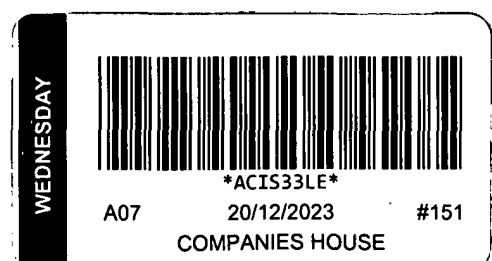


Registered No: 2087867

# **Future Electronics Limited**

## **Report and Financial Statements**

31 December 2022



## Company Information

### Directors

G B Oliver  
A Shepherd

### Secretary

K Carton

### Auditors

Ernst & Young LLP  
R+  
2 Blagrove Street  
Reading  
Berkshire RG1 1AZ

### Bankers

BNP Paribas  
10 Harewood Avenue  
London NW1 6AA

### Registered Office

Future House  
The Glanty  
Egham  
Surrey TW20 9AH

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## Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2022.

### Review of the business

The principal activities during the year continued to be the management of customers' supply chain requirements, in particular the design, distribution and support of semi-conductor and lighting solutions.

The Company's key financial indicators during the year were as follows:

	2022 £000	2021 £000	Change £000	Change %
Turnover	1,278,096	940,939	337,157	35.8
Gross profit %	16.7%	15.0%	1.7%	11.3
Operating profit	115,257	38,672	76,585	198.0
Profit after tax	112,786	37,110	75,676	203.9
Total equity	496,921	310,755	186,166	59.9
Net current assets	470,515	285,342	185,173	64.9

Turnover increased by 35.8% (2021 – 29.3% increased). Following on from 2021 when the market was highly competitive as the market experienced a period of shortages of supply against demand, in 2022 demand continued to increase as customers sought to protect themselves from any further shortages by keeping their own inventory levels high. This coupled with some acquisition of market share were the primary contributors to the turnover increase achieved in 2022.

Whilst total Sales, General and Administration Costs (SGA) decreased by £4.3m (4.2%), £12.2m of this was attributable to FX gains driven by the weakening of GBP against USD & EUR. The offsetting increase of £7.9m was mostly due to the increase in costs associated with delivering the revenue increase, including investment in additional headcount and other variable costs which rise with revenue and profit increases.

The increase in volume has added approximately £50.6m to the Gross Profit (GP). The increase in GP percentage has increased Gross Margin by approximately £21.7m, giving a total increase of £72.3m, (2021 – increase of £52.3m). This increase in GP has driven an increase in Operating Profit of £76.6m (2021 – increase of £35.8m).

Income from shares in group undertakings was £21.7m in 2022 compared to £7.3m in 2021, increasing profit on ordinary activities before interest and taxation by £14.4m (2021: reduction of £4.9m).

Net current assets have increased by 64.9% (2021 – 11.2% decreased), or £185.2m (2021 – £35.9m), reflecting an increase in stock of £121.1m (2021 – £40.1m increase), an increase in debtors of £123.8m (2021 – £112.4m increase), and an increase in net cash of £3.9m (2021 – £3.5m increase) offset against an increase in creditors (<1year) of £63.7m (2021 – £191.9m increase). This is consistent with the movement in trading performance noted above.

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## Strategic report (continued)

### Principal risks and uncertainties

The Company has identified the principal risks that it faces, and its reaction to them, as follows:

#### **Market risk**

The European Electronic Component market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycles of the region and each individual country as well as the migration of manufacturing activity to lower cost locations. The Company manages its exposure to these fluctuations by monitoring working capital, restricting dependence on large customers and maintaining close working relationships with suppliers.

#### **Financial risk management**

The Company manages its interest rate risk exposure, as interest on the group loan is an annually agreed fixed rate of interest.

The Company manages its foreign currency risk exposures on the sale of goods overseas where possible by invoicing in the same currency that the goods were purchased in. In addition, where the buying and selling currencies are mismatched, the Company attempts to include contractual terms to enable a variable rate to be invoiced in the event of significant currency movements.

The Company assesses the creditworthiness of new customers before commencing trade with them. Based on this, authorised credit line limits are set. A proactive approach to the identification and control of bad and doubtful debts is operated as well as a group insurance policy against uncollectible receivables.

#### **Competitive risk**

The Company is at risk from changes in market trading conditions driven by consumer demand and the level of competition in the marketplaces in which the company operates. The Company attempts to offset such risks by maintaining a diversified portfolio of products and suppliers and by extending the geographical marketplaces in which it operates.

#### **Legislative and business environment risk**

Unanticipated changes in the legislative framework in which the company operates could affect its future results from operations. In addition, the Company buys and sells products in many different countries exposing it to the additional risks of their legislatures as well as economic, political and business environmental risks. The Company continuously assesses these environments and decides what actions to take to limit its risk following such examination, up to the withdrawal from markets considered to hold a prohibitive level of risk.

#### **Statement by the Directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006**

The directors consider that both individually and together they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2022. This forms part of the directors' statement required under section 414CZA of the Companies Act 2006.

Through the actions detailed below, the directors have worked to ensure that the long-term objectives of the business are met and its reputation maintained

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## Strategic report (continued)

### ***Statement by the Directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006 (continued)***

#### **Customers**

The Company works closely with its customers to understand and address their business requirements in order to further the success of the respective businesses in partnership.

Senior management (including company directors) meet regularly with key strategic partners, which provides valuable insights into customers' issues, challenges and opportunities.

#### **Employees**

Matters affecting employees are communicated via the management structure to enable employees to be aware of the Company's strategy and performance. As a key component of making the Company a great place to work, wellbeing initiatives continue to be available including private health insurance, social club, cycle schemes, eyesight testing, and life-style management programs.

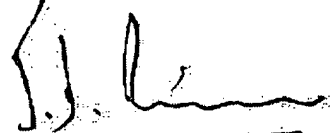
#### **Suppliers**

Company suppliers are fundamental to the success of its business. Key supplier relationships are managed at an executive level across the Future Electronics organisation globally, regionally and locally.

#### **Community and environment**

The Company is committed to managing the wider social and environmental impacts of its operations. Reference is made to the Future Electronics website for details of the 'Code of Conduct', 'Environmental Policy' and 'Modern Slavery and Human Trafficking Statement'.

On behalf of the Board



G B Oliver  
Director

Date: 18 December 2023

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Registered No. 2087867

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

### Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying indemnity provision remains in force as at the date of approving the directors' report

### Results and dividends

The profit for the year after taxation amounted to £112.8m (2021 – profit of £37.1m). A dividend was paid to Future Electronics Management Services Ltd of £7.0m (2021 – £nil).

### Future developments

The Company is committed to strengthening its market position across EMEA and continues to invest in improving its presence, efficiency and effectiveness in all locations to achieve that aim.

### Going concern

The Company is trading profitably, with positive cash flow and a strong balance sheet forecasted throughout the going concern assessment period of 12 months from approval of the financial statements. In addition, the Company has a letter of support from the ultimate parent company, Future Electronics Inc., committing to provide continuing financial support in the event the Company is unable to meet its obligations itself.

In 2022 the allocated market that was experienced in 2020/21 ended, and as anticipated our customers opted to keep their inventory levels high to protect themselves from any further product shortages – this led to the Company's revenues increasing. As a result of this, the Company again experienced record breaking revenues throughout 2022, and the Company is on track to make new records in 2023 following record EMEA revenue in H1 2023 and also strong Q3 EMEA revenue performance.

The directors expect demand to continue to be strong beyond this, as countries continue with electronic intensive infrastructure projects including the roll out of 5G and all of the products that become enabled by that. In assessing going concern, the Directors have noted the following matters:

- In 2022 FEL had operating profit of £115.3m on turnover of £1,278m. PBT was £134.9m and net income £112.8m;
  - The forecast for 2023 is operating profit of £50m on turnover of £1,292m. PBT is forecast at £52m and net income £40m. The decrease in profit is due to SG&A costs, including wages, increasing at a higher rate relative to our sales price increases. This is compounded further through the increased supply of components in the market, diluting profit margins with increased competition;
  - As at December 2022 current assets totalled £810m. Forecast for December 2023 is 792m. This includes £334m of inventory and £442m of trade debtors;
  - Agreements with suppliers provide a level of return rights and subsidised inventory write-offs. Typically write-offs to our results have not exceeded the 0.5%-1% range. Therefore, the majority of this value would be convertible to cash;
  - Management of credit terms is very strict and as a result bad debts tend not to exceed 0.1% of receivables. FY 2022 was 0.06%. Again this asset has remained highly liquid;
  - Short-term payables are forecast at £280m at December 2023, compared to £340m at December 2022;
  - Intercompany loan funding of £75.5m was fully repaid on 27 June 2022.
-

## Directors' report (continued)

### Going concern (continued)

- Excluding the investment in subsidiaries and fixed assets, at 31 December 2022 the company has circa £467m of net assets (Inventory - £349m; Trade Debtors - £441m; Cash - £21m; Short Term Creditors - £(340m); Long-Term Creditors - £(2m); and Provision for Liabilities - £(2m)) that are relatively liquid. This compares to total SG&A costs annualised at around £110m (Commissions to subsidiary promotional entities - £50m; Interco Charges (incl. Distribution centre recharge) - £26m; Compensation - £22m; Rent and Rates - £2.6m; Freight out - £3.8m; Other - £6m), before any potential restructuring. The balance sheet position therefore provides evidence that, at least in the short term, the Company has the financial resources available to it to settle obligations as or when they fall due.

The Company also has access to additional cash resources through its ability to call on its investments to pay dividends but this is not expected to be required based on the forecasts for the assessment period.

The cashflow forecast used for the Going Concern has been modelled on 2023 actual performance year to date and using what is deemed to be the most likely outcome over the forecasted period. This takes into account current run-rates, with order backlog and collection rates extended for the remainder of the year, and with future years flat year on year.

A severe but plausible downside scenario was also considered with 2023 in line with current forecasts, but with a 20% downturn in billings for 2024, 50 basis points of uncollectible receivables, GP% falling by 2% reflecting downturn in prices and obsolete inventory, and an increase in non-variable SG&A of 6% due to inflationary pressure.

Based on the above severe but plausible downside scenario, although the Company would experience negative cashflow for the 12 month period following the signing of the accounts, the Company would continue to have access to the support provided by the Parent, evidenced in the letter of parental support which affirms that they will provide support to us for a period of 12 months following the signing of the accounts. This support is also required to cover the financial guarantee (of up to \$50m) that the Company gives to the Parent. In practical terms, this would take place through the parent making funding available through the cash-pooling arrangement, as it currently does.

After making due enquiries, considering the access to funds, potential downside scenarios, and strength of the ultimate parent undertaking, Future Electronics Inc. who have provided a letter of support, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation during the going concern assessment period of 12 months from approval of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

In March 2023, the owner of the parent company took the decision to initiate the process of the disposal of 100% of its shares in the company. The parent company has accepted an offer in September 2023 from WT Microelectronics (WT) which is currently going through regulatory approval. Our expectation is that it will be approved during the course of the first half of 2024. WT have indicated their intention to maintain the Future and WT brands and operations separate, at least in the short and medium term, maintaining the Future worldwide headquarters in Montreal and the EMEA headquarters in the UK. They have also indicated their intention to maintain both the business and legal/structural models of Future in place. WT have publicly disclosed that they intend to fund the transaction with a combination of cash on hand and committed debt facility. We have reviewed the terms of reference for the debt financing arrangement, inclusive of the scheduled repayment plan and associated covenant restrictions. We are satisfied that sufficient cash resources are available to WT to not only accommodate the execution of the sales and purchase agreement but ensure ongoing compliance with any existing and new debt arrangements. As a result, the Directors conclude that the going concern basis of preparation is appropriate for the financial statements.

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## Directors' report (continued)

### Directors

The directors who served the company during the year were as follows:

G B Oliver  
A Shepherd

### Charitable contributions

Contributions during the year amounted to £78,000 (2021 – £ nil).

### Employee involvement

During the year, the policy of providing employees with information about the Company has continued. Regular meetings are held between management and employees to allow a free flow of information and ideas.

### Disabled employees

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and is committed to continuing the employment of, and arranging the appropriate training for, employees who may become disabled persons during the period when they were employed by the Company. Also, the Company will endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees.

### Streamlined Energy and Carbon Reporting (SECR)

The SECR period covered in this report is the same as the Company's financial year, 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

### Organisation Boundary and Scope of Emissions

We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018. These sources fall within the Company's financial reporting.

An operational control approach has been used to define our organisational boundary. This is the basis for determining the Scope 1, Scope 2 and Scope 3 emissions for which the Company is responsible.

The emissions sources that constitute the boundary for the year to 31<sup>st</sup> December 2022 are:

- **Scope 1:** fuel used in company-owned vehicles, natural gas combustion within boilers, and CO<sub>2</sub> fire extinguisher replacements;
- **Scope 2:** purchased electricity for own use;
- **Scope 3:** fuel consumed in personal and hire vehicles on business use, business travel, waste disposal, and water consumption and disposal.

### Methodology

The following methodology was applied in the preparation and presentation of this data:

- The Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (the "GHG Protocol").
  - Application of appropriate emission factors (DEFRA conversion factors 2022 - UK Government GHG Conversion Factors for Company Reporting) to the Company's activity data to calculate GHG emissions;
-



## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (continued)

#### Methodology (continued)

- Application of appropriate emission factors to electricity consumption data to calculate location-based and market-based GHG emissions;
- Inclusion of all applicable Kyoto gases, expressed in carbon dioxide equivalents, or CO<sub>2</sub>e;
- Presentation of gross emissions; no net figures are provided as the Company does not purchase carbon credits (or equivalents);
- Presentation of annual energy use;
- The market-based emission calculation methodology uses the Association of Issuing Bodies (AIB) residual mix emission factor if a tariff-specific emission factor is not available.
- Electricity consumption for the Company's main UK office has been taken from the Grid Supply Point, which is consistent with previous years.
- The following estimations have been used due to data not being obtained or unable to be confirmed by the time of this report: Water data was not available for January 2022; therefore this was estimated using the value for January 2023.

#### Absolute Emissions

The total Scope 1, 2 and Scope 3 GHG emissions from the Company's operations in the year ending 31 December 2022 were:

- **801.0 tonnes** (2021 – 375.1 tonnes) of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) using a 'location-based' emissions factor methodology for Scope 2 emissions; and
- **942.0 tonnes** (2021 – 426.9 tonnes) of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) using a 'market-based' emissions factor methodology for Scope 2 emissions.

#### Intensity Ratios

As well as reporting the absolute emissions, the intensity measures are provided below in metric tonnes of CO<sub>2</sub> equivalent per FTE employee and per m<sup>2</sup> of occupied floor space.

These were selected as the most appropriate metrics for the Company, given that the majority of emissions result from the operation of the Company's premises and the business travel of its employees.

The intensity ratios are as follows:

- 2.16 tCO<sub>2</sub>e (2021 – 1.2 tCO<sub>2</sub>e) per FTE employee using the location-based method.
- 2.55 tCO<sub>2</sub>e (2021 – 1.3 tCO<sub>2</sub>e) per FTE employee using the market-based method.

When considering premises related emissions only, the intensity ratios are:

- 0.06 tCO<sub>2</sub>e (2021 – 0.05 tCO<sub>2</sub>e) per m<sup>2</sup> of occupied space (location-based method)
  - 0.08 tCO<sub>2</sub>e (2021 – 0.06 tCO<sub>2</sub>e) per m<sup>2</sup> of occupied space (market-based method)
-

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (continued)

Due to the small proportion of premises related Scope 3 emissions (10.1 tCO<sub>2</sub>e), the intensity ratios per m<sup>2</sup> of occupied space are unchanged when these additional emissions are included.

#### Target and Baselines

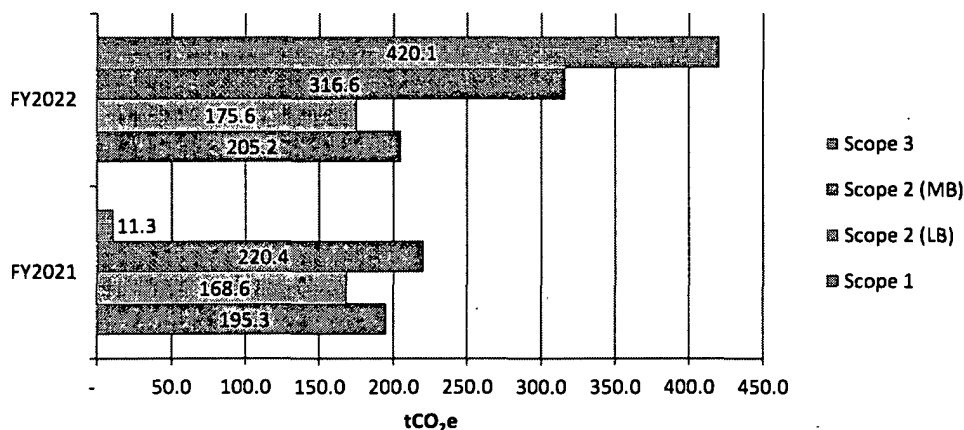
The Company's objective is to maintain or reduce its GHG emissions per FTE employee and square meter of occupied premise space each year and will report each year whether it has been successful in this regard.

The Company has expanded its reporting boundary of Scope 3 emissions, which explains the significant increase of Scope 3 emissions compared to 2021. This reporting year also included emissions from Business Travel, Water and Waste. The largest source of emissions, resulting in 314.8 tCO<sub>2</sub>e, was derived from the flights taken throughout FY2022. Scope 3 emissions resulting from personal car use increased from 11.3 tonnes in 2021 to 84.6 tonnes in 2022. Additionally, electricity and gas consumption has shown a year-on-year increase of 14% and 5%, respectively.

The number of FTE employees has increased from 325 in 2021 to 370 in 2022, whilst the total occupied floor space has remained the same at 6,725m<sup>2</sup>.

#### Key Figures

Future Electronics (UK) Ltd - Breakdown of Emissions by Scope



The Company has expanded its Scope 3 reporting in FY2022 to include, business travel, water, and waste, as well as the mandatory fuel used in personal cars for business purposes.

#### Total Energy Use

	Electricity (kWh)	Gas (kWh)	Personal Car Use (kWh)	Total Energy Use (kWh)
2022	908,295	1,124,292	282,051	2,314,638
2021	793,892	1,066,039	37,145	1,897,077

Note: Personal car usage for FY2021 has been corrected to 37,145 kWh, where it was previously stated as 25,682 kWh.

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (continued)

#### Annual Report Statement

GHG emissions	2022			2021		
	Tonnes CO <sub>2</sub> e	tCO <sub>2</sub> e / m <sup>2</sup> <sup>5</sup>	tCO <sub>2</sub> e / FTE employee <sup>6</sup>	Tonnes CO <sub>2</sub> e	tCO <sub>2</sub> e / m <sup>2</sup> <sup>5</sup>	tCO <sub>2</sub> e / FTE employee <sup>6</sup>
Scope 1 <sup>1</sup>	205.23	0.03	0.55	195.27	0.03	0.60
Scope 2 <sup>2</sup> (location-based)	175.65	0.03	0.47	168.57	0.03	0.52
Scope 2 <sup>3</sup> (market-based)	316.61	0.05	0.86	220.39	0.03	0.68
<b>Sub-total (location-based)</b>	<b>380.88</b>	<b>0.06</b>	<b>1.03</b>	<b>363.84</b>	<b>0.05</b>	<b>1.12</b>
<b>Sub-total (market-based)</b>	<b>521.84</b>	<b>0.08</b>	<b>1.41</b>	<b>415.66</b>	<b>0.06</b>	<b>1.28</b>
Scope 3 - Premises <sup>4</sup>	10.08	0.00	0.03	-	-	-
Scope 3 - Business Travel <sup>4</sup>	410.06	-	1.11	11.26	-	0.03
<b>Total GHG emissions (Location-based)</b>	<b>801.01</b>	<b>0.06</b>	<b>2.16</b>	<b>375.10</b>	<b>0.05</b>	<b>1.15</b>
<b>Total GHG emissions (Market-based)</b>	<b>941.98</b>	<b>0.08</b>	<b>2.55</b>	<b>426.92</b>	<b>0.06</b>	<b>1.31</b>

1 - Scope 1 being emissions from the Group's combustion of fuel and operation of facilities.

2 - Scope 2 being emissions from electricity (from location-based calculations), heat, steam and cooling purchased for the Group's own use.

3 - Scope 2 being emissions from electricity (from market-based calculations), heat, steam and cooling purchased for the Group's own use.

4 - Scope 3 being indirect emissions from the Company's combustion of fuel in personal cars for business use, business travel, waste disposal, and water consumption and disposal.

5 - Occupied office space: 6,725 m<sup>2</sup> (FY2022) 6,725 m<sup>2</sup> (FY2021)

6 - FTE employees: 370 (FY2022); 325 (FY2021)

#### Energy Efficiency Actions

During 2022 the Company has undertaken the following actions:

- Completed the install of LED lighting across their building.
- Monitored HVAC usage, whilst switching off the system at weekends.
- Made ongoing efforts to reduce paper consumption, including moving over to DocuSign.
- Engaged in glass and food waste recycling.

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (continued)

#### Understanding the Indirect Environmental Impacts of our Business Activities

The Company considers it important to comply with existing applicable environmental, ethical and social legislation. It is also important that the Company can demonstrate that an appropriate strategy is in place to meet future applicable legislative and regulatory requirements and that the Company can operate to specific industry standards, striving for best practice.

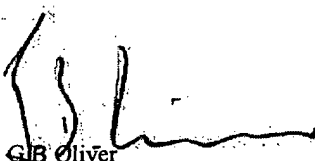
#### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



GIB Oliver

Director

Date: 18 December 2023

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable United Kingdom law and regulations.

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

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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# **Independent auditors' report**

**to the members of Future Electronics Limited**

## **Opinion**

We have audited the financial statements of Future Electronics Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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# **Independent auditors' report**

**to the members of Future Electronics Limited**

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

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# Independent auditors' report

## to the members of Future Electronics Limited

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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.
- We understood how Future Electronics Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. Our audit procedures were designed to either corroborate or provide contrary evidence, the results of which were followed up appropriately. Specifically, we have completed a board minute review to understand procedures in place and verify they are in line with the frameworks. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, detect and deter fraud; and how senior management monitors those programmes and controls. Where this risk was higher, we performed incremental audit procedures to address each identified fraud risk. These procedures included:
  - o The vouching of a statistical sample to source evidence, monthly analytical review and the deployment of data analytics in our execution of journal entry testing procedures to respond to the risk of overstatement of supplier rebate arrangements.
  - o Trade receivable existence testing (through external circularisation and vouching to source evidence such as invoices, delivery notes and bank statements), the deployment of data analytics in our execution of both journal entry testing procedures and our revenue correlation assessment, monthly analytical review, post balance sheet date credit note evaluation and a revenue cut-off assessment to respond to the risk of inappropriate revenue recognition.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any noncompliance with laws and regulations, assessment of financial statement disclosures to ensure compliance with relevant reporting frameworks and enquiries of management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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# **Independent auditors' report**

**to the members of Future Electronics Limited**

## **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Tristan Allen', followed by 'Ernst & Young LLP' in a smaller, less legible script.

Tristan Allen (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

Date: 18 December 2023

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## Statement of Total Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
<b>Turnover</b>	4	1,278,096	940,939
Cost of sales		<u>(1,064,666)</u>	<u>(799,824)</u>
<b>Gross Profit</b>		213,430	141,115
Sales, general and administration costs		<u>(98,173)</u>	<u>(102,443)</u>
<b>Operating Profit</b>	5	115,257	38,672
Income from shares in group undertakings		<u>21,674</u>	<u>7,253</u>
<b>Profit on ordinary activities before interest and taxation</b>		136,931	45,925
Interest receivable and similar income	8	247	51
Interest payable and similar charges	8	<u>(2,271)</u>	<u>(1,836)</u>
Net interest payable and similar charges	8	<u>(2,024)</u>	<u>(1,785)</u>
<b>Profit on ordinary activities before taxation</b>		134,907	44,140
Tax on Profit on ordinary activities	9	<u>(22,121)</u>	<u>(7,030)</u>
<b>Profit &amp; total comprehensive income for the financial year</b>		<u>112,786</u>	<u>37,110</u>

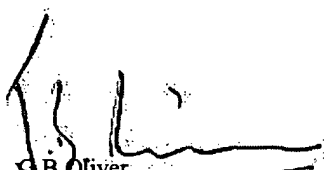
The notes on page 21 to 43 form part of these financial statements.

## Statement of financial position

at 31 December 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	1,080	1,205
Investments	11	28,197	28,197
		<u>29,277</u>	<u>29,402</u>
<b>Current assets</b>			
Stocks	12	349,175	228,045
Debtors: amounts falling due within one year	13	440,502	316,726
Cash at bank and in hand		20,709	16,725
		<u>810,386</u>	<u>561,496</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(339,871)</u>	<u>(276,154)</u>
<b>Net current Assets</b>		<u>470,515</u>	<u>285,342</u>
<b>Debtors: amounts falling due after more than one year</b>	14	<u>863</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>500,655</u>	<u>314,744</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(2,118)</u>	<u>(2,373)</u>
<b>Provisions for liabilities</b>	17	<u>(1,616)</u>	<u>(1,616)</u>
<b>Net Assets</b>		<u>496,921</u>	<u>310,755</u>
<b>Capital and reserves</b>			
Called up share capital	18	169,789	169,789
Share premium	18	93,705	13,325
Profit and loss	18	233,427	127,641
<b>Equity</b>		<u>496,921</u>	<u>310,755</u>

The financial statements for company registration number 2087867 were approved and authorised for issue by the Board and were signed on its behalf by:

  
 G B Oliver  
 Director  
 Date: 18 December 2023

The notes on page 21 to 43 form part of these financial statements.

## Statement of changes in equity

for the year ended 31 December 2022

	<i>Called up share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss £000</i>	<i>Total equity £000</i>
At 1 January 2021	169,789	13,325	90,531	273,645
Total comprehensive income for the year	-	-	37,110	37,110
At 1 January 2022	169,789	13,325	127,641	310,755
Total comprehensive income for the year	-	-	112,786	112,786
New shares issued	-	80,380	-	80,380
Equity dividends paid	-	-	(7,000)	(7,000)
Balance at 31 December 2022	<u>169,789</u>	<u>93,705</u>	<u>233,427</u>	<u>496,921</u>

## Statement of cash flows

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Cash (used in) / generated from operations</b>	21	(66,353)	3,551
Tax paid		(22,356)	(3,922)
<b>Net cash (used in) operating activities</b>		(88,709)	(371)
Purchase of PPE		(337)	(409)
Net (increase) in investments		-	(3)
Interest received		247	51
Dividends received		21,674	7,253
<b>Net cash generated from investing activities</b>		21,584	6,892
Issue of ordinary share capital		80,380	-
Dividend paid to equity shareholders		(7,000)	-
Interest paid		(2,271)	(1,836)
<b>Net cash generated from / (used in) financing activities</b>		71,109	(1,836)
Net increase in cash and cash equivalents		3,984	4,685
Cash and cash equivalents including bank overdrafts at the beginning of the period		16,725	12,040
<b>Net cash and cash equivalents at the end of the year</b>		20,709	16,725
<b>Reconciliation of net cash and cash equivalents</b>			
Cash and cash equivalents (disclosed within current assets)		20,709	16,725
<b>Net cash and cash equivalents at the end of the year</b>		20,709	16,725

## Notes to the financial statements

at 31 December 2022

### 1. General information

Future Electronics Limited (the Company) is engaged in the management of customers' supply chain requirements, in particular, the design, distribution and support of semi-conductor and lighting solutions. The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Future House, The Glanty, Egham, Surrey TW20 9AH.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and the Republic of Ireland" (FRS 102). The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006.

The financial statements have been prepared in sterling which is the presentational currency of the Company and rounded to the nearest £'000. The functional currency of the company is sterling.

#### **Going Concern**

The Company is trading profitably, with positive cash flow and a strong balance sheet forecasted throughout the going concern assessment period of 12 months from approval of the financial statements. In addition, the Company has a letter of support from the ultimate parent company, Future Electronics Inc., committing to provide continuing financial support in the event the Company is unable to meet its obligations itself.

In 2022 the allocated market that was experienced in 2020/21 ended, and as anticipated our customers opted to keep their inventory levels high to protect themselves from any further product shortages – this led to the Company's revenues increasing. As a result of this, the Company again experienced record breaking revenues throughout 2022, and the Company is on track to make new records in 2023 following record EMEA revenue in H1 2023 and also strong Q3 EMEA revenue performance.

The directors expect demand to continue to be strong beyond this, as countries continue with electronic intensive infrastructure projects including the roll out of 5G and all of the products that become enabled by that. In assessing going concern, the Directors have noted the following matters:

- In 2022 FEL had operating profit of £115.3m on turnover of £1,278m. PBT was £134.9m and net income £112.8m;
  - The forecast for 2023 is operating profit of £50m on turnover of £1,292m. PBT is forecast at £52m and net income £40m. The decrease in profit is due to SG&A costs, including wages, increasing at a higher rate relative to our sales price increases. This is compounded further through the increased supply of components in the market, diluting profit margins with increased competition;
  - As at December 2022 current assets totalled £810m. Forecast for December 2023 is 792m. This includes £334m of inventory and £442m of trade debtors;
  - Agreements with suppliers provide a level of return rights and subsidised inventory write-offs. Typically write-offs to our results have not exceeded the 0.5%-1% range. Therefore, the majority of this value would be convertible to cash;
  - Management of credit terms is very strict and as a result bad debts tend not to exceed 0.1% of receivables. FY 2022 was 0.06%. Again this asset has remained highly liquid;
-

## Notes to the financial statements

at 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### *Going Concern (continued)*

- Short-term payables are forecast at £280m at December 2023, compared to £340m at December 2022;
- Intercompany loan funding of £75.5m was fully repaid on 27 June 2022.
- Excluding the investment in subsidiaries and fixed assets, at 31 December 2022 the company has circa £467m of net assets (Inventory - £349m; Trade Debtors - £441m; Cash - £21m; Short Term Creditors - £(340m); Long-Term Creditors - £(2m); and Provision for Liabilities - £(2m)) that are relatively liquid. This compares to total SG&A costs annualised at around £110m (Commissions to subsidiary promotional entities - £50m; Interco Charges (incl. Distribution centre recharge) - £26m; Compensation - £22m; Rent and Rates - £2.6m; Freight out - £3.8m; Other - £6m), before any potential restructuring. The balance sheet position therefore provides evidence that, at least in the short term, the Company has the financial resources available to it to settle obligations as or when they fall due.

The Company also has access to additional cash resources through its ability to call on its investments to pay dividends but this is not expected to be required based on the forecasts for the assessment period.

The cashflow forecast used for the Going Concern has been modelled on 2023 actual performance year to date and using what is deemed to be the most likely outcome over the forecasted period. This takes into account current run-rates, with order backlog and collection rates extended for the remainder of the year, and with future years flat year on year.

A severe but plausible downside scenario was also considered with 2023 in line with current forecasts, but with a 20% downturn in billings for 2024, 50 basis points of uncollectible receivables, GP% falling by 2% reflecting downturn in prices and obsolete inventory, and an increase in non-variable SG&A of 6% due to inflationary pressure.

Based on the above severe but plausible downside scenario, although the Company would experience negative cashflow for the 12 month period following the signing of the accounts, the Company would continue to have access to the support provided by the Parent, evidenced in the letter of parental support which affirms that they will provide support to us for a period of 12 months following the signing of the accounts. This support is also required to cover the financial guarantee (of up to \$50m) that the Company gives to the Parent. In practical terms, this would take place through the parent making funding available through the cash-pooling arrangement, as it currently does.

After making due enquiries, considering the access to funds, potential downside scenarios, and strength of the ultimate parent undertaking, Future Electronics Inc. who have provided a letter of support, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation during the going concern assessment period of 12 months from approval of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

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## Notes to the financial statements

at 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### *Going Concern (continued)*

In March 2023, the owner of the parent company took the decision to initiate the process of the disposal of 100% of its shares in the company. The parent company has accepted an offer in September 2023 from WT Microelectronics (WT) which is currently going through regulatory approval. Our expectation is that it will be approved during the course of the first half of 2024. WT have indicated their intention to maintain the Future and WT brands and operations separate, at least in the short and medium term, maintaining the Future worldwide headquarters in Montreal and the EMEA headquarters in the UK. They have also indicated their intention to maintain both the business and legal/structural models of Future in place. WT have publicly disclosed that they intend to fund the transaction with a combination of cash on hand and committed debt facility. We have reviewed the terms of reference for the debt financing arrangement, inclusive of the scheduled repayment plan and associated covenant restrictions. We are satisfied that sufficient cash resources are available to WT to not only accommodate the execution of the sales and purchase agreement but ensure ongoing compliance with any existing and new debt arrangements. As a result, the Directors conclude that the going concern basis of preparation is appropriate for the financial statements.

#### *Consolidation*

The Company is a wholly owned subsidiary of Future Electronics Management Services Limited, a company registered in England and Wales. Alonim Investments Inc. is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company and its subsidiaries are included is Future Electronics Inc. (incorporated in Canada). The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

#### *Tangible assets*

All tangible fixed assets are initially recorded at cost and are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value (updated if indicators are present that its value has changed), of each asset on a systematic basis over its expected useful life, as follows:

Short leasehold improvements	–	5 years
Equipment and fixtures	–	5 to 10 years
Computer equipment	–	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

Investments in other group companies are carried at cost less impairment. The Company assesses potential impairments to its investments when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If necessary, an impairment loss is recognised as the difference between the carrying value and the recoverable amount of the investment. Recoverable amount is determined based on the greater of fair value less costs to sell or value in use.

#### *Dividends*

Income is recognised when the Company's right to receive payment is established.

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## Notes to the financial statements

at 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### **Revenue recognition**

Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, when the price to the buyer is determinable and collectability is reasonably assured. Risk and rewards of ownership pass depending on terms of agreement with the customer, typically with most agreements this is on delivery. Revenue is measured at the fair value of consideration received, excluding VAT and other sales taxes or duty.

Interest income is recognised as interest accrues using the effective interest method.

#### **Stocks**

Stock, including consignment inventory, is stated at the lower of cost and net realisable value including provision for any slow moving or obsolete items. Cost is purchase price including the cost to bring the stock into its present location less trade discounts and is computed on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the statement of comprehensive income.

#### **Provisions of liabilities**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, the amount of the obligation can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Where material, the Company applies a pre-tax rate in order to take account of the time value of money on future obligations and benefits arising from a lease agreement to arrive at the value of a leasehold dilapidation provision.

Provision for the expected costs of leasehold dilapidations are recognised when there is an obligation to restore the building to its original condition, such cost have been fully provided for. The obligation will be relinquished when the lease has ended.

#### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

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## Notes to the financial statements

at 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### *Pensions*

The Company makes payments into a defined contribution pension scheme for all eligible and enrolled employees. As such the amounts are charged to the statement of comprehensive income in the period in which they become payable.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### *Financial instruments*

##### *Financial assets*

The Company's financial assets include cash, trade and other debtors.

Cash and cash equivalents comprise balances on bank financial statements, cash in transit and cash floats held in the business.

Trade and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as debtors. Trade debtors are measured initially at transaction price and subsequently at amortised cost using the effective interest method, less any impairment. Impairment is only recognised when there is objective evidence of an impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Total Comprehensive Income in sales, general and administration costs. At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the company recognises an impairment loss in profit or loss immediately.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### *Financial liabilities*

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Basic financial liabilities including trade and other payables and interest bearing loans and borrowing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

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## Notes to the financial statements

at 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### *Financial Instruments (continued)*

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

#### *Impairment of assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

### 3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *Judgements*

##### *Operating lease commitments*

The Company as a lessee obtains use of property. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

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## Notes to the financial statements

at 31 December 2022

### 3. Critical accounting estimates and judgements (continued)

The following are the Company's key sources of estimation uncertainty:

#### ***Impairment of Investments, property, plant and equipment***

The Company tests whether any of its investments have suffered any impairment. Where there are indicators of impairment, the carrying value of the asset in the financial statements is compared to the recoverable amount of the investment at the year end. Recoverable amount is determined based on the greater of fair value less costs to sell or value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Other fixed assets are depreciated or amortised over their estimated useful lives to their estimated residual values. Both the estimated useful life and the residual value are reviewed at least at each financial year-end.

#### ***Stock***

Stock is valued at the lower of cost and net realisable value. Due allowance is made for obsolete and slow-moving items by consulting with persons who are experts in this field as to the most likely net realisable value of such items. However, a change in demand or a new innovation subsequent to the publishing of these financial statements could change such assumptions. Stock obsolescence provision at 2022 year-end is £2,108,000 (2021 – £1,430,000).

#### ***Accounts receivable***

The Company has a highly sophisticated process for managing debtors including the credit limits offered to customers. All customers are given a risk assessment rating on a quarterly or bi-annual basis and all receivables balances are reviewed at year end for collectability. Any individual receivable for which collection is considered improbable – based on objective evidence – is provided for, however without knowing all individual circumstances of a customer, the actuality could differ from this assumption. Accounts receivable provision at 2022 year-end is £232,000 (2021 – £117,000).

#### ***Income taxes***

The Company makes a provision for corporation tax based on estimates of certain matters. If the final determination of HMRC differs from such estimates, then the difference will impact the period during which the determination is made. There are no uncertain tax positions at year end.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### ***Dilapidation costs***

An estimate has been made of the cost to restore the Company's leasehold properties to their original conditions on lease termination and such cost have been fully provided for. Whilst Chartered Surveyors have advised the Company in this calculation, there will be some variation when the actual cost is incurred.

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## Notes to the financial statements

at 31 December 2022

### 4. Turnover

Turnover represents the amounts derived from the sale of goods supplied by the Company, net of value added tax and trade discounts. All turnover arises from continuing operations. An analysis of turnover, destination by geographical market has not been provided on the grounds that, in the opinion of the Directors, it would be seriously prejudicial to the interests of the Company.

### 5. Operating Profit

This is stated after charging/(crediting):

	2022	2021
	£000	£000
Depreciation of owned assets	462	419
Operating lease charges – land and buildings	2,120	2,120
Write down of inventory	108	87
Foreign exchange (gain)/loss	(12,255)	4,926
Audit fees payable to the Company's auditors	123	107

### 6. Directors' remuneration

Certain directors' remuneration has been borne by the Company's immediate parent undertaking Future Electronics Management Services Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the fellow subsidiary companies. The directors participate in the Company's defined contribution scheme on the same terms as other employees.

The remuneration is disclosed within the immediate parent undertaking's financial statements. The total remuneration paid to the directors in the parent undertaking's financial statements is £475k (2021 – £503k).

### 7. Staff

	2022	2021
	£000	£000
Wages and salaries	18,568	16,894
Social security costs	2,090	1,817
Defined pension contributions	547	503
<b>Total Staff costs</b>	<b>21,205</b>	<b>19,214</b>

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

	2022	2021
	No.	No.
Sales	44	45
General and administration	313	299
	<b>357</b>	<b>344</b>

## Notes to the financial statements

at 31 December 2022

### 8. Interest income and expense

	2022 £000	2021 £000
<b>Interest receivable and similar income</b>		
Bank interest receivable	247	51
<b>Total interest received and similar income</b>	<b>247</b>	<b>51</b>
<b>Interest payable and similar charges</b>		
Bank interest payable	(1,087)	(33)
Interest payable to group companies	(1,184)	(1,803)
<b>Total interest payable and similar charges</b>	<b>(2,271)</b>	<b>(1,836)</b>
	2022 £000	2021 £000
<b>Net finance cost</b>		
Interest income	247	51
Interest expense	(2,271)	(1,836)
<b>Net finance cost</b>	<b>(2,024)</b>	<b>(1,785)</b>

### 9. Tax

(a) Tax on profit from ordinary activities

The tax charge is made up as follows:

	2022 £000	2021 £000
<b>Current tax:</b>		
UK corporation tax charge on profit for the year	21,592	6,993
Foreign tax (including withholding tax)	502	-
Adjustments in respect of prior periods	-	8
<b>Total current tax</b>	<b>22,094</b>	<b>7,001</b>
<b>Deferred tax:</b>		
Effects of rate change	-	2
Origination and reversal of timing differences	27	27
<b>Total deferred tax</b>	<b>27</b>	<b>29</b>
<b>Tax on profit on ordinary activities</b>	<b>22,121</b>	<b>7,030</b>

## Notes to the financial statements

at 31 December 2022

### 9. Tax (continued)

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2021 – lower) than the standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	134,907	44,140
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	25,632	8,387
<i>Effects of:</i>		
Income not subject to and expenses not deductible for tax	(4,020)	(1,366)
Depreciation in excess of capital allowances	7	(1)
Withholding tax	502	-
Adjustment to tax charge in respect of prior periods	-	8
Other timing differences	-	2
<b>Tax charge</b>	<b>22,121</b>	<b>7,030</b>

#### (c) Deferred tax

*The deferred taxation liability / (asset) recognised in the financial statements is as follows:*

	2022 £000	2021 £000
Accelerated capital allowances	73	43
Other timing differences	(30)	(28)
<b>Total</b>	<b>43</b>	<b>15</b>

£000

*Deferred tax liability is included in note 15: creditors < 1 year*

Deferred tax liability brought forward as at 1 January 2022	15
Deferred tax charge / (credit) in the profit and loss account	27
Deferred tax charge / (credit) in other comprehensive income	-
Deferred tax liability carried forward as at 31 December 2022	<u>42</u>

It is estimated that £120,000 of the fixed asset timing differences will reverse in the next 12 months after taking into account new originations in that period. It is not expected that any short term timing differences will reverse in the next 12 months.

## Notes to the financial statements

at 31 December 2022

### 9. Tax (continued)

#### (c) Deferred tax (continued)

In 2022, the deferred taxation (asset) not recognised in the financial statements was as follows:

	2022 £000	2021 £000
Rate change on opening balances	-	(64)
Other timing differences	(315)	(205)
<b>Total</b>	<b>(315)</b>	<b>(269)</b>

#### (d) Factors that may affect future tax charges

On March 3<sup>rd</sup> 2021, the Chancellor announced in the Budget, that the headline rate of Corporation Tax would increase from 19% to 25%, with effect from 1 April 2023. This increase was substantively enacted on 24 May 2021, therefore these changes to the tax rate have been reflected in these Financial Statements, and timing differences that will reverse after 1 April 2023 have been valued at the higher rate.

### 10. Tangible fixed assets

	Leasehold improvements £000	Equipment and fixtures £000	Computer equipment £000	Total £000
Cost:				
At 1 January 2022	2,363	682	2,037	5,082
Additions	55	54	228	337
Disposals	-	-	-	-
At 31 December 2022	2,418	736	2,265	5,419
Accumulated depreciation and impairment:				
At 1 January 2022	2,175	555	1,147	3,877
Charge for the year	47	42	373	462
Disposals	-	-	-	-
At 31 December 2022	2,222	597	1,520	4,339
Net book value:				
At 31 December 2022	196	139	745	1,080
At 1 January 2022	188	127	890	1,205



## Notes to the financial statements

at 31 December 2022

### 11. Investments

*Subsidiary  
undertakings  
£000*

*Cost and net book value:*

At 1 January 2022	28,197
Additions	-
Disposals	-
At 31 December 2022	<u>28,197</u>

<i>Name of company</i>	<i>% Holding</i>	<i>Principal Activity</i>	<i>Country of Incorporation</i>
Future Electronics Austria GmbH	100%	Local Distributor	Austria
Future Electronics NV	100%	Marketing & Technical	Belgium
Future Electronics s.r.o	100%	Marketing & Technical	Czech Rep
Future Electronics A/S	100%	Marketing & Technical	Denmark
Future Electronics OU	100%	Marketing & Technical	Estonia
Future Electronics Oy	100%	Marketing & Technical	Finland
Future Electronics S.A.	100%	Marketing & Technical	France
Future Electronics Deutschland GmbH	100%	Local Distributor	Germany
Future Electronics Kft.	100%	Marketing & Technical	Hungary
Future Electronics (Ireland) Limited	100%	Local Distributor	Ireland
Future Electronics Distribution (Israel) Limited	100%	Marketing & Technical	Israel
Future Electronics S.r.L	100%	Marketing & Technical	Italy
Future Electronics UAB	100%	Marketing & Technical	Lithuania
Future Electronics B.V.	100%	Marketing & Technical	Netherlands
Future Electronics AS.	100%	Local Distributor	Norway
Future Electronics Polska S.P.Z.o.o.	100%	Marketing & Technical	Poland
Future Electronics Portugal Unipessoal LDA	100%	Marketing & Technical	Portugal
Future Electronics SRL	100%	Marketing & Technical	Romania
Future Electronics Rus LLC	100%	Marketing & Technical	Russia
Future Electronics d.o.o.	100%	Marketing & Technical	Slovenia
FE Trading PTY Limited	100%	Local Distributor	South Africa
Future Electronics Distribution (Spain) S.L.	100%	Marketing & Technical	Spain
FAI Electronics AB	100%	Marketing & Technical	Sweden
Future Electronics Schweiz GmbH	100%	Local Distributor	Switzerland
Future Electronics Turkey Ltd	100%	Local Distributor	Turkey
Future Electronics Tunisia	100%	Marketing & Technical	Tunisia

## Notes to the financial statements

at 31 December 2022

### 11. Investments (continued)

The registered addresses for these Investments are:

Future Electronics Austria GmbH – Scheringgasse 2, 1140 Wien, Austria  
 Future Electronics NV – Bedrijvencentrum Regio Aalst, Industrielaan 4 Erembodegem-Aalst 9320 Belgium  
 Future Electronics s.r.o. – 4th Floor, East Building, Antala Staska 510/38, Prague, 140 00, Czech Republic  
 Future Electronics A/S – Skomagervej 130, Vejle, 7100, Denmark  
 Future Electronics OU – Narva Rd. 13<sup>a</sup>, Tallinn; 10151, Estonia  
 Future Electronics Oy – Teknobulevardi 7, 01530 Vantaa, Finland  
 Future Electronics S.A. – Le Crystalys, 6 Avenue Morane-Saulnier 78140, Velizy-Villacoublay, France  
 Future Electronics Deutschland GmbH – Maz-Planck-Str. 3, 85609 Ascheim - Domach, Germany.  
 Future Electronics Kft. – H-1113 Budapest, Nagyszolos ucy 1-153.em. Hungary  
 Future Electronics (Ireland) Ltd – Block B, The Crescent Building, Northwood Crescent, Northwood, Santry, Dublin 9, D09C6X8, Ireland  
 Future Electronics Distribution (Israel) Limited – 2 Maskit Street, Herzliya Pituach 4673302, Israel  
 Future Electronics S.r.l. – Via Victor Hugo n.4, Milano, Italy  
 Future Electronics UAB – Taikos av. 151, Kaunas, Republic of Lithuania  
 Future Electronics BV – 4823 AA Breda, Tinststraat 3, Netherlands  
 Future Electronics AS – Tevlingvelen 23, 1018 Oslo, 0301 Oslo, Norway  
 Future Electronics Polska Sp. Z.o.o. – Kłopotowskiego 22, Warsaw, 03-717, Poland  
 F.E. Portugal Unipessoal LDA – Rua Rodrigo Da Fonesca 82, 1250-193, Lisboa, Portugal  
 Future Electronics S.R.L. – Bulevardul Eroilor 16, Cluj-Napoca 400000, Romania  
 Future Electronics Rus LLC – 7 Dolgorukovskaya Street, 127006, Moscow, Russia  
 Future Electronics d.o.o. – Leskova cesta 2, 1000 Ljubljana, Slovenia  
 FE Trading PTY Limited – 89 Welsh Road Estcourt 3310, South Africa  
 Future Electronics Distribution (Spain) SL – AV. Partenon, 28042, Madrid, Spain  
 Future Electronics AB – Kista Science Tower and Farogatan 33, 164 51, Sweden  
 Future Electronics Schweiz GmbH – Grabenwisstrasse 1, 8604 Volketswill, Switzerland  
 Future Electronics Turkey – Koyzatagi Mah. S.M.Gaith Ongul Sk.No:3 Bagdatlioglu Plaza K:9 Kadikoy, Istanbul, Turkey  
 Future Electronics Tunisia – 81 Avenue Habib Bourguiba, B3.4, Ariana, 2080, Tunisia

### 12. Stocks

	2022	2021
	£000	£000
Finished goods and goods for resale	349,175	228,045

Included within finished goods is £4.1m (2021 – £5.4m) of stock held on consignment.

Stocks recognised as an expense in the period were £1,047.0m (2021 – £789.0m).

Stock impairment losses included in the P&L of £678k (2021 - £26k) relate to an increase in the stock obsolescence provision and are included against Cost of sales in the Statement of Total Comprehensive Income.

## Notes to the financial statements

at 31 December 2022

### 13. Debtors

	2022	2021
	£000	£000
Trade debtors	293,877	221,529
Amounts owed by group undertakings	114,515	76,483
Other debtors	16,925	7,730
Other taxes and social security costs	13,381	9,027
Prepayments	1,804	1,957
	<u>440,502</u>	<u>316,726</u>

Amounts owed by group undertakings are for the most part trading balances which are repayable on normal commercial terms (repayable between 30-365 days) and are non-interest bearing.

Provision for doubtful debts at the balance sheet date was £232,000 (2021 – £117,000). A proactive approach to the identification and control of bad and doubtful debts is operated as well as a group insurance policy against uncollectable receivables. Provision for doubtful debts is the gross amount before any insurance claims.

### 14. Debtors: amounts falling due after more than one year

	2022	2021
	£000	£000
Amounts owed by group undertakings	499	-
Other debtors	364	-
	<u>863</u>	<u>-</u>

Amounts owed by group undertakings consist of two call loans granted to Rena Electronics BV. The interest is payable at LIBOR + 1% : 2022 - 6.46%.

### 15. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade payables	92,355	74,850
Amounts owed to group undertakings	201,049	168,389
Taxation	968	1,180
Bank overdraft	-	-
Other creditors	37	38
Accruals	45,462	31,697
	<u>339,871</u>	<u>276,154</u>

Amounts owed to group undertakings in 2021 included the intercompany loan stock of £75.5m from FE II (Luxfinco) Services Sarl. It was unsecured and repayable on 31 December 2022. Interest was payable at 2.29% per annum (2021 – 2.29%). On 27 June 2022, this loan of £75.5m was fully repaid. The remaining balance represents for the most part trading balances which are repayable on normal commercial terms and are non-interest bearing. For those elements which remain outstanding for longer periods and assume the substance of financing, interest is charged at an arm's length rate, being 50 basis points above 12 month LIBOR for UK companies, 12 month Euribor for Eurozone companies and 12 month Applicable Federal Rate for other companies.

## Notes to the financial statements

at 31 December 2022

### 16. Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Cumulative rent incentive	2,118	2,373
	<u>2,118</u>	<u>2,373</u>

### 17. Provisions for liabilities

	<i>Dilapidations</i>
	£000
At 1 January 2022	1,616
Additions to the income statement	-
Additions to fixed assets	-
Amounts utilised against the provision	-
At 31 December 2022	<u>1,616</u>

A provision of £1,616k, based on a surveyor's estimate, has been recognised for dilapidation costs associated with the Egham office building, due at the end of the lease in December 2027.

### 18. Issued share capital

		2022		2021
	No.	£000	No.	£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	169,789,084	<u>169,789</u>	169,788,984	<u>169,789</u>

On 27 June 2022, FEL sold 100 shares to Group company Future Electronics Management Services Limited in exchange for consideration of £80,380,286.

#### **Share Premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### **Profit and Loss account**

The retained earnings reserve holds the retained earnings for the group, after the deduction of any dividends paid in the period.

## Notes to the financial statements

at 31 December 2022

### 19. Other financial commitments

#### *Obligations under leases:*

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	£000	£000
Not later than one year	2,610	1,950
Later than one year and not greater than five years	10,384	8,150
Later than five years	-	2,120
	<u>12,994</u>	<u>12,220</u>

#### *Financial guarantee:*

During the year, the Company and its fellow subsidiaries provided a financial guarantee of up to \$50m (£40m); (2021 – \$50m (£36m)) to a syndicate of banks in connection with a secured revolving credit facility entered into by its ultimate parent undertaking. The facility was partially guaranteed by a first claim on the Company's financial statements receivable and stock with carrying amounts of £294m and £349m respectively at 31 December 2022 (2021 – £222m and £228m). As at 31 December 2022, the amount utilised under the loan facility of its ultimate parent undertaking subject to the guarantee above was \$1.9m (£1.6m) (2021 – \$3.2m (£2.3m)) exclusively for standby letters of credit.

### 20. Dividends and other appropriations

	2022	2021
	£000	£000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Interim dividend for 2022	<u>7,000</u>	-
	<u>7,000</u>	-

Subsequent to the approval by the Directors of an interim dividend of £7m, this was then paid to the shareholder on 13<sup>th</sup> October 2022.

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## Notes to the financial statements

at 31 December 2022

### 21. Cash (used in) / generated from operations

	2022 £000	2021 £000
<i>Profit before tax</i>	134,907	44,140
<b>Adjustments for:</b>		
Depreciation	462	419
Interest income	(247)	(51)
Interest expense	2,271	1,836
Dividends received	(21,674)	(7,253)
(Decrease) / increase in provision for long term liabilities	(255)	2,373
<b>Changes in working capital:</b>		
(Increase) in inventories	(121,131)	(40,087)
(Increase) in trade and other receivables	(86,108)	(70,962)
(Increase) in amounts owed by group companies	(38,531)	(43,328)
Increase in amounts owed to group companies	32,792	80,411
Increase in trade and other payables	31,161	36,053
Cash (used in) / generated from operations	<u>(66,353)</u>	<u>3,551</u>

### 22. Financial instruments

The entity's financial instruments are listed by category below:

	2022 £000	2021 £000
<i>Financial assets measured at transaction price</i>		
Debtors (excluding taxes & prepayments)	<u>438,698</u>	<u>314,769</u>
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
Investments	<u>28,197</u>	<u>28,197</u>
<i>Financial liabilities measured at amortised cost</i>		
Loan stock	<u>-</u>	<u>(75,500)</u>
<i>Financial liabilities measured at transaction price</i>		
Trade creditors (excluding taxes)	<u>(338,903)</u>	<u>(199,474)</u>

## Notes to the financial statements

at 31 December 2022

### 23. Controlling parties

The Company is a wholly-owned subsidiary of Future Electronics Management Services Limited, a company registered in England and Wales. Alonim Investments Inc. is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Future Electronics Inc. with a registered address of 237 Hymus Blvd., Pointe-Claire, Quebec, H9R 5C7, Canada. Copies of its group financial statements are available from this address.

The largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Alonim Investments Inc. This company is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada with a registered address of 237 Hymus Blvd., Pointe-Claire, Quebec, H9R 5C7.

In the opinion of the directors, Mr Robert Miller, who controls 100% of the shares of Future Electronics Inc. through his interest in Alonim Investments Inc., is the Company's controlling party.

### 24. Related party transactions

During the year, the Company entered into the following related party transactions, in the ordinary course of business. Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The exception to the afore-mentioned related party transactions are the two call loans granted to Rena Electronics BV with interest is payable at LIBOR + 1% : 2022 - 6.46%. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2022, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2021 – nil).

## Notes to the financial statements

at 31 December 2022

### 24. Related party transactions (continued)

#### Sales to related parties

<i>Related party</i>	<i>Country of operation</i>	2022 £000	2021 £000
Future Electronics Deutschland GmbH	Germany	264,252	187,365
Future Electronics Inc. (Distribution) PTE Limited	Singapore	57,935	48,199
Future Electronics (Distribution) Israel Limited	Israel	56,430	37,966
Future Electronics Corporation	USA	13,706	11,448
Future Electronics Austria GmbH	Austria	44,411	25,686
Future Electronics (Schweiz) GmbH	Switzerland	27,721	14,529
Future Electronics Turkey Ltd	Turkey	12,922	10,188
Paris Nord Electronics S.A.	France	4,115	2,599
Future Electronics A.S.	Norway	7,598	5,812
FE Trading PTY Limited	South Africa	3,495	2,970
Velocity Electronics BV	Netherlands	329	167
Rena Electronica BV	Netherlands	1,560	1,045
Future Electronics Inc.	Canada	724	492
		<u>495,198</u>	<u>348,466</u>

#### Purchases from related parties

<i>Related party</i>	<i>Country of operation</i>	2022 £000	2021 £000
Future Electronics Inc. (Distribution) PTE Limited	Singapore	17,699	18,859
Velocity Electronics BV	Netherlands	32	1,026
Rena Electronica BV	Netherlands	2,957	1,805
Future Electronics Inc.	Canada	14	10
Future Electronics Corporation	USA	40,577	33,754
		<u>61,279</u>	<u>55,454</u>

#### Management charges from related parties

<i>Related party</i>	<i>Country of operation</i>	2022 £000	2021 £000
Future Electronics Management Services Ltd	UK	<u>561</u>	<u>605</u>



## Notes to the financial statements

at 31 December 2022

### 24. Related party transactions (continued)

#### Loan interest paid and payable to related parties

<i>Related party</i>	<i>Country of operation</i>	2022 £000	2021 £000
FE Luxfinco Services SARL	Luxembourg	838	1,729
Future Electronics Corporation	USA	346	74
		<u>1,184</u>	<u>1,803</u>

#### Sales commission paid and payable to related Parties

<i>Related party</i>	<i>Country of operation</i>	2022 £000	2021 £000
Future Electronics S.r.L	Italy	9,683	9,011
Future Electronics S.A.	France	10,728	9,869
FAI Electronics AB	Sweden	3,892	3,196
Future Electronics Distribution (Spain) S.L.	Spain	4,546	4,095
Future Electronics Polska Sp.Z.o.o.	Poland	3,093	2,743
Future Electronics Oy	Finland	2,127	1,813
Future Electronics A/S	Denmark	1,808	1,640
Future Electronics B.V.	Netherlands	2,385	1,854
Future Electronics Kft.	Hungary	1,557	1,292
Future Electronics s.r.o	Czech Rep	2,084	1,570
Future Electronics (Ireland) Limited	Ireland	1,583	1,321
Future Electronics UAB	Lithuania	1,697	1,446
Future Electronics NV	Belgium	1,207	998
Future Electronics SRL	Romania	1,571	1,327
Future Electronics OU	Estonia	637	549
Future Electronics d.o.o.	Slovenia	720	460
Future Electronics Portugal Unipessoal LDA	Portugal	296	245
Future Electronics Tunisia	Tunisia	220	87
Future Electronics Rus LLC	Russia	73	608
		<u>49,907</u>	<u>44,124</u>

## Notes to the financial statements

at 31 December 2022

### 24. Related party transactions (continued)

#### Amounts due from related parties

		2022	2021
<i>Related party</i>	<i>Country of operation</i>	<i>£000</i>	<i>£000</i>
Future Electronics Management Services Ltd	UK	6,142	6,686
Future Electronics Deutschland GmbH	Germany	37,093	27,396
Future Electronics Distribution (Israel) Limited	Israel	24,328	15,479
Future Electronics Inc. (Distribution) PTE	Singapore	20,167	11,498
Future Electronics Austria GmbH	Austria	12,098	4,762
FE Trading PTY Limited	South Africa	1,604	1,301
Future Electronics Schweiz GmbH	Switzerland	2,785	2,652
Paris Nord Electronics S.A.	France	2,535	384
Future Electronics A.S.	Norway	1,252	1,895
Velocity Electronics BV	Netherlands	120	3
Rena Electronica BV	Netherlands	337	200
Future Electronics Rus LLC	Russia	72	-
Future Electronics Turkey Ltd.	Turkey	6,439	4,392
Future Electronics Distribution (Spain) S.L.	Spain	-	-
Future Electronics OY	Finland	-	-
Future Electronics Tunisia	Tunisia	-	38
		<u>114,972</u>	<u>76,686</u>

## Notes to the financial statements

at 31 December 2022

### 24. Related party transactions (continued)

Amounts due to related parties		2022	2021
<i>Related party</i>	<i>Country of operation</i>	<i>£000</i>	<i>£000</i>
Future Electronics Corporation	USA	11,481	8,358
Future Electronics S.r.L	Italy	2,214	2,813
Future Electronics Portugal Unipessoal LDA	Portugal	87	83
Future Electronics S.A.	France	3,696	4,082
Future Electronics Inc.	Canada	170,559	62,468
Future Electronics Distribution (Spain) S.L.	Spain	1,189	1,135
Future Electronics B.V.	Netherlands	673	480
FE Luxfinco Services Sarl	Luxembourg	-	75,500
Future Electronics EDC Services GmbH	Germany	199	5,021
Future Electronics Polska Sp. Z.o.o.	Poland	3,384	1,936
Future Electronics Oy	Finland	739	758
Future Electronics (Ireland) Limited	Ireland	528	298
Future Electronics A/S	Denmark	582	504
Future Electronics Kft.	Hungary	567	537
Future Electronics UAB	Lithuania	583	809
Future Electronics SRL	Romania	1,244	635
Future. Electronics s.r.o	Czech Rep	801	683
FAI Electronics AB	Sweden	1,460	1,418
Future Electronics Rus LLC	Russia	-	34
Rena Electronica BV	Netherlands	35	132
Future Electronics d.o.o.	Slovenia	293	178
Future Electronics NV	Belgium	295	260
Velocity Electronics BV	Netherlands	-	35
Future Electronics OU	Estonia	402	232
Future Electronics Tunisia	Tunisia	38	-
		<u>201,049</u>	<u>168,389</u>

The £75.5m (2021 - £75.5m) loan owed to FE Luxfinco Services Sarl was repaid in full on 27 June 2022.

### Key Management Personnel

Certain senior employees who have authority and responsibility for planning, directing, and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £424k (2021 - £411k).

## Notes to the financial statements

at 31 December 2022

### 25. Subsequent events

In March 2023, the owner of the parent company took the decision to initiate the process of the disposal of 100% of its shares in the company. The parent company has accepted an offer in September 2023 from WT Microelectronics (WT) which is currently going through regulatory approval. The Company's expectation is that it will be approved during the course of the first half of 2024. WT have indicated their intention to maintain the Future and WT brands and operations separate, at least in the short and medium term, maintaining the Future worldwide headquarters in Montreal and the EMEA headquarters in the UK. They have also indicated their intention to maintain both the business and legal/structural models of Future in place.

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