,205
Emissions from combustion of fuel (tCO_2e) (Scope 1)	**23,465**	22,515
Emissions from purchased electricity (tCO_2e) (Scope 2)	**710**	683
Total gross tCO_2e emissions	**24,175**	23,197
Intensity ratio: tCO_2e/£m	**34.1**	39.4

Task Force on Climate-related Financial Disclosures

Executive Summary

Unipart acknowledges the pressing need to address climate change and supports the recommendations and disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) which have been established by the Financial Stability Board. This is evident in Unipart's participation in 'The Business Ambition for 1.5°C' campaign initiated by the Science Based Targets initiative (SBTi). Recognising the operational risks posed by climate change, Unipart is committed to reducing emissions and implementing a decarbonisation strategy. Unipart addresses the expectation to decarbonise by setting key targets at the Group level, focusing on green technology, resource reduction and stakeholder engagement. Making substantial progress, Unipart aims to achieve net-zero emissions by 2040, guided by a robust governance strategy.

The following statement details Unipart's assessment of the potential impact to the business of risks and opportunities arising from climate change and the approach we are taking to respond.

Governance and risk management

Climate change has been identified as a principal risk to Unipart through our normal risk assessment processes and sustainability considerations are embedded in our organisational decision-making processes and risk management framework to ensure comprehensive review and challenge of both the risks and the controls in place.

The governance structure for managing Unipart's climate risks and opportunities involves review at multiple levels of the business. As described in the Risk Management statement on pages 46 to 53, overall responsibility for managing risks, including climate risks, belongs to the Board which is supported by the Executive Leadership Team who ensure appropriate processes are in place to identify, manage and mitigate the risk exposure and in turn, is supported by the Group Risk Committee to ensure effective day-to-day management and review.

Specific responsibility for coordinating Unipart's approach to climate risks and opportunities is delegated to the Chief Sustainability Officer, who is also a member of the Group Risk Committee. The Chief Sustainability Officer leads a team of sustainability champions and the Unipart environment team who meet at least once a quarter to ensure targeted focus and review of progress against environmental initiatives and carbon reduction targets.

Our approach and reaching net-zero

Our approach to sustainability and reaching net-zero is described in our Responsibility & Sustainability report on pages 22 to 25 and further information can be found in our Sustainability Report ❶.

Climate-related risks and opportunities

In 2023, Unipart reviewed the potential physical impacts of climate change on our business as well as the climate-related risks and opportunities of transitioning to a lower-carbon economy.

Physical risks

In recent years, climate scientists, economists, and energy modellers developed 'Shared Socioeconomic Pathways' (SSPs) to predict future global temperature rises from pre-industrial levels, indicating varying ease or difficulty in climate change mitigation and adaptation based on societal, demographic, and economic changes.

The below table from Carbon Brief ❷ summarises the climate scenarios:

	NEAR TERM, 2021-2040		MID-TERM, 2041-2060		LONG TERM, 2081-2100	
SCENARIO	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)
SSP1-1.9	1.5	1.2 – 1.7	1.6	1.2 – 2.0	1.4	1.0 – 1.8
SSP1-2.6	1.5	1.2 – 1.8	1.7	1.3 – 2.2	1.8	1.3 – 2.4
SSP2-4.5	1.5	1.2 – 1.8	2.0	1.6 – 2.5	2.7	2.1 – 3.5
SSP3-7.0	1.5	1.2 – 1.8	2.1	1.7 – 2.6	3.6	2.8 – 4.6
SSP5-8.5	1.6	1.3 – 1.9	2.4	1.9 – 3.0	4.4	3.3 – 5.7

Unipart has chosen to carry out physical risk assessments across our largest sites in each geographical region based on the impact of SSP3-7.0, which is explained in more detail below:

SSP3 Regional Rivalry – High challenges to mitigation and adaptation – Nationalism prioritises energy, food security over development; low investments slow progress, worsen inequalities, environmental degradation.

❶ Sustainability: The Unipart Way 2023 Report
unipart.com/responsiblebusiness/corporate-responsibility

❷ Carbon Brief
carbonbrief.org/explainer-how-shared-socioeconomic-pathways-explore-future-climate-change/

The chosen scenario presents an opportunity to explore a range of risk outcomes and appropriate mitigation strategies when faced with high challenges. This encourages Unipart to build increased flexibility in response to physical climate change risk.

We have identified the main physical risks and opportunities to the business below:

PHYSICAL RISKS

RISK

MANAGEMENT OF RISK

1 Extreme Weather Conditions

Global temperature rises trigger severe disruptions in weather conditions, leading to ecological imbalance. This elevates global exposure to 35°C+ and 40°C+ heat, heightening the risk of sudden droughts, floods, and variable wind speeds. These changes pose potential disruptions to our value chain and the delivery of products and services.

IMPACT ON BUSINESS

All businesses could be impacted by extreme weather conditions and the following main impacts could arise:

Supply Chain Disruption

Inbound and outbound transport could be disrupted including potential disruptions from transport routes being inaccessible, supplier issues causes product shortages and price inflation due to regional disasters.

NT MT LT

Risk to Physical Assets

Potential damage to buildings and other fixed assets and increased cost of maintenance.

NT MT LT

MITIGATION MEASURES

Our sustainability strategy includes:

- Optimising our commercial fleet and route planning for weather conditions.
- Evaluating our assets to ensure they are durable enough for conditions.
- Setting minimum standards for property builds to prioritise energy efficiency and self-sufficiency.
- Measure and track Safety, Health, and Environment performance data and resource consumption metrics to drive improvement actions.
- Train staff to respond to incidents, such as fire prevention training.

KEY TARGETS

- Transition commercial fleet to alternative fuels and EV.
- Property strategy to ensure alignment with regulatory standards and aim for top EPC/BREEAM ratings. Increase self-sufficiency through the adoption of technologies like solar panels, heat pumps, rainwater harvesting and green energy tariffs.
- Ensure sites hold ISO 14001 certification from the BSC to ensure Unipart has a well-established process to effectively manage environmental impacts.

Our Targets

In 2023, Unipart had its scope 1 and 2 near-term emissions reduction target approved by the SBTi as consistent with levels required to meet the goals of the Paris Agreement. The SBTi validated Unipart's scope 1, 2 and 3 long-term targets as aligned with SBTi's 1.5°C science-based net zero pathways by 2050 or sooner. Unipart will update its carbon reduction progress annually and aim to achieve net-zero greenhouse gas (GHG) emissions across the value chain by 2040. Our targets are:

NEAR-TERM TARGETS:

- Reduce absolute scope 1 and 2 GHG emissions by 90% from a 2021 base year by 2030
- Ensure 75% of our suppliers, covering purchased goods and services, and upstream transportation and distribution, will have science-based targets by 2027
- Ensure 75% of our customers, covering use of sold products, will have science-based targets by 2027.

IMPACT KEY:
NT = Near term 2021-40 - Best estimate temperature rise 1.5°C
MT = Mid term 2041-60 - Best estimate temperature rise 2.1°C
LT = Long term 2061-2100 - Best estimate temperature rise 3.6°C

Low Impact
Medium Impact
High Impact
Not Applicable

RISK

2 Heat Stress

Global temperature rises trigger increased regional average temperatures. This elevates global exposure to 35°C+ and 40°C+ heat, and increases daily average temperature experienced by colleagues on-site, with impacts exacerbated when combined with decrease in wind.

IMPACT ON BUSINESS

All businesses could be impacted by heat stress which could compromise the emotional and physical wellbeing of colleagues and strain site facilities, with the highest impact expected to be in the Gulf. The following impacts could arise:

Materials and Maintenance

Increased maintenance costs due to materials not designed for higher temperatures. Reduced durability of electronic products on-site.

NT MT LT

Working Temperature

Maintaining specific warehouse temperatures, typically of 15°C - 20°C may strain air conditioning systems, increase electricity costs, and elevate carbon output in international sites with limited access to green energy alternatives.

NT MT LT

Colleague Wellbeing

Colleagues may experience an impact on their emotional and physical health, increasing accident risk and increased absences.

NT MT LT

MANAGEMENT OF RISK

MITIGATION MEASURES

Our sustainability strategy includes:

- Restricting working during peak temperatures, reducing exposure to high heat.
- Seasonal energy management plans to reduce consumption during hot and cold spells.
- Vigilance in reviewing governmental guidance in reducing risk from heat.
- Designated areas on-site designed to store flammable/ temperature sensitive materials.
- Inclusion of average temperature in reporting to provide information to key stakeholders on relationships between weather, spend and environmental impact.
- Provision of mental heath first aiders on-site.

KEY TARGETS

- Retro-fit equipment and materials for higher temperature resilience.
- Conduct regular Life Cycle Assessments to replace materials in products. Improving durability against high heat and lowering carbon intensity.
- Regularly assess green tariffs for global sites, analysing renewable energy projections in territorial grids.
- Green Site Travel Plans promote car-sharing and public transport use, minimising individual exposure to heat-related risks associated with transportation infrastructure.
- Expand energy management plans across all sites.

LONG-TERM TARGETS:

- Maintain at least 90% absolute scope 1 and 2 emissions reductions from 2030 through 2040 from a 2021 base year
- Reduce absolute scope 3 GHG emissions by 90% from a 2021 base year by 2040.

Transitional risks

To assess our transitional risks of not meeting these emissions reductions targets, Unipart has assessed transitional risk against an SSP1 Scenario, dependent on progressive climate action:

SSP1 Sustainability – Low challenges to mitigation and adaptation – The world transitions towards sustainable, inclusive development with boosted education, health investments, and reduced consumption.

SSP1 is the scenario requiring the most proactive approach to decarbonising operations therefore allowing us to assess our preparedness in the most challenging transition scenario so we can be industry leaders in this journey. However, as it does not model warming scenarios above 1.5°C it would not have been appropriate for physical climate risk assessments which could be more severe under SSP3. The main transitional risks which could prevent Unipart reaching our net zero targets are set out below, as well as our mitigation measures and related targets:

TRANSITIONAL RISKS

RISK

1 Policy and Legal

The changing regulatory environment including mandatory decarbonisation, carbon taxes, and evolving product regulations creates added complexity and financial risk.

IMPACT ON BUSINESS

The business is likely to be impacted by increased costs which are expected to be industry-wide and affect all businesses.

Existing suppliers may not be able to offer cost-effective inputs and localised sourcing may be required.

Manufacturing changes may be required to respond to changing product regulations, including recertifying safety standards.

NT

MT LT

MANAGEMENT OF RISK

MITIGATION MEASURES

Our sustainability strategy includes:

- Annually setting targets which drive environmental progress including carbon reduction targets for Scope 1, 2 and 3 emissions which focus on carbon removal as opposed to offsetting.
- Work closely with suppliers to reduce their carbon footprint, favouring suppliers with science-based targets, and optimising route planning to reduce emissions.
- Publish carbon reporting for 2023 in line with SBTi requirements.

KEY TARGETS

- Maintain at least 90% absolute scope 1 and 2 emissions reductions from 2030 through 2040 from a 2021 base year.
- Reduce absolute scope 3 GHG emissions by 90% from a 2021 base year by 2040.
- Publish carbon reporting for 2023 in line with SBTi requirements.
- Carry out lifecycle analysis of all in-house designed and manufactured products to accurately measure scope 3 category 11 emissions and identify hotspots to drive improvements.

RISK

2 Market

Customer preference for low emissions goods and services is likely to change over time, requiring us to innovate to offer products and services that use green solutions.
There is a risk that we could lose customers if we don't innovate fast enough.

IMPACT ON BUSINESS

Unipart could potentially lose contracts or customers if our product and service offering doesn't meet their green objectives or if competitors are more successful at innovating, resulting in a loss of revenue and profits.

NT
MT LT

MANAGEMENT OF RISK

MITIGATION MEASURES

- Growth in the Green Economy strategy to build on and support faster identification and development of new technologies and solutions in order to support customers on their decarbonisation journey.
- Use of The Unipart Way to continue to understand and meet our customers real and perceived needs and deliver service excellence.

KEY TARGETS

- Ensure that 75% of suppliers, encompassing purchased goods, services, and upstream transportation, will have science-based targets by 2027.
- Ensure that 75% of customers, covering the use of sold products, will have science-based targets by 2027.
- Complete the Life Cycle Analysis (LCA) on relevant products in efforts to continue enhancing the accuracy of the scope 3 sales data and therefore emissions reduction.

TRANSITIONAL RISKS

RISK | MANAGEMENT OF RISK

3 Customers and Suppliers

Our commitment to having 75% of suppliers and customers with science-based targets by 2027 also requires strategic alignment and collaboration across the supply chain and could result in a financial risk if our partners don't share our commitment.

IMPACT ON BUSINESS

Since Unipart's Scope 1 and 2 emissions directly influence suppliers' emissions by contributing to the carbon footprint within the supply chain we could lose suppliers if our targets are not ambitious enough.

Requirement to partner with customers and suppliers to ensure Unipart's near-term, long-term and net-zero carbon reduction target is met, especially when considering longer contracts.

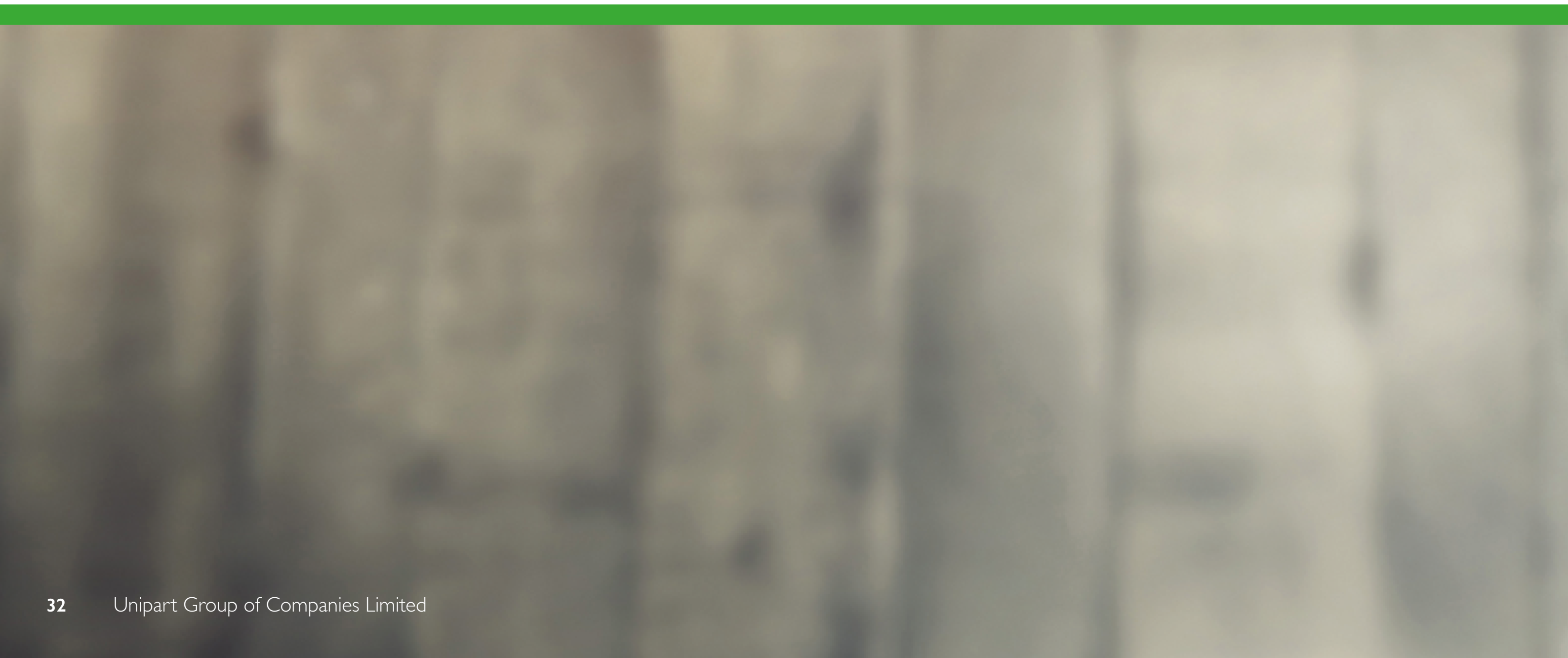
NT MT LT

MITIGATION MEASURES

- Communication and marketing campaign to update colleagues, suppliers and customers on net zero carbon target revisions and associated roadmaps.
- Introduce sustainable procurement policies aligned with ISO20400, monitoring net zero targets for customers/suppliers for scope 3 influence.
- Systemise recording of carbon data to enhance the accuracy and efficiency of scope 3 monitoring and incorporating carbon in invoicing processes.
- Engage with suppliers through annual sustainability surveys and workshop days, using tools from the Supply Chain Sustainability School.
- Embed net zero initiatives in all customer account plans and governance.

KEY TARGETS

- Ensure that 75% of suppliers, encompassing purchased goods, services, and upstream transportation, will have science-based targets by 2027.
- Ensure that 75% of customers, covering the use of sold products, will have science-based targets by 2027.
- Development of Green Procurement policy for services and products including an overarching database with customer/supplier emissions, commitments and plans and the expansion of supplier workshops.
- Incorporate sustainability and carbon reduction into our Customer Engagement system to enhance awareness and alignment with our goals.



RISK

4 People

Our employees are crucial to our success as a business and in our sustainability journey. Recruiting and retaining employees with the necessary skills to support our environmental ambitions will be essential and Unipart needs to support them to decarbonise their commuting patterns. If our colleagues do not implement sustainable behaviours we will not be able to meet our targets.

IMPACT ON BUSINESS

Potential shortage of workforce if employees believe Unipart is not a sustainable business or seek jobs with better transportation options.

Heavy reliance on government for green infrastructure accessibility may hinder employees from adopting lower-emission transport through individual choice.

Lack of uptake of decarbonised vehicles, insufficient charging infrastructure, and lack of incentives for public transport and/or walking/cycling could prevent reduction of Scope 3 emissions from commuting, increasing risk of failure to meet decarbonisation targets.

Inadequate awareness and knowledge may impede meeting targets for energy use, waste reduction, and emissions, due to lack of knowledge on the emissions and resource intensity of infrastructure.

NT MT LT

MANAGEMENT OF RISK

MITIGATION MEASURES

- Improve carbon literacy through training on environmental topics. Clear communication on initiatives and action towards consumption reduction targets.
- Implementation of EV charging infrastructure, available for colleagues and visitors to use on-site.
- Annual review of policies and commuting surveys to understand dominant transport modes and behaviours around decarbonised travel. Use to inform policies to increase the uptake of public transport, walking, cycling and electric vehicles.
- Collaboration with local authorities to knowledge share and improve affordable public transport links.
- Introduction of biodiversity action plans by site.

KEY TARGETS

- Deliver a communication and marketing campaign to update colleagues, suppliers and customers with net zero carbon target revisions and roadmaps.
- Publish Unipart's annual Sustainability report, demonstrating the focus across "People, Planet and Principles." in 2025.
- Ensure environmental sustainability is integrated into capability and gate-to-great programs, introducing new sustainability modules to the learning portal.
- Introduce Green travel plans for each site, including Cycle to Work Scheme and Liftshare App.
- Secure annual 5* audit for Globe of Honour.

TRANSITIONAL RISKS

RISK

MANAGEMENT OF RISK

5 Resource Efficiency

The demand for a shift towards adoption of green technology, electrification and changing fuel sources within the commercial fleet may bring unforeseen expectations for investment in emerging technologies, creating uncertainties in planning and resource allocation, necessitating adaptability and strategic foresight.

IMPACT ON BUSINESS

Global freight movements may face levies on high CO_2-emitting transport modes, impacting costs.

Switching to Electric and Alternative Fuel Vehicles may require upfront investment or affect margins where renewable fuels have not reached price parity.

Routes could become more challenging to access, affecting transportation logistics and potentially increasing operational challenges.

Insufficient infrastructure for consistent vehicle uptime may impact driver and logistics productivity.

NT

MT LT

MITIGATION MEASURES

- Full review of EV infrastructure and approach to fuel procurement in both the commercial fleet and at sites.
- Complementary carbon reduction actions within the commercial fleet, inclusive of route planning and utilising Fuel Active on vehicles with high mileage.

KEY TARGETS

- Switch commercial fleet to EV and alternative fuels without loss of performance.
- Establish a roadmap to 2030 for Transport and Carrier operations including vehicle/fuel options and necessary business cases that align with Scope 1 and 2 carbon reduction targets.
- Develop a Group Property strategy to ensure alignment with net zero goals and regulatory standards. This includes evaluating major risks to carbon reduction commitments and considering environmental impact in property and facilities management decisions.

Group Environmental Targets

The following targets serve as overarching Unipart aims centred on reducing emissions across all scopes and minimising environmental impact through resource consumption. Targets assigned in response to identified physical and transitional risks are derived from action plans, contributing to the attainment of the overall goal.

The table to the right shows our progress against the metrics and targets that we are currently able to measure:

*All UK sites owned by Unipart have been switched to green electricity, the company has set a target in 2024 to understand viability and options for leased and international sites to adopt green electricity tariffs.

**Unipart has successfully trialled greener fuel sources in previous years, the focus for 2024 will be for the company to create a long-term strategy to 2030 to reduce diesel consumption with quantifiable annual targets.

*** Increase due to higher headcount on sites

Percentage of customers and suppliers (by emissions) with net-zero targets is not currently measured at Group level, targets to embed carbon intensity of suppliers into systems applications and products categorisation in 2024 will enable Unipart to set a baseline and subsequent annual targets through to 2027.

Climate-related opportunities

As well as risks arising from climate change, we assessed opportunities that may arise for our business. The main opportunities are explained below and all are expected to emerge in the near-term and evolve over time into the long-term, as summarised below:

INTEGRATED SUSTAINABILITY STRATEGY

In order to achieve decarbonisation targets, Unipart will require an increased awareness from all colleagues to enable positive decision making for the Group and in their own personal carbon reduction journey. Positioning ourselves as sustainability leaders and taking opportunities to upskill our employees fosters our objective of employee engagement and encourages innovation and retention.

To achieve this, we have implemented a programme of green communications and training to help colleagues understand the actions we are taking as a Group and the ways in which they can personally contribute. Our annual Sustainability Report details the ways in which we are utilising green technology and innovating to bring new green products and services to our customers.

RESOURCE EFFICIENCY

Recent climate changes present new opportunities, such as increased potential for grey water harvesting and reduced gas consumption for heating in controlled environments. As we look ahead, we anticipate improved performance metrics, including easier vehicle offloading due to reduced wind and fewer colleague absences or late arrivals caused by the impact of extreme cold on commuting infrastructure.

As climate change becomes more severe, Unipart will need to identify best practices in response to increased temperatures and frequency of extreme weather through identifying opportunities for energy efficiency such as alternative fuels in our fleets and adaptive heating/cooling systems in our warehouses, or optimising efficiency of transport such as sharing container space. This could result in streamlining of costs and the opportunity to showcase our sustainable facilities and innovative solutions to potential and existing customers facing similar challenges.

GROWTH IN THE GREEN ECONOMY

Seizing the industry shift towards green technology demonstrates to our customers that we are proactive innovators, providing opportunities to further diversify our product offering and make use of geographic variations in response to climate change to enhance adaptability. Unipart has been developing and delivering cleaner, more sustainable service solutions to reduce the environmental impact of our operations and customer supply chains for 50 years. As part of our commitment to delivering exceptional service to our customers, we work to support them to accelerate their focus on lowering energy consumption and reducing environmental impact.

Our Growth in the Green Economy strategy builds on this and supports the faster identification and development of new technologies and solutions, and the wider deployment of existing products and services that generates environmental benefit and sustainable profits for Unipart and our customers, making use of government funding for sustainability investments or R&D where available.

GROUP ENVIRONMENTAL TARGETS

TARGET		2022	2023	2024
Ensure all the necessary emissions data from all three scopes are collated consistently across all divisions monthly/quarterly (Scope 1 and 2) (% data completeness)		63%	97%	100%
Achieve year-on-year environmental sustainability reduction/attainment targets across Unipart	Electricity	(5)%	(3)%	(5)%
	Gas	(20)%	(12)%	(5)%
	Water	15%***	(7)%	(5)%
	Recycling	96%	94%	95%
	Reuse	-	-	1%
Switch all UK operations to green electricity and remove gas where possible. (% of sites switched to green electricity)		85%	97%	*
Increase green fuel used in commercial transport fleet (emissions savings from green fuel, tCO_2e)		343	774	**

Emissions Metrics

Unipart works with Inspired Energy to verify annual emissions from scopes 1, 2 and 3 to track annual emissions reductions and identify risk of exceeding projected emissions.

Emissions Scope and Scope 3 Category	GHG Emissions (tCO_2e)	GHG Emissions (tCO_2e)	% change
SCOPE 1	25,883	24,633	(5)%
Gas	8,777	5,735	(35)%
Transport (excluding grey fleet)	16,490	18,653	13%**
Other fuels	332	245	(26)%
F-gases	17	0	(100)%
SCOPE 2 (location-based) (emissions from purchased or acquired electricity, steam, heat, and cooling)	9,051	8,298	(8)%
1. Purchased Goods and Services Total	83,573	77,871	(7)%
2. Capital goods	3,836	1,222	(68)%
3. Fuel-related emissions	8,512	7,671	(10)%
4. Upstream Transportation and Distribution	90,363	35,592	(61)%
5. Waste generated in operations	1,020	3,063	200%**
6. Business travel	398	1,015	155%**
7. Employee commuting	17,016	10,882	(36)%
8. Upstream leased assets	8,895	2,765	(69)%
9. Downstream Transportation and Distribution	159	1,108	597%**
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	355,374	295,470	(17)%
12. End of life treatment of sold products	449	233	(48)%
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	11,331	6,859	(39)%
SCOPE 2 (market-based)	5,621	3,089	(45)%
SCOPE 3*	580,926	443,750	(24)%
Total All Scopes (location-based)	615,860	476,682	(24)%
Total All Scopes (market-based)	612,429	471,473	(23)%
Turnover £m	822	915	
Total intensity tCO_2e/£m (market-based)	**745**	**515**	

*Emissions breakdown for Scope 3 by emissions category can be found in our Sustainability The Unipart Way 2023 Report 1 (Page 12)

** Increases should be considered in the context of the growth in revenue and size of business

1

Sustainability:
The Unipart Way
2023 Report

unipart.com/responsiblebusiness/corporate-responsibility

Section 172(1) Statement

We believe 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 38 to 41, 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 1 and the Corporate Governance Statement within this Annual Report.

Our approach

The Board recognises 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 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 with respect to all of 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 Unipart maintains the highest levels of ethical standards and support for the environment and the communities in which it operates.

1 Sustainability: The Unipart Way 2023 Report
unipart.com/responsiblebusiness/corporate-responsibility

OUR PEOPLE

Why they matter

We believe 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 Unipart'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 Chief Executive Officer, 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, develop and grow so we can promote from within and provide long-term and fulfilling careers across Unipart.

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 Responsibility and Sustainability Report on pages 22 to 25, in 2023, our upper-quartile satisfaction and employee engagement scores were maintained at 3.9 and 4.0 respectively, reflecting the focus we have placed on:

- increasing the opportunities for personal growth, development and promotion
- enhancing our recognition culture through the CARE framework, sharing local best practice schemes and raising the overall awareness of the importance of recognition with our leadership teams
- 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 2023, 66 individuals were recognised through the programme; they join over 3,600 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 2023, 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 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 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.

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 our expectations are met from a quality and delivery perspective. However, where strategy 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. Unipart 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 Unipart's main defined benefit pension schemes. Board members attend and participate in pension trustee meetings to support the collaborative relationship between Unipart 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 Company Secretary are available to respond to queries from shareholders throughout the year. Our website 1 provides regular updates on our activities and news.

1 Unipart Website
unipart.com

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 Unipart. 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, Unipart 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 Unipart's defined benefit pension arrangements as part of the triennial valuation process. These funding plans are designed to ensure, along with a prudent assessment of asset returns, the schemes will be fully funded within an acceptable timeframe. The Unipart 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 ❷.

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

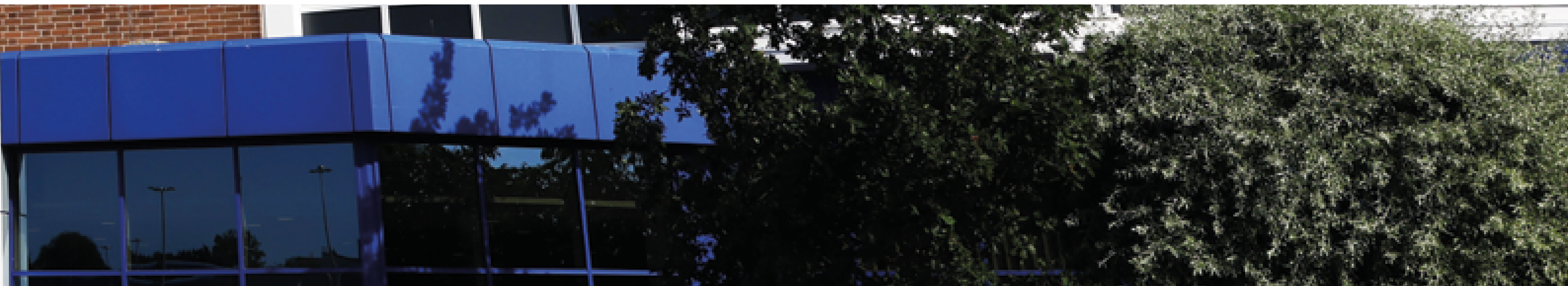
To be a socially-responsible business that cares about its long-term impact on the environment and the communities it operates in.

HOW THE BOARD ENGAGES

Doing well by doing good has been at the core 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 carbon net zero and, in 2022, it set the target of greenhouse gas emissions reduction across our operations (scope 1 and 2) by 2030 and carbon net zero across our whole value chain (scope 3) by 2040. Last year Unipart launched its Sustainability The Unipart Way 2023 report ❸ , which sets out in more detail our commitments and plans for achieving these targets.

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 2023, employees joined together for our second Big Charity Challenge to raise money and awareness for a number of causes local to our sites and the communities we work within.



❷ Unipart Pensions
unipartpensions.com

❸ Sustainability: The Unipart Way 2023 Report
unipart.com/responsiblebusiness/corporate-responsibility

Financial Review

Financial Results

Unipart is pleased to report one of the strongest sets of financial results in our history, achieving our strategic imperative of accelerated margin accretive revenue growth and demonstrating our ability to be the leading provider of supply chain solutions and performance improvement technologies in our markets. The strength of the partnerships we've formed with our customers over many decades have given us an excellent foundation from which to optimise performance in the post-pandemic recovery, even despite the macroeconomic adversity still affecting the global political and economic environment.

Turnover for the Group in 2023 was £1,047.9m, an increase of 14.2% over 2022. This was due to new contracts successfully implemented in the year along with extensions to the services we provide to existing customers, who continue to value our ability to consistently exceed their expectations.

Underlying PBIT* for the Group in 2023 was £21.7m, an increase of 77.9% over 2022, evidencing our commitment to growing the Group to ensure its long-term prosperity and providing the ability to invest, innovate and perform even better for our customers in the future.

The Group ended the year with a small net debt position of £1.9m after a cash outflow of £5.4m.

Strategic planning and our unrelenting focus on customer engagement have been key to delivering such a good set of full-year financial results. Our flexibility allows us to rapidly respond to the changing needs of our customers to provide certainty and consistency in service delivery no matter the sector or territory of operation, even when faced with the unexpected. This agility has been rewarded with the opportunity to expand our business and further support our customers to achieve their goals.

In preparing the financial statements for the year ended 31 December 2023, the Group has continued to present the Consolidated Profit and Loss Account in a columnar approach, so it better represents the financial performance.

Key performance indicators	2023	2022	*Movement*
	£m	£m	
Turnover	1,047.9	917.3	*14.2%*
Underlying PBIT*	21.7	12.2	*77.9%*
Net (debt)/cash	(1.9)	3.3	*(157.6)%*
Net assets excluding pension deficit	254.4	241.2	*5.5%*
Return on net assets calculated as Underlying PBIT divided by net assets excluding pension deficit and tax balances	11.7%	6.8%	*4.9%*

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

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 2023 of £1,047.9m (2022: £917.3m) increased by £130.6m year on year. The turnover increase is a result of Unipart's volume growth with existing customers and implementing several significant new contracts in 2023. Our customers recognise the benefits a supply chain solutions and performance improvement technologies provider brings to their businesses and our growth demonstrates the success we have achieved in delivering excellence this year. The Group is excited to build on this growth as we look to 2024 with a strong pipeline and numerous new products and services to bring to market.

Profit before interest and tax (note 6)

Profit before interest and tax was £24.5m (2022: £41.6m). When removing the impact of exceptionals (including those reported within the share of joint venture and associates' profit after tax), like-for-like profit before interest and tax was £26.5m (2022: £14.9m) reflecting an increase of 77.9%. This profit growth is testament to the Group's ability to respond rapidly to ever-changing market conditions and our focus on growing margins. Underlying PBIT, defined as profit before interest and tax, share of joint venture and associate profits after tax and exceptional items, was £21.7m (2022: £12.2m).

Exceptional items (note 7)

An exceptional charge of £2.0m (2022: credit of £28.0m) was reported in the Consolidated Profit and Loss Account in 2023 following a strategic decision to exit Unipart's Serck operations in the USA. The prior year exceptional credit resulted from the disposal of a surplus property (£34.1m), partly offset by one-off costs (£6.1m) associated with the restructuring of certain Group operations. In addition, there was an exceptional charge of £1.3m reported within the share of joint venture and associates' profit after tax in the prior year, relating to the impairment of an associate.

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

Net interest payable for the year was £3.8m (2022: £2.7m), due to higher average borrowings across the year along with increased interest rates driven by the rising Bank of England base rate. The net other finance charge of £7.3m (2022: £8.0m) reflects the net interest cost on pension schemes as prescribed by FRS 102, along with the unwinding of discounting on provisions.

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 £4.9m (2022: £6.5m).

Profit/(loss) after tax

Profit after tax of £8.5m (2022: £24.4m) is stated after a net charge of £6.0m (2022: £7.6m) 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 £6.3m (2022: £7.2m).

As a result of the cash outflow, borrowings have increased slightly over the course of the year and the Group reports a closing net debt position of £1.9m (2022: net cash of £3.3m). 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 £69.5m (2022: £73.7m). Before the impact of the pension deficit, net assets are £254.4m (2022: £241.2m) with the increase being driven by the profitable performance in 2023.

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 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 increased to £184.9m (2022: £167.5m). This small increase is primarily driven by a lower discount rate applied to the schemes' liabilities. The decrease in discount rate from 4.94% to 4.69% resulted in an increase in the schemes' liabilities of £17.4m 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 2023, 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 £107.6m from £184.9m to just £77.3m as at 31 December 2023. 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 £69.5m (2022: £73.7m) would increase further and the Group would report a substantial positive net asset position in the Balance Sheet of £150.2m.

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.

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 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.


RAIL PLANT MANUFACTURE CELL

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 and relevant subject matter experts, with senior management representing all areas of the business invited to attend meetings on a regular basis.

An Audit and Risk Committee (ARC), comprised of independent, non-executive directors, has been recently established meeting at least three times each year. The purpose of the ARC is to provide additional governance by assisting the Board in its responsibilities in relation to accounting and audit-related matters, along with the management of risk across the Group, through:

- Monitoring of the integrity of the financial statements of the Group
- Reviewing the independence, objectivity and effectiveness of the external audit process
- Reviewing the Group's systems of internal control
- Advising the Board on the Group's risk management activities
- Monitoring compliance with legal and regulatory requirements.

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. A target risk rating has been introduced to assess the desired level of control required to optimally manage each risk, which will align to the Group's risk appetite. A named risk owner is responsible for ensuring 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.

Direction and oversight

Risk governance framework, risk appetite, risk-related policies.

Top down approach

Board-led oversight of risks, challenges and opportunities facing the Group.

The Board

The Board has overall responsibility for risk management, setting risk appetite and reviewing the Group's principal risks in that context.

Executive Leadership Team

The ELT is responsible for the delivery of Group strategy and managing operational risk in line with risk appetite.

Audit and Risk Committee

The ARC has been established to oversee, review and challenge the financial reporting, internal controls and risk management across the Group.

Group Risk Committee

The remit of the GRC is to drive the consideration of risk and opportunity in decision making and performance management; maintain a best practice risk management framework; provide a point of escalation for critical or emerging risks; and ensure that the Group's fraud and whistleblowing programme is operating effectively.

Functional Leaders

Oversee risk management activity within their functional areas of responsibility and expertise.

Business Risk Committees

Provide direct oversight of risk management activity across each business area.

Employees

All of our people have a shared responsibility to manage risk on a daily basis.

Risk information

Identification, evaluation, management, mitigation, monitoring.

Bottom up approach

Risk management embedded in processes, strong culture of continuous improvement.

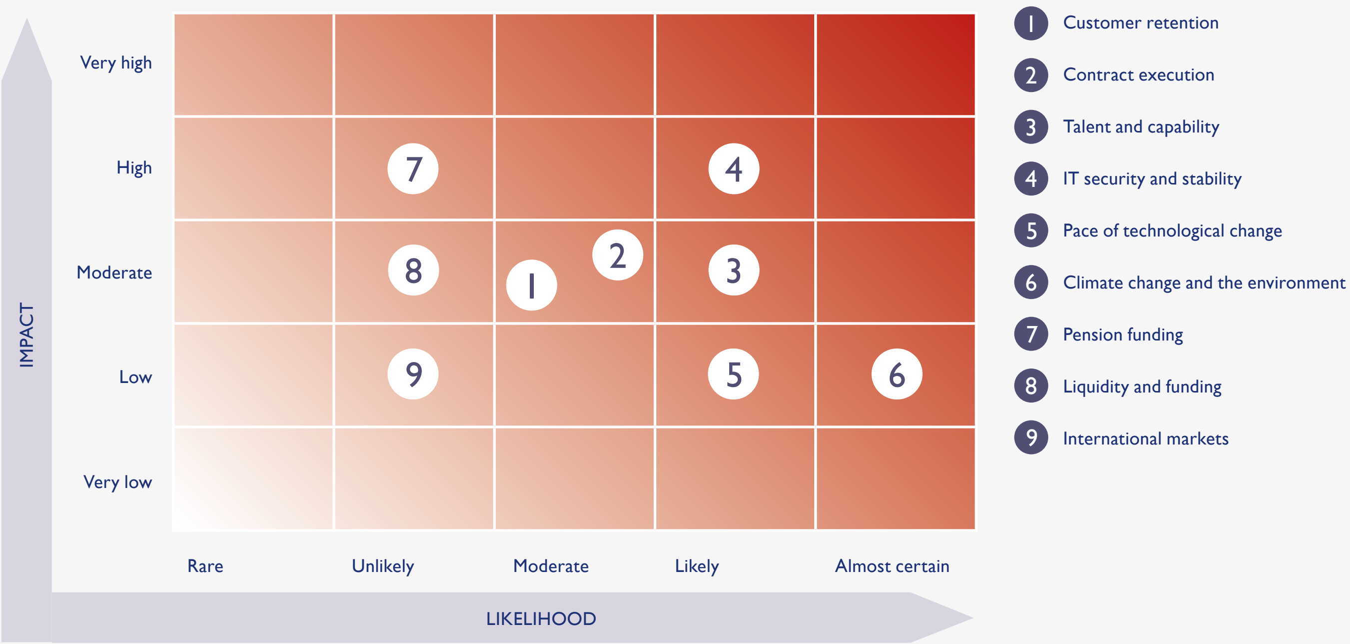
Our risk profile

2023 was a year of comparative stability where some recovery has been seen in the global economy following the turbulence of the pandemic but continued impacts have been felt from geopolitical instability, cyber-crime and elevated inflation, interest rates and commodity prices. We have also seen an acceleration in changing stakeholder attitudes to climate and the environment and the role businesses need to play in protecting them. Unipart has considered climate risks and opportunities in detail in our Taskforce for Climate-related Financial Disclosures report on pages 26 to 37.

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.



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
- adversely impact the Group's reputation or stakeholder expectations.

The principal risks reported in 2023 are set out on pages 49 to 53. They do not comprise all the risks 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 during 2023
- a risk update
- key risk indicators which are used as a metric for measuring the probability of an event and its consequences.

Increase in risk exposure | Decrease in risk exposure | No change in risk exposure | New risk

1. 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 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 one of four key systems 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 Vodafone, Volkswagen and BMW and have implemented a CRM system to provide better visibility of interactions with existing and potential customers.

KEY RISK INDICATORS

Customer contract retention rate

OPERATIONAL OVERSIGHT

Executive Leadership Team, Customer Engagement Steering Committee

FURTHER INFORMATION

Chief Executive Officer's Review (pages 6 to 7), Operating Review (pages 16 to 21), Customer engagement (page 39)

2. 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

Operational Excellence is one of four key systems of the Unipart Way and provides a structured approach to improving operational and contract performance.

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

Volume and nature of incidents

OPERATIONAL OVERSIGHT

Executive Leadership Team, Operational Excellence Steering Committee

FURTHER INFORMATION

Our customers (page 39), Our suppliers (page 40)

Increase in risk exposure | Decrease in risk exposure | No change in risk exposure | New risk

3. 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.

There is often a preference for roles that support life choices, work-life balance and career development, in addition to attractive pay and benefits, along with employers who demonstrate a cultural alignment in other areas such as sustainability, diversity and ethical values.

MITIGATIONS

Employee Engagement and Organisational Capability are two of four key systems of The Unipart Way and provide structured approaches to the way we engage and develop our people. We invest in talent to develop our future leaders and drive internal career progression. Development Boards have been established to review succession planning, and our organisational capability review process identifies key areas of development and performance improvement required to support growth.

Pay rates and benefits are benchmarked to ensure they remain competitive. We undertake annual employee engagement surveys and address areas of weakness. Our culture empowers and encourages our people to embrace challenges and drive continuous improvement.

CHANGE IN YEAR

We continue to introduce new attraction and recruitment strategies, including increased use of social media and enhanced recruitment partnerships. Retention strategies have focused on Employee Engagement, in particular the development of our CARE framework for recognition and our Wellbeing programme, awarded five stars from the British Safety Council, driving lower attrition.

KEY RISK INDICATORS

Employee engagement and satisfaction, Attrition rate %

OPERATIONAL OVERSIGHT

Executive Leadership Team, Employee Engagement Committee, Organisational Capability Committee

FURTHER INFORMATION

Responsibility & Sustainability (pages 22 to 25), Our people (page 39)

4. IT SECURITY AND STABILITY

Critical IT systems 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

Globally, 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

5. 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 strategic 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) 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 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. The Technology Working Group was established during the year to accelerate our progress.

KEY RISK INDICATORS

Product and technology roadmaps

OPERATIONAL OVERSIGHT

Executive Leadership Team, Technology Working Group

FURTHER INFORMATION

Chief Executive Officer's Review (pages 4 to 9), Operating Review (pages 16 to 21)

6. CLIMATE CONTROL 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 stakeholder pressure to operate in a more environmentally-conscious manner. Sustainability is forming a core part of decision making and 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 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 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 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.

KEY RISK INDICATORS

Intensity ratio

OPERATIONAL OVERSIGHT

Executive Leadership Team, Group Sustainability Committee

FURTHER INFORMATION

Responsibility & Sustainability Report (pages 22 to 25) and Taskforce for Climate-related Financial Disclosures Report (pages 26 to 37)

UNIPART

Increase in risk exposure | Decrease in risk exposure | No change in risk exposure | New risk

7. 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 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

Applying accounting standard FRS 102, the closing net deficit of the Group's defined benefit pension schemes remained similar to the previous year and was £183.7m as at 31 December 2023 (2022: £167.5m).

KEY RISK INDICATORS

Pension deficit (£m)

OPERATIONAL OVERSIGHT

The Board

FURTHER INFORMATION

Financial Review (pages 42 to 45), Pension liability (pages 97 to 99)

8. 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.

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. We focus carefully on customer debt collections, whilst ensuring our suppliers are paid on time. Our Treasury operations are managed and monitored in line with Board-approved policies so that appropriate investment decisions, through the Business Investment Committee, are made and investments can be appropriately financed.

CHANGE IN YEAR

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

KEY RISK INDICATORS

Financial headroom projections

OPERATIONAL OVERSIGHT

The Board

FURTHER INFORMATION

Financial Review (page 43), Directors' Report (page 66)

9. INTERNATIONAL MARKETS

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

CONTEXT

Unipart has operations in 21 countries worldwide and provides products, services and solutions in 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

Unipart has not started operating in any new territories during the year, however we have been working closely with our customers to manage any supply chain issues caused by the conflicts in the Ukraine and the Middle East.

KEY RISK INDICATORS

Number of overseas operations and entities

OPERATIONAL OVERSIGHT

Executive Leadership Team

FURTHER INFORMATION

Group undertakings (pages 104 to 105)

Strategic Report

The Strategic Report was approved by the Board on 28 March 2024.

Darren Leigh

Chief Executive Officer

Governance Report

Executive Chairman's Governance Overview

As outlined in my statement on pages 2 to 3, the business has had a very successful year and we will continuously monitor and respond to the macroeconomic pressures the world and the business community is facing. Furthermore, we will continue to identify opportunities to be at the forefront of a changing operational and technological landscape, particularly Industry 4.0 and GenerativeAI, seeking to be leaders in driving innovation. My role, and that of the Board, has been to guide the way through our strategic growth plans 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 couple of notable changes to the Board since the start of 2023. In January, Frank Burns retired from the Board after 35 years with Unipart. On behalf of the Board, I would like to thank Frank for his contribution and wish him the very best in his well-earned retirement. In September, we welcomed Mark Johnstone to the Board as a Non-Executive Director, bringing extensive strategic and operational experience along with new and relevant perspectives into the boardroom, as we continue our determination to grow our business. I'm pleased to report that Mark is also the Chairman of the newly-formed Unipart Audit and Risk Committee.

For the year ended 31 December 2023, 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 46 to 53. The steps we take to foster effective relationships with our stakeholders are set out in our section 172(1) statement on pages 38 to 41.

I hope 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 Company Secretary, who can be contacted at company.secretary@unipart.com.

John M Neill CBE

Executive Chairman

28 March 2024

The 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

R

Darren Leigh

Chief Executive Officer

Appointed to the Board:
May 2020.

SKILLS AND EXPERIENCE: Darren joined Unipart in April 2020 as Chief Financial Officer and was also appointed Chief Risk Officer in October 2020. He succeeded John Neill as Chief Executive Officer in October 2022.

Darren brings a wealth of experience as a highly-skilled and qualified finance professional having been in the industry for more than 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. Darren's commitment to The Unipart Way, Unipart's proprietary system for creating exceptional levels of performance through employee engagement, combined with his extensive understanding of the drivers of success needed for the delivery of Unipart's strategy and his unwavering focus on delivering value for Unipart's stakeholders, will ensure Unipart continues to grow, winning new customers, in new geographies and market sectors.

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

External appointments:
- None

BOARD COMMITTEE MEMBERSHIP: A Audit & Risk Committee R Remuneration Committee ● Denotes Committee Chair

UNIPART

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. He also attended INSEAD Business School, Fontainebleau and Wharton Business School, University of Pennsylvania.

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. He is a Fellow of the Manufacturing Technology Centre.

External appointments:

- Non-Executive Chairman of John Smedley Limited

R

Mark Johnstone

Independent Non-Executive Director

Appointed to the Board:
September 2023.

SKILLS AND EXPERIENCE: Mark is an established executive with extensive strategic and operational experience across a range of global markets, including transportation, real estate, hospitality, manufacturing and business service sectors. Mark is a chartered accountant with board-level governance experience of audit, risk and environmental, social and governance (ESG) matters.

Mark joined Unipart from Signature Aviation plc (formerly BBA Aviation plc), a global aviation support services business employing over 5,500 employees across five continents. He joined the business in 2008 as Group Corporate Development Director before becoming Chief Financial Officer, Signature Flight Support in 2009.

In 2012, he took over as Managing Director of the APPH business. Mark was subsequently appointed Managing Director EMEA, Flight Support prior to becoming President and Chief Operating Officer of the jet engine repair and overhaul division in 2016. He was appointed Group Chief Executive Officer in 2018, a position he held until July 2021.

Prior to joining Signature Aviation, Mark held roles in the aerospace and off-highway divisions of GKN plc.

External appointments:

- None

A

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
- Co-Chair of Scotland's Strategic Leadership Group
- Technology Advisor to Singapore Airlines Engineering Company
- Deputy Lieutenant of West Midlands

A

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:

- Non-Executive Director of Jersey Post International Limited

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

Execution of Unipart's strategy and day-to-day management is delegated to the Chief Executive Officer, 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.

Board Committees

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

AUDIT AND RISK COMMITTEE
The Audit and Risk Committee has been established by the Board to oversee, review and challenge the financial reporting, internal controls and risk management across the Group.

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 Chief Executive Officer

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.

Senior Independent Director

Acts as a sounding board for the Executive Chairman and as an intermediary for the other directors as necessary. Responsible for 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.

Chief Executive Officer

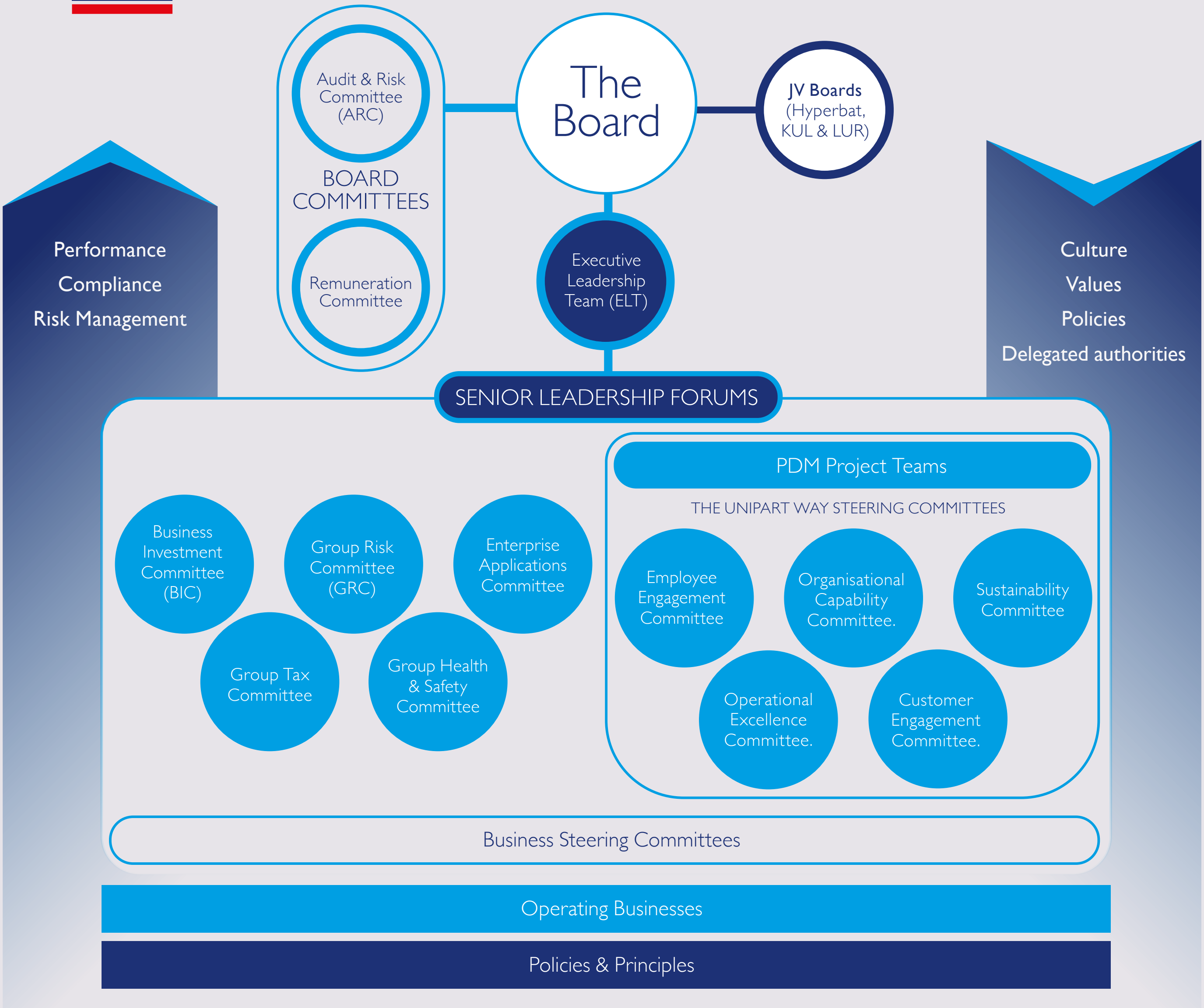
Responsible for the development and delivery of the strategy agreed by the Board. Also responsible for developing, for the Board's approval, appropriate values and standards to drive the required behaviours and leading by personal example with regards to culture.

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 Chief Executive Officer, 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.



2023 Board attendance

The attendance record for Board members during the year ended 31 December 2023 is set out below. There were 11 meetings held during the year.

Executive directors

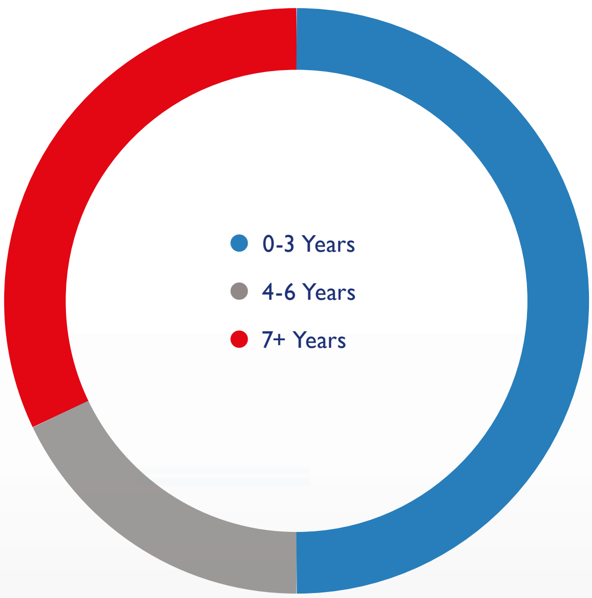
Executive directors	Number of meetings attended
John Neill	11
Darren Leigh	11
Frank Burns *	1
Ian Truesdale	11

Non-executive directors

Non-executive directors	Number of meetings attended
Bryan Jackson	11
Hamid Mughal	11
Mark Johnstone **	3

* Frank Burns retired from the Board on 31 January 2023.
** Mark Johnstone was appointed to the Board on 25 September 2023.

Director tenure as at 31 December 2023



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

"An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose."

Purpose

Since its origins in 1987, Unipart has become a supply chain solutions and performance improvement technologies business, with around 12,000 employees and agency colleagues and operations in 21 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.

Values and culture

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, develop 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 the desired values, attitudes and behaviours penetrate every aspect of our business.

Strategy

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.

OUR STRATEGY (pages 12 to 15)

SECTION 172(1) STATEMENT (pages 38 to 41)

UNIPART

FURTHER INFORMATION

PRINCIPLE TWO

Board composition

"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."

As at the date of this report, the Board comprises three executive directors, three 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.

Chair

With Darren Leigh as Chief Executive Officer 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 Chief Executive Officer, 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.

Balance and diversity

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.

Size and structure

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.

Effectiveness

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.

EXECUTIVE CHAIRMAN'S STATEMENT (pages 2 to 3)

BOARD OF DIRECTORS (pages 55 to 57)

GOVERNANCE FRAMEWORK (pages 58 to 64)

DIRECTORS' REPORT (pages 65 to 67)

PRINCIPLE THREE
Director responsibilities

"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."

Accountability

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.

Committees

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.

The Board has also established an Audit and Risk Committee to oversee, review and challenge the financial reporting, internal controls and risk management across the Group. The Committee is chaired by Mark Johnstone, one of the Non-executive Directors.

Integrity of information

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.

FURTHER INFORMATION

RISK MANAGEMENT
(pages 46 to 53)

GOVERNANCE FRAMEWORK
(pages 58 to 64)

REMUNERATION
(page 58)

PRINCIPLE FOUR
Opportunity and risk

"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."

Opportunity

In pursuit of our customer promise, we strive to seek out opportunities whilst mitigating risk. Long-term strategic opportunities are highlighted through the annual strategic 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.

Risk

The Board has overall responsibility for managing risk and ensuring an effective risk management process is in place. It monitors the risk environment and reviews the principal risks, mitigations and overall risk appetite. This is supported by the recently-formed Audit and Risk Committee, chaired by an independent Non-executive Director. The Executive Leadership Team, through the Group Risk Committee, ensures inherent and emerging risks are identified and managed appropriately, and that risk registers are updated to reflect current assessments.

Responsibilities

Our governance and risk management frameworks set out clearly-defined roles and responsibilities, frequency and methods of review and reporting, decision making and communication.

FURTHER INFORMATION

INNOVATION
(page 16)

RISK MANAGEMENT
(pages 46 to 53)

GOVERNANCE FRAMEWORK
(pages 58 to 64)

PRINCIPLE FIVE
Remuneration

"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."

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 the framework supports Unipart's strategic ambitions and rewards executive directors fairly for the contribution 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 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.

PRINCIPLE SIX
Stakeholder relationships and engagement

"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."

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 simple 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.

OUR STRATEGY
(pages 12 to 15)

SECTION 172(1) STATEMENT
(pages 38 to 41)

Directors' Report

For the Year Ended 31 December 2023

The Directors of Unipart Group of Companies Limited (the "Company") present their report for the year ended 31 December 2023.

The Directors' Report comprises pages 65 to 67, together with the sections of the Annual Report incorporated by reference. The Corporate Governance Statement set out on pages 58 to 64 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 12 to 15 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 38 to 41); and
- information on the Group's greenhouse gas emissions in compliance with the Streamlined Energy and Reporting (SECR) Guidelines (on pages 22 to 25).

Results and dividend

The Group reports profit before other exceptional items, defined benefit pension costs, interest and tax of £27.6m (2022: £15.1m) and profit after taxation of £8.5m (2022: £24.4m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2023 (2022: £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 during the year ended 31 December 2023:

- Frank Burns
- Bryan Jackson CBE
- Mark Johnstone
- Darren Leigh
- Hamid Mughal OBE
- John M Neill CBE
- Ian Truesdale

Frank Burns retired as a director on 31 January 2023. Mark Johnstone was appointed as a director on 25 September 2023. Biographical details are provided on pages 55 to 57.
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 Group Chief Executive leads the bi-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 its comprehensive employee health and wellbeing programme.

Further information about how the Group engages with its employees can be found in the Strategic Report on pages 8 and 9.

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.

Political donations

In accordance with the Group's policy, no political donations were made and no political expenditure was incurred during the year (2022: none).

Going concern

The Board has a reasonable expectation that the Company 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, which are shown on pages 68 to 105.

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 risk that the directors have identified for the next financial year is that projected turnover growth is not achieved, resulting in lower profits and cash flows than anticipated.

The Group's banking headroom position and associated covenants have been stress tested for various scenarios relating to the key risks, looking in particular at the impact of:

- reduced new business growth resulting in similar financial performance to 2023; and
- adverse new and current business volumes resulting in reduced profits, which are around 40% lower than in 2023.

These assessments have been reviewed and discussed by the Board of Directors, 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 according to the 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, we have been able to redeploy colleagues from one site to another in line with volume demand due to the consistent use of The Unipart Way across each of our operations.

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 £27.6m (2022: £15.1m). 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. 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.

Independent auditors

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

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 65 to 67 was approved by the Board on 28 March 2024 and signed on its behalf by

Darren Leigh

Chief Executive Officer

28 March 2024
Company number: 01994997

Independent Auditors' Report

to the Members of Unipart Group of Companies Limited

For the Year Ended 31 December 2023

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 2023 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, including 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 and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2023, 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, 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 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the 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.

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 earlier, 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 employment legislation, 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 corporate 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 journals with unusual account combinations 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 journal entries, particularly focused around journals which have unexpected account relationships;
- incorporating elements of unpredictability; and
- 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.

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

28 March 2024

Consolidated Profit and Loss Account

For the Year Ended 31 December 2023

	Note	Results (before defined benefit pensions) £m	Defined benefit pensions* £m	2023 Total £m	Results (before defined benefit pensions) £m	Defined benefit pensions* £m	2022 Total £m
Turnover	5	**1,047.9**	-	**1,047.9**	917.3	-	917.3
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items **		**22.8**	(1.1)	**21.7**	13.7	(1.5)	12.2
Share of profit after tax of joint ventures and associates:							
Before other exceptional items		**4.8**	-	**4.8**	2.7	-	2.7
Share of other exceptional items related to associates	7	**-**	-	**-**	(1.3)	-	(1.3)
Share of profit after tax of joint ventures and associates	15	**4.8**	-	**4.8**	1.4	-	1.4
Profit before interest, tax and other exceptional items		**27.6**	(1.1)	**26.5**	15.1	(1.5)	13.6
Other exceptional items (not related to joint ventures and associates)	7	**(2.0)**	-	**(2.0)**	28.0	-	28.0
Profit before interest and tax	6	**25.6**	(1.1)	**24.5**	43.1	(1.5)	41.6
Net interest payable and similar charges	8	**(3.8)**	-	**(3.8)**	(2.7)	-	(2.7)
Net other finance charge	9	**(0.5)**	(6.8)	**(7.3)**	(0.1)	(7.9)	(8.0)
Profit/(loss) before tax		**21.3**	(7.9)	**13.4**	40.3	(9.4)	30.9
Tax on profit/(loss)	12	**(6.8)**	1.9	**(4.9)**	(8.3)	1.8	(6.5)
Profit/(loss) after tax		**14.5**	**(6.0)**	**8.5**	**32.0**	**(7.6)**	**24.4**

The notes on pages 78 to 105 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.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2023

	Note	2023 £m	2022 £m
Profit for the financial year		**8.5**	24.4
Revaluation of freehold and long leasehold land and buildings		**(1.1)**	8.4
Deferred tax relating to revaluation of freehold and long leasehold land and buildings		**0.3**	-
Revaluation gains previously recognised on properties sold in year		**(1.7)**	-
Actuarial (loss)/gain recognised on Group pension schemes	24	**(31.5)**	283.2
Deferred tax relating to actuarial (loss)/gain on Group pension schemes		**7.9**	(53.8)
Effect of change in tax rate on deferred tax relating to Group pension schemes		**0.1**	(17.0)
Other pension related movements		**(0.4)**	4.0
Movement in unrecognised asset relating to Group pension schemes	24	**19.9**	(28.8)
Movement in unrecognised deferred tax asset relating to Group pension schemes		**(5.0)**	7.3
Actuarial loss recognised on joint venture pension schemes		**(0.2)**	-
Currency translation differences		**(0.6)**	5.0
Other comprehensive (expense)/income for the year		**(12.3)**	208.3
Total comprehensive (expense)/income for the year		**(3.8)**	232.7
Profit for the financial year attributable to:			
Non-controlling interest		**0.1**	0.1
Owners of the Company		**8.4**	24.3
		8.5	24.4
Total comprehensive (expense)/income attributable to:			
Non-controlling interest		**0.1**	0.1
Owners of the parent Company		**(3.9)**	232.6
		(3.8)	232.7

Consolidated Balance Sheet

As at 31 December 2023

	Note	2023 £m	2023 £m	2022 £m	2022 £m
Fixed assets					
Intangible assets	13		**10.5**		11.7
Tangible assets	14		**91.0**		95.3
Investments	15		**26.1**		24.0
			127.6		131.0
Current assets					
Stocks	16	**113.4**		114.4	
Debtors: amounts falling due after more than one year	17	**92.6**		76.6	
Debtors: amounts falling due within one year	17	**187.5**		171.6	
Cash at bank and in hand		**50.6**		65.4	
		444.1		428.0	
Creditors: amounts falling due within one year	18	**(259.2)**		(272.9)	
Net current assets			**184.9**		155.1
Total assets less current liabilities			**312.5**		286.1
Creditors: amounts falling due after more than one year	19		**(44.5)**		(27.5)
Provisions for liabilities	23		**(13.6)**		(17.4)
Net assets excluding pension liability			**254.4**		241.2
Pension liability	24		**(184.9)**		(167.5)
Net assets			**69.5**		73.7
Capital and reserves					
Called up share capital	25		**0.4**		0.4
Share premium account	27		**4.4**		4.4
Capital redemption reserve	27		**11.5**		11.5
Revaluation reserve	27		**39.7**		42.2
Profit and loss account	27		**13.1**		14.6
Total shareholders' funds			**69.1**		73.1
Non-controlling interests			**0.4**		0.6
Total equity			69.5		73.7

Approved by the Board on 28 March 2024 and signed on its behalf by

John M Neill CBE
Executive Chairman

Darren Leigh
Chief Executive Officer

Company number: 01994997

Company Balance Sheet

As at 31 December 2023

	Note	£m	2023 £m	£m	2022 £m
Fixed assets					
Intangible assets	13		**2.3**		1.7
Investments	15		**39.4**		39.4
			41.7		41.1
Current assets					
Debtors: amounts falling due after more than one year	17	**20.0**		20.7	
Debtors: amounts falling due within one year	17	**15.8**		17.4	
Cash at bank and in hand		**2.7**		2.5	
		38.5		40.6	
Creditors: amounts falling due within one year	18	**(2.0)**		(3.2)	
Net current assets			**36.5**		37.4
Total assets less current liabilities			**78.2**		78.5
Creditors: amounts falling due after more than one year	19		**(0.6)**		(0.5)
Net assets excluding pension liability			**77.6**		78.0
Pension liability	24		**(10.3)**		(9.9)
Net assets			**67.3**		68.1
Capital and reserves					
Called up share capital	25		**0.4**		0.4
Share premium account	27		**4.4**		4.4
Capital redemption reserve	27		**11.5**		11.5
Profit and loss account	27		**51.0**		51.8
Total shareholders' funds			67.3		68.1

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 profit for the financial year was £2.5m (2022: loss of £7.6m) and the Company's other comprehensive expense for the financial year was £3.3m (2022: income of £25.5m).

Approved by the Board on 28 March 2024 and signed on its behalf by

John M Neill CBE
Executive Chairman

Darren Leigh
Chief Executive Officer

Company number: 01994997

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2023

	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 2023	0.4	4.4	11.5	42.2	14.6	**73.1**	0.6	**73.7**
Profit for the financial year	-	-	-	-	8.4	**8.4**	0.1	**8.5**
Other comprehensive expense for the year	-	-	-	0.5	(12.9)	**(12.4)**	-	**(12.4)**
Dividends paid to non-controlling interests	-	-	-	-	-	**-**	(0.3)	**(0.3)**
Transfer between reserves	-	-	-	(3.0)	3.0	**-**	-	**-**
As at 31 December 2023	**0.4**	**4.4**	**11.5**	**39.7**	**13.1**	**69.1**	**0.4**	**69.5**

	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**

Company Statement of Changes in Equity

For the Year Ended 31 December 2023

	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 2023	0.4	4.4	11.5	51.8	**68.1**
Profit for the financial year	-	-	-	2.5	**2.5**
Other comprehensive expense for the year	-	-	-	(3.3)	**(3.3)**
As at 31 December 2023	**0.4**	**4.4**	**11.5**	**51.0**	**67.3**

	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**

Consolidated Cash Flow Statement

For the Year Ended 31 December 2023

	Note	2023 £m	2022 £m
Net cash generated from/(used in) in operating activities	28	**4.2**	(0.9)
Tax paid		**(6.5)**	(4.5)
Net cash used in operating activities after tax		**(2.3)**	(5.4)
Cash flow generated from investing activities			
Disposal of business		**6.8**	-
Acquisition of intangible assets	13	**(0.6)**	(0.9)
Purchase of tangible assets	14	**(8.3)**	(16.5)
Proceeds from disposals of tangible assets		**0.5**	39.6
Dividends received from joint ventures and associates	15	**2.2**	2.5
Interest received		**0.5**	0.3
Net cash generated from investing activities		**1.1**	25.0
Cash flow generated from/(used in) financing activities			
Receipts from debt		**15.0**	18.2
Repayments of debt		**(6.2)**	(31.6)
Interest paid		**(4.2)**	(2.5)
Dividends paid to minority interests		**(0.3)**	(0.1)
Net cash generated from/(used in) financing activities		**4.3**	(16.0)
Net increase in cash and cash equivalents		**3.1**	3.6
Cash and cash equivalents at 1 January	28	**48.3**	43.2
Exchange (losses)/gains on cash and cash equivalents	28	**(0.8)**	1.5
Cash and cash equivalents at 31 December	28	**50.6**	48.3
Cash and cash equivalents consists of:			
Cash at bank and in hand	28	**51.2**	65.4
Bank overdrafts	20, 28	**(0.6)**	(17.1)
Cash and cash equivalents	28	**50.6**	48.3

UNIPART

Notes to the Financial Statements

For the Year Ended 31 December 2023

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.

3.2 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. 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.

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

3.9 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.

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3 Accounting policies (continued)

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.

3.16 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 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.

3.21 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.

3.22 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.

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.

3.23 Share based payments

Certain employees participate in a long term incentive plan which provides additional remuneration for those employees who are key to the operations of the Group. The options are granted with an exercise price equalling the nominal value of the shares, are exercisable three years after the date of grant and expire ten years after the date of grant. Any unexercised options will lapse after 10 years from the date of grant.

Vesting of the options is subject to continued employment within the Group and meeting agreed profit targets.

In addition to the long term incentive plan, certain senior executives participate in a share option scheme and are granted share options which can be exercised at any time at nil consideration.

Vesting of these options is not subject to any other performance criteria.

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

The preparation of the financial statements requires management to make certain judgements that could have a material impact on the financial statements. The key judgements are around going concern and whether to recognise a surplus on defined benefit pension schemes. 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. As detailed in note 3.6, 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.

Management is also required to make certain 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 assets, the recognition of provisions and the recognition of deferred tax assets. Actual results could differ from those estimates.

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

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.

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 provisions are calculated by using historic demand to estimate future demand. They 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' judgement 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:

	2023 £m	2022 £m
Sale of goods	**428.7**	403.8
Provision of services	**619.2**	513.5
Statutory Group turnover	**1,047.9**	917.3
Share of joint ventures (i)	**36.3**	29.4
Share of associates (i)	**74.8**	62.3
Total turnover (including joint ventures and associates)	**1,159.0**	**1,009.0**

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 33).

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

	2023 £m	2022 £m
United Kingdom	**709.5**	588.2
Rest of Europe	**191.0**	184.4
Rest of World	**147.4**	144.7
	1,047.9	917.3

6 Profit before interest and tax

	Note	2023 £m	2022 £m
Group turnover		**1,047.9**	917.3
Cost of sales		**(858.9)**	(751.8)
Gross profit		**189.0**	165.5
Distribution costs		**(37.4)**	(38.0)
Administration expenses		**(131.2)**	(117.0)
Other operating income		**1.3**	1.7
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items		**21.7**	12.2
Share of profit after tax of joint ventures and associates		**4.8**	1.4
Other exceptional items	7	**(2.0)**	28.0
Profit before interest and tax		**24.5**	41.6

Total administration expenses, including exceptionals, are £131.9m (2022: £87.3m). Profit before interest and tax includes £1.1m (2022: £1.5m) of defined benefit pension costs.

6 Profit before interest and tax (continued)

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

	2023 £m	2022 £m
Depreciation of tangible fixed assets	**5.5**	4.4
Amortisation of intangible assets, including goodwill	**1.8**	1.9
Amount of stock expensed	**242.1**	230.9
Operating lease rentals	**39.4**	37.6
Sublet income from land and buildings	**(1.4)**	(1.8)
Loss/(profit) on disposal of fixed assets	**0.1**	(34.1)
Foreign exchange gains	**(1.7)**	(1.4)

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

	2023 £m	2022 £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

Following a period of challenging trading, the management have met to strategically evaluate its Serck business in the USA and has decided to withdraw from its Serck operations in the territory. As a result, a financial review has been undertaken of the assets and liabilities of this business to identify any impairment of assets and onerous contracts and this has resulted in exceptional costs of £2.0m being reported in the Consolidated Profit and Loss account in the current year and the assets were impaired in the Consolidated Balance Sheet.

An exceptional credit of £28.0m was reported in the Consolidated Profit and Loss account in the prior year. The prior year credit related 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 and the impairment of shares in an associate entity following a reassessment of its carrying value of £1.4m to result in a net credit of £28.0m to which all relate to the administration expenses within the Consolidated Profit and Loss Account. Within the share of joint ventures and associates profit, there was a further £1.3m charge in respect of the impairment of an associate entity following a reassessment of its carrying value.

8 Net interest payable and similar charges

	2023 £m	2022 £m
Interest payable and similar charges		
Bank loan interest payable	**3.6**	2.5
Amortisation of issue costs on bank facilities	**0.7**	0.5
	4.3	3.0
Interest receivable and similar income	**(0.5)**	(0.3)
Net interest payable	**3.8**	2.7

9 Net other finance charge

	Note	2023 £m	2022 £m
Net finance charge on pension schemes	24	**6.8**	7.9
Unwinding of discounting of provisions	23	**0.3**	0.1
Unwinding of discounting of accruals and long-term creditors		**0.2**	-
Net other finance charge		**7.3**	8.0

Total finance costs are £11.1m (2022: £10.7m).

10 Employees

Staff costs were as follows:

	2023 £m	2022 £m
Wages and salaries	**298.7**	240.4
Social security costs	**32.1**	25.7
Other pension costs	**12.6**	9.6
	343.4	275.7

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:

	2023 No.	2022 No.
Direct labour	**5,022**	3,767
Indirect labour	**2,461**	2,210
Sales, marketing and administration	**1,181**	1,263
	8,664	7,240

The monthly average number of employees including directors in the Company during the year was three (2022: three), with staff costs of £2.6m (2022: £1.8m).

11 Directors' emoluments

The aggregate emoluments of the directors during the year totalled £3,199,001 (2022: £2,187,169). During the year, retirement benefits were accruing to one director (2022: none) in respect of a defined contribution pension scheme. No directors (2022: none) accrued retirement benefits under a defined benefit scheme. The highest paid director received aggregate emoluments during the year of £1,330,923 (2022: £1,092,993).

Also included in aggregate emoluments were fees of £137,615 (2022: £124,833), which were paid in the year in respect of the three non-executive directors who served during the year (2022: two).

The aggregate emoluments of key management personnel during the year totalled £6,174,615 (2022: £5,967,748).

12 Tax on profit

	2023 £m	2022 £m
Analysis of tax charge in the year		
Current tax		
UK corporation tax credit on profit for the year	**-**	-
Adjustments in respect of prior years	**-**	0.3
	-	0.3
Foreign corporation tax	**5.9**	3.6
Total current tax	**5.9**	3.9
Deferred tax		
Origination and reversal of timing differences	**(1.7)**	1.8
Effect of change in tax rates	**(0.1)**	-
Adjustments in respect of prior years	**0.8**	0.8
Total deferred tax	**(1.0)**	2.6
Tax on profit	**4.9**	6.5

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £m	2022 £m
Profit before tax	**13.4**	30.9
Profit multiplied by the standard rate of corporation tax in the UK of 23.5% (2022: 19%)	**3.1**	5.9
Effects of:		
Expenses not deductible for tax purposes	**0.8**	0.8
Pension-related items	**0.1**	0.1
Adjustments in respect of prior years	**1.0**	1.1
Effect of foreign tax rates	**0.2**	1.4
Effects of changes in tax rates	**(0.1)**	(0.1)
Other timing differences	**(0.8)**	(0.4)
Deferred tax not recognised	**-**	(2.3)
Income not taxable	**0.6**	-
Total tax charge for the year	**4.9**	6.5

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.

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 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.

The Organisation for Economic Co-operation and Development (OECD) introduced legislation for accounting periods beginning on or after 31 December 2023, implementing a minimum 15% corporate tax rate for multinationals with global turnover greater than €750m. We have reviewed our position for 2024 and expect to fall into the safe harbours in all jurisdictions other than the Kingdom of Saudi Arabia. The impact of the top-up tax in 2024 is expected to be less than £0.2m.

13 Intangible assets

Group

	Goodwill £m	Licences/Other £m	Total £m
Cost			
At 1 January 2023	37.8	2.9	40.7
Additions	-	0.6	0.6
Disposals	(0.4)	-	(0.4)
At 31 December 2023	**37.4**	**3.5**	**40.9**
Accumulated amortisation			
At 1 January 2023	27.9	1.1	29.0
Charge for the year	1.7	0.1	1.8
Disposals	(0.4)	-	(0.4)
At 31 December 2023	**29.2**	**1.2**	**30.4**
Net book value			
At 31 December 2023	**8.2**	**2.3**	**10.5**
At 31 December 2022	9.9	1.8	11.7

Company

	Licences/Other £m
Cost	
At 1 January 2023	1.7
Additions	0.6
At 31 December 2023	**2.3**
Net book value	
At 31 December 2023	**2.3**
At 31 December 2022	1.7

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 2023	0.5	73.0	8.5	3.8	61.6	147.4
Additions	-	-	0.6	-	7.7	8.3
Disposals	-	(0.4)	(4.3)	(0.1)	(4.0)	(8.8)
Revaluations	-	(1.1)	-	-	-	(1.1)
Foreign exchange	-	(0.3)	(0.2)	-	(1.0)	(1.5)
At 31 December 2023	**0.5**	**71.2**	**4.6**	**3.7**	**64.3**	**144.3**
Accumulated depreciation						
At 1 January 2023	-	0.9	0.2	3.5	47.5	52.1
Charge for the year	-	0.5	0.2	0.1	4.7	5.5
Disposals	-	-	-	(0.1)	(3.4)	(3.5)
Foreign exchange	-	-	0.1	-	(0.9)	(0.8)
At 31 December 2023	**-**	**1.4**	**0.5**	**3.5**	**47.9**	**53.3**
Net book value						
At 31 December 2023	**0.5**	**69.8**	**4.1**	**0.2**	**16.4**	**91.0**
At 31 December 2022	0.5	72.1	8.3	0.3	14.1	95.3

Included within plant and machinery are assets held under finance leases with a cost of £2.2m (2022: £2.6m) and accumulated depreciation of £0.5m (2022: £0.6m).

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:

	2023 £m	2022 £m
Cost	**38.7**	34.8
Accumulated depreciation	**(4.0)**	(7.7)
Net book value	**34.7**	27.1

On 14 February 2023 and 4 April 2023, the Group disposed of its 100% interest in Intertruck Benelux BV and Unipart Property Netherlands BV respectively, for cash consideration of £3,308,000. The carrying value of net identifiable assets disposed of amounted to £2,866,000 at 14 February 2023 and £2,839,000 at 4 April 2023, resulting in a loss on disposal of £2,397,000.

On 28 February 2023 the Group disposed of its 100% interest in Westcode (U.K.) Limited for a cash consideration of £2,367,000. The carrying value of net identifiable assets disposed of amounted to £1,653,111 at 28 February 2023, resulting in a profit on disposal of £713,889.

Of the total Revaluation Reserve of £38.7m (2022: £42.2m), an amount of £38.3m (2022: £41.8m) relates to freehold and long leasehold land and buildings and an amount of £0.4m (2022: £0.4m) relates to investment properties.

At 31 December 2023, the portfolio of investment, freehold and long leasehold properties was revalued, on an open market basis, giving a total aggregate value of £74.4m (2022: £80.9m).

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 (2022: £nil) were included within profit and loss and revaluation losses of £1.1m (2022: gains of £8.4m) 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 £1.5m (2022: £1.7m) has been recognised.

Sensitivity

Key assumption	Reasonably possible change	Impact on net book value	2023 £m
FH, LLH L&B valuation	Increase of 10%	Increase in the year	7.4
	Decrease of 10%	Decrease in the year	(7.4)
Useful life	Increase of 10%	Increase in the year	0.6
	Decrease of 10%	Decrease in the year	(0.6)

15 Investments

Group

	Investments in joint ventures £m	Investments in associates £m	Total £m
Cost			
At 1 January 2023	10.8	13.2	24.0
Share of profits retained	1.6	3.2	4.8
Share of other comprehensive income	(0.2)	-	(0.2)
Dividends	(0.6)	(1.6)	(2.2)
Foreign exchange	-	(0.3)	(0.3)
At 31 December 2023	**11.6**	**14.5**	**26.1**
Net book value			
At 31 December 2023	**11.6**	**14.5**	**26.1**
At 31 December 2022	10.8	13.2	24.0

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, 50% of the ordinary share capital of PlusParts BV 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 32. Details of the Group's undertakings are shown in note 33.

Company

	Investments in subsidiary companies £m
Cost	
At 1 January 2023	74.8
Dissolved in year	(20.0)
At 31 December 2023	**54.8**
Impairment	
At 1 January 2023	**35.4**
Dissolved in year	**(20.0)**
At 31 December 2023	**15.4**
Net book value	
At 31 December 2023	**39.4**
At 31 December 2022	39.4

Details of the investments of the Company are shown in note 33.

16 Stocks

	Group 2023 £m	Group 2022 £m
Raw materials and consumables	**9.0**	11.9
Work in progress	**3.5**	3.3
Finished goods and goods for resale	**100.9**	99.2
	113.4	**114.4**

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

Stocks are stated after provisions for impairment of £24.4m (2022: £25.9m).

The Company has £nil stocks (2022: £nil).

Sensitivity

Stock provisions are assessed for impairment using historic sales to estimate future demand. A 5% increase or decrease in demand would result in an increase or decrease of the provision of £1.2m.

17 Debtors

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Amounts falling due after more than one year					
Trade debtors		**1.5**	-	**-**	-
Amounts receivable under finance lease		**5.4**	-	**-**	-
Deferred tax	21	**68.0**	64.2	**12.7**	13.6
Other debtors		**17.7**	12.4	**7.3**	7.1
		92.6	76.6	**20.0**	20.7

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Amounts falling due within one year					
Trade debtors		**145.3**	133.7	**-**	-
Amounts owed by Group undertakings		**-**	-	**13.8**	16.2
Amounts owed by joint ventures and associates	32	**1.8**	1.2	**1.3**	1.2
Amounts receivable under finance lease		**3.1**	-	**-**	-
Corporation tax		**1.3**	0.2	**0.4**	-
Deferred tax	21	**0.4**	0.6	**-**	-
Other debtors		**4.1**	5.6	**-**	-
Prepayments and accrued income		**31.5**	30.3	**0.3**	-
		187.5	171.6	**15.8**	17.4

Trade debtors are stated after provisions for impairment of £12.5m (2022: £8.5m).
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.

18 Creditors: amounts falling due within one year

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Bank loans and overdrafts	20	**25.0**	48.4	**-**	-
Trade creditors		**61.2**	59.4	**-**	-
Amounts owed to Group undertakings		**-**	-	**0.2**	0.7
Corporation tax		**-**	0.7	**-**	2.1
Other taxation and social security		**-**	14.2	**-**	-
Finance leases		**0.6**	0.6	**-**	-
Other creditors		**52.9**	25.6	**0.3**	-
Accruals and deferred income		**119.5**	124.0	**1.5**	0.4
		259.2	272.9	**2.0**	3.2

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

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Bank loans and overdrafts	20	**26.8**	11.9	**-**	-
Finance leases		**0.7**	1.2	**-**	-
Other creditors		**4.6**	3.2	**-**	-
Accruals and deferred income		**12.4**	11.2	**0.6**	0.5
		44.5	27.5	**0.6**	0.5

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

20 Borrowings

	Group 2023 £m	Group 2022 £m
Amounts falling due within one year		
Bank overdrafts	**0.6**	17.1
Bank loans	**24.4**	31.3
	25.0	48.4

	Group 2023 £m	Group 2022 £m
Amounts falling due between one and five years		
Bank loans and working capital facilities	**23.2**	7.2
	23.2	7.2

	Group 2023 £m	Group 2022 £m
Amounts falling due after more than five years		
Bank loans and working capital facilities	**3.6**	4.7
	3.6	4.7

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 (2022: £0.2m). The facility falling due between one and five years is stated net of unamortised issue costs of £0.4m (2022: £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 £60.0m (2022: £40.0m) committed until March 2027, a working capital facility of up to £20.0m (2022: £nil) committed until May 2025, a revolving facility of £nil (2022: £21.3m) committed until April 2024, a term loan of €4.2m (2022: €5.7m) repayable in quarterly instalments until July 2026, a term loan of €8.7m (2022: €9.6m) repayable in quarterly instalments until November 2032, a revolving loan of €10.0m (2022: €10.0m) renewable annually and a term loan of €nil (2022: €1.6m) 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 £80.0m (2022: £61.3m) and €22.9m (2022: €26.9m).

21 Deferred tax

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
At 1 January		**63.1**	129.2	**13.6**	21.2
Amounts credited/(charged) to the Profit and Loss Account		**0.8**	(2.6)	**(0.7)**	-
Amounts credited/(charged) to the Statement of Comprehensive Income		**3.0**	(63.5)	**(0.2)**	(7.6)
At 31 December		**66.9**	63.1	**12.7**	13.6
Representing:					
Deferred tax asset included within debtors falling due within one year	17	**0.4**	0.6	**-**	-
Deferred tax asset included within debtors falling due in more than one year	17	**68.0**	64.2	**12.7**	13.6
Deferred tax liability included within provisions for liabilities	23	**(1.5)**	(1.7)	**-**	-
		66.9	63.1	**12.7**	13.6

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Accelerated capital allowances	**10.7**	10.1	**-**	-
Trading losses and timing differences	**10.2**	11.2	**3.1**	3.5
Capital losses	**-**	-	**7.1**	7.6
Deferred tax asset relating to pension deficit	**46.0**	41.8	**2.5**	2.5
	66.9	63.1	**12.7**	13.6

The Group does not recognise an asset of £31.4m (2022: £30.0m) 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 £25.0m (2022: £25.4m) 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.

22 Financial instruments

The Group has the following financial instruments:

	Note	2023 £m	2022 £m
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	17	**146.8**	133.7
Amounts owed by joint ventures and associates	17	**1.8**	1.2
Other debtors	17	**21.8**	18.0
		170.4	152.9

	Note	2023 £m	2022 £m
Financial liabilities measured at amortised cost			
Bank loans, overdrafts and working capital facilities	20	**51.8**	60.3
Finance leases	18, 19	**1.3**	1.8
Trade creditors	18	**61.2**	59.4
Accruals	18, 19	**97.9**	135.2
Other creditors	18, 19	**57.5**	28.8
		269.7	285.5

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 2023, there were no oustanding contracts (2022: all matured within 12 months).

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

	Deferred tax liability (note 21) £m	Legal and product liability £m	Property £m	Total £m
At 1 January 2023	1.7	1.5	14.2	17.4
Charged in the year	0.2	-	1.6	1.8
Reversed in the year	(0.4)	-	(3.2)	(3.6)
Unwinding of discount	-	-	0.3	0.3
Utilised in year	-	-	(2.3)	(2.3)
At 31 December 2023	**1.5**	**1.5**	**10.6**	**13.6**

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 3.4% - 3.8% has been applied (2022: 3.5% - 3.9%). In the last 5 years rates have been between 0.0% and 3.9% and the impact is not material to the results.

Sensitivity

Key assumption	Reasonably possible change	Impact on provision	2023 £m
Property discount	Increase of 3.5%	Decrease in provision	1.1
	Decrease of 3.5%	Increase in provision	(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 £1.7m (2022: £6.8m).

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 defined contribution benefits.

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 2023 for the purposes of FRS 102. Scheme assets are stated at their market value at 31 December 2023.

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 £11.5m (2022: £8.1m).

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

	2023	2022
Rate of general increase in salaries	**2.99%**	3.05%
Rate of increase in pensions in payment	**2.83%**	2.87%
Rate of increase in deferred pensions	**2.39%**	2.45%
RPI inflation rate	**2.99%**	3.05%
Discount rate	**4.69%**	4.94%

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:

	2023	2022
Retirement in this year for male pensioners at age 65	**21 years**	21 years
Retirement in 2043 for male pensioners at age 65	**21 years**	22 years
Retirement in this year for female pensioners at age 65	**23 years**	23 years
Retirement in 2043 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.

24 Pension liability (continued)

A 0.1% p.a increase/decrease to the discount rate would result in the pension deficit decreasing/increasing by £8.8m. A 0.1% p.a increase/decrease to the inflation rate would result in the pension deficit increasing/decreasing by £5.8m.

Group

The fair value of total scheme assets was:

	2023 £m	2022 £m
Equities/absolute return funds	**83.3**	55.2
Government bonds	**106.7**	110.2
Corporate bonds	**118.9**	144.2
Property/infrastructure	**116.0**	117.3
Other	**146.7**	154.2
Total fair value of assets	**571.6**	581.1
Present value of funded pension plans' liabilities	**(747.6)**	(719.8)
Deficit in funded plans	**(176.0)**	(138.7)
Unrecognised assets due to surplus restriction	**(8.9)**	(28.8)
Total deficit in plans	**(184.9)**	(167.5)

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

	Liabilities £m	Assets £m	Total £m
At 1 January 2023	(719.8)	581.1	(138.7)
Scheme administration costs	-	(0.9)	(0.9)
Current service cost	(0.2)	-	(0.2)
Interest (cost)/income	(34.6)	27.8	(6.8)
Contributions by members	(0.1)	0.1	-
Contributions by Group	-	2.1	2.1
Benefits paid	37.6	(37.6)	-
Actuarial loss	(30.5)	(1.0)	(31.5)
At 31 December 2023	**(747.6)**	**571.6**	**(176.0)**

Scheme assets include an interest in shares in the Company valued at £16.0m (2022: £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 gain of £26.8m (2022: loss of £53.0m).

The Consolidated Profit and Loss Account includes the following amounts:

	2023 £m	2022 £m
Current service cost	**(0.2)**	(0.5)
Scheme administration costs	**(0.9)**	(1.0)
Interest costs	**(6.8)**	(7.9)
	(7.9)	(9.4)

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 £77.3m.

The Group has not recognised a pension asset of £8.9m (2022: £28.8m) 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.

Company

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

	2023 £m	2022 £m
Equities/absolute return funds	**11.0**	5.7
Government bonds	**17.1**	17.2
Corporate bonds	**21.1**	25.1
Property/infrastructure	**24.8**	24.6
Other	**10.8**	12.8
Total fair value of assets	**84.8**	85.4
Present value of funded pension plan's liabilities	**(95.1)**	(95.3)
Total deficit in plan	**(10.3)**	(9.9)

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

	Liabilities £m	Assets £m	Total £m
At 1 January 2023	(95.3)	85.4	(9.9)
Scheme administration costs	-	(0.1)	(0.1)
Interest (cost)/income	(4.6)	4.0	(0.6)
Contributions by Company	-	1.2	1.2
Benefits paid	6.2	(6.2)	-
Actuarial (loss)/gain	(1.4)	0.5	(0.9)
At 31 December 2023	**(95.1)**	**84.8**	**(10.3)**

Scheme assets include an interest in shares in the Company valued at £3.8m (2022: £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 gain of £4.5m (2022: loss of £4.9m).

The Company Profit and Loss Account includes the following amounts:

	2023 £m	2022 £m
Scheme administration costs	**(0.1)**	(0.1)
Interest costs	**(0.6)**	(0.7)
	(0.7)	(0.8)

Total contributions made by the Company in the year to defined contribution section of the Company's schemes were £nil (2022: £nil).

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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

	2023 £m	2022 £m
74.3 million (2022: 74.3 million) 'A' Ordinary shares of ½p each	**0.4**	0.4
5.6 million (2022: 5.6 million) 'D' Ordinary shares of ½p each	**-**	-
1.7 million (2022: 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 Share-based payments

The Company has two share option schemes, both of which are equity-settled. Details of the two schemes are set out below:

i. a long term incentive plan, where certain senior executives were granted share options during 2023, which can be exercised at the end of a three year period at a price of 41p per share, as long as the employee remains employed by the Group and certain annual profit targets are achieved. Any unexercised options will lapse after ten years from the date of grant.

ii. a share option scheme, where certain senior executives were granted share options during 2023, which can be exercised at any time at nil consideration. There are no other performance criteria attached to this share option scheme.

The fair value of the share options has been calculated using the Black-Scholes option pricing model and a charge for the year in respect of share-based payments of £0.4m (2022: £nil) has been reported in the Consolidated Profit and Loss Account. The carrying amount of liabilities arising from share-based payment transactions as at 31 December 2023 is £0.4m (2022: £nil).

The following table illustrates the movements in share options during the year:

	Number of options	Weighted average exercise prices £
Outstanding as at 1 January 2023	-	-
Granted	2,648,643	
Lapsed	(18,731)	
Outstanding as at 31 December 2023	**2,629,912**	**0.28**
Exercisable as at 31 December 2023	**815,862**	**-**

27 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.

28 Notes to the cash flow statement

	2023 £m	2022 £m
Profit after tax	**8.5**	24.4
Adjustments for:		
- Tax on profit	**4.9**	6.5
- Net interest expense	**11.1**	10.7
- Exceptional items	**2.0**	(28.0)
- Income from interests in associated undertakings	**(4.8)**	(1.4)
Profit before interest and tax, before share of profit after tax of joint ventures and associates and before exceptional items	**21.7**	12.2
Amortisation of intangible assets	**1.8**	1.9
Depreciation of tangible assets	**5.5**	4.4
Profit on disposal of tangible assets	**0.1**	-
Working capital movements:		
- Increase in stock	**(4.5)**	(5.5)
- Increase in debtors	**(32.0)**	(27.8)
- Increase in creditors	**16.5**	22.6
- (Decrease)/increase in provisions	**(4.0)**	2.7
Cash relating to exceptional items	**-**	(4.5)
Difference between pension service charge and cash contributions	**(1.0)**	(6.6)
Unrealised foreign currency gains and losses	**0.1**	(0.3)
Net cash generated from/(used in) operating activities	**4.2**	(0.9)

Total defined benefit contributions in the year were £2.1m (2022: £8.1m).

28 Notes to the cash flow statement (continued)

Analysis of changes in net cash/(debt)

	1 January 2023 £m	Cash flow £m	Non-cash movement £m	31 December 2023 £m
Cash at bank and in hand	**65.4**	(13.4)	(0.8)	**51.2**
Bank overdrafts	**(17.1)**	16.5	-	**(0.6)**
Cash and cash equivalents	**48.3**	**3.1**	**(0.8)**	**50.6**
Debt:				
Finance leases	**(1.8)**	0.5	-	**(1.3)**
Debts due within one year	**(31.3)**	6.2	0.7	**(24.4)**
Debts falling due after more than one year	**(11.9)**	(15.0)	0.1	**(26.8)**
Total debt excluding cash and overdrafts	**(45.0)**	**(8.3)**	**0.8**	**(52.5)**
Net cash/(debt)	**3.3**	**(5.2)**	**-**	**(1.9)**

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

29 Financial commitments

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Guarantees for export trading and loan facilities	**1.8**	0.9	**-**	-

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 2023 was £19.1m (2022: £6.4m).

30 Operating lease commitments

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

	2023 £m	2022 £m
Expiry date		
Within 1 year	**36.8**	32.6
Between 2 and 5 years	**67.4**	77.6
More than 5 years	**37.8**	42.9

The Company had no operating lease commitments at 31 December 2023 (2022: £nil).

31 Post balance sheet event

After the balance sheet date, management has taken the strategic decision to close Serck Services Inc. due to adverse trading conditions. A review has been undertaken to identify any impairment of assets and onerous contracts which has resulted in exceptional costs of £2.0m being reported in the Consolidated Profit and Loss account.

32 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:

	Note	2023 £m	2022 £m
Entities over which the Group has joint control or significant influence			
Sales to related parties		**5.2**	4.4
Purchases from related parties		**0.5**	0.5
Payments made on behalf of related parties		**8.4**	7.7
Balances due from related parties	17	**1.8**	1.2
Dividends from related parties		**0.4**	2.5

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; Director of Operational Excellence and Digital Delivery; Operations Manager and Member of the Learning & Development team in Unipart's consultancy business.

33 Group undertakings

33.1 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 *Schloßmühlstraße 15b, 2320 Schwechat, Austria*	Austria
Unipart NV *Soldatenplein Z2, Industriepark 3300, Tienen, Belgium*	Belgium
Van Wezel Autoparts NV *Soldatenplein Z2, Industriepark 3300, Tienen, Belgium*	Belgium
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
Van Wezel GmbH *Südfeld 7, 59174 Kamen, Germany*	Germany
Van Wezel Nederland BV *John M. Keynesplein 10, 1066EP, Amsterdam, Netherlands*	Netherlands
Unipart Logistics LLC *Integrated Logistics Bonded Zone, Building 8791, 105th Street, Riyadh, 13442, Saudi Arabia*	Saudi Arabia
Unipart Services Spain, S.L. [in liquidation] *Avenida del Sistema Solar, 19, Nave 5 y 6, San Fernando de Henares, 28830, Spain*	Spain

Africa, Americas and Rest of the World

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

Manufacturing and engineering solutions

Serck Services (Bahrain) EC *PO Box 3214, Manama, Bahrain*	Bahrain
Comms Design Limited *	England
Instrumentel Limited (87%) *	England
Metlase Limited *	England
Park Signalling Limited *	England
Samuel James Engineering Limited *	England
Serck Services UK Limited *	England
Unipart Construction Technologies Limited * (i)	England
Unipart Powertrain Applications Limited *	England
Serck Services (Oman) LLC (49%) (ii) *PO Box 1056, Ruwi 112, Sultanate of Oman*	Oman
Serck Services (Gulf) Limited (49%) (ii) *PO Box 5834, Sharjah, UAE*	UAE
Serck Services Company LLC (49%) (ii) *PO Box 4439, Abu Dhabi, UAE*	UAE
Westcode Inc *223 Wilmington, West Chester Pike, Suite 105, Chadds Ford, PA 19317, USA*	USA

Group vehicle and property holding companies

LGUA17 Limited *	England
UGC Properties Limited * (i)	England
Unipart Fleet Services Limited *	England

Intermediate holding companies

UGC(2015) Limited * (i)	England
Unipart Advanced Manufacturing Limited *	England
Unipart Group Holdings Limited * (i)	England
Unipart Manufacturing Limited *	England
Unipart International Holdings Limited *	England

Unipart Rail Holdings Limited * (i)	England
UGC Holdings BV *John M. Keynesplein 10, 1066EP, Amsterdam, Netherlands*	Netherlands
UNV Invest BV *John M. Keynesplein 10, 1066EP, Amsterdam, Netherlands*	Netherlands
Unipart Rail Holdings (North America) Inc *1209 Orange Street, Wilmington, DE 19801, USA*	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

33.2 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%) *Level 10, 40 Miller Street, North Sydney, NSW, 2060 Australia*	Australia
ACI-Auto Components International s.r.o (29%) *Dělostřelecká 190/19, Střešovice, 16200, Praha 6, Czech Republic*	Czech Republic
Enerail Limited (34%) *West Point, Second Floor, Mucklow Office Park, Mucklow Hill, West Midlands, B62 8DY, England*	England
Lucchini Unipart Rail Limited (40%) *Ashburton Park Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England*	England
Monirail Limited (33%) *West Point, Second Floor, Mucklow Office Park, Mucklow Hill, West Midlands, B62 8DY, England*	England
PlusParts BV *Hoorn 79, 2404 HH, Alphen Aan Den Rijn, Netherlands*	Netherlands
Unipart Rail ARC Middle East LLC *19th Floor Al Nakhlah 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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33.3 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.

Dorman Traffic Products Limited *	England
Dorman Traffic Products Pension Trustees Limited *	England
EW (Holdings) Limited *Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
H.Burden Pension Trustees Limited * (i)	England
HCSU16 Limited *Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
HCSU23 Limited (i) *Chiltern House, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
Key Fasteners Limited *	England
Lucchini UK Limited (40%) *Ashburton Park, Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England*	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
Unipart Robotics Limited *	England
Unipart Security Solutions Limited *	England
UGC Pension Shareholding Limited *1st Floor, Sixty Circular Road, Douglas, IM1 1AE, Isle of Man*	Isle of Man
UGC GP Scotland Limited (i) *50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland*	Scotland
UGC Pension Funding LP (ii) *50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland*	Scotland

(i) Shares held directly by the Company

(ii) A Scottish Limited Partnership

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

Unipart Group
Unipart House
Cowley
Oxford
OX4 2PG