

Company registration number 13057339 (England and Wales)

MERITOR AFTERMARKET EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

MERITOR AFTERMARKET EUROPE LIMITED

COMPANY INFORMATION

Directors	Mr H James Mr A Holthouse Mr Stephane Janiszewski Mr W Stumpf
Secretary	Mr H James
Company number	13057339
Registered office	Grange Road Cwmbran Gwent United Kingdom NP44 3XU
Independent Auditors	PricewaterhouseCoopers LLP 1 Kingsway Cardiff Wales United Kingdom CF10 3PW

MERITOR AFTERMARKET EUROPE LIMITED

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MERITOR AFTERMARKET EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their strategic report on the affairs of the company, together with the financial statements, directors' report and auditors' report, for the year ended 31 December 2024.

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

Review of the business

On 4 July 2022, Meritor Aftermarket Europe Limited purchased certain trade and assets relating to the European aftermarket business from its parent entity, Meritor Aftermarket Switzerland AG. These trade and assets were acquired in exchange for 26,765,127 €1 ordinary shares in Meritor Aftermarket Europe Limited.

Prior to the acquisition, the Meritor Inc ("Meritor Group") European aftermarket business was operated through a principal commissionaire structure headed by Meritor Aftermarket Switzerland AG, the principal, together with a number of European commissionaires. On 4 July 2022, the Principal Commissionaire model was disbanded and replaced with a direct selling model through Meritor Aftermarket Europe Limited ("MAEL") with the commissionaires providing sales and marketing support to MAEL through new formal agreements.

Turnover for the year ended 31 December 2024 was €72,979,000 (18 months ended 31 December 2023: €104,847,000) which, on a pro-rated basis with the comparative period, was marginally higher largely driven by an increase in selling prices. Gross profit was €12,657,000 (gross margin 19.2%) (18 months ended 31 December 2023: €16,354,000, gross margin 15.6%) which was higher than the prior period which was negatively impacted by the well-documented inflationary pressures on raw materials, labour and freight and a one-off impairment of €1,388,000 recorded on inventory held for previous Russian customers. The company has generated a loss before tax of €519,000 (18 months ended 31 December 2023: €942,000) representing an improvement on the prior year which was negatively impacted by the inventory adjustment. The loss in the year is primarily the result of the impact of transfer pricing adjustments on intercompany sales together with ongoing associated costs with the warehouse relocation scheduled for November 2025.

Principal activities and future developments

The principal activity of the company is the sale of automotive products in the Europe Middle East and Asia ("EMEA") region. The company is headquartered in the United Kingdom where the pricing, procurement, marketing, product strategy, finance, customer services sales are co-ordinated. The company's inventory is held in a warehouse in Germany which ships all products to customers in the EMEA region. In addition, the business is supported by a remanufacturing facility based in the Czech Republic.

The majority of the company's products are exported to Europe and beyond. The net assets of the company as at 31 December 2024 were €25,235,000 together with net current assets of €24,227,000. The company's average headcount was 52.

The company announced in 2024 that it would move its warehousing operations from Germany to a new warehouse in Rumst, Belgium in a Cummins Inc sister company facility. This move is expected in the latter part of 2025. The directors are not aware of any other future developments which would significantly impact the business.

MERITOR AFTERMARKET EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Principal risks and uncertainties

The company sells to both OES (Original Equipment Supply) and IAM (Independent Aftermarket) with over 300 customers. Volvo (OES) is the company's biggest customer accounting for approximately 15% of total sales, followed by Iveco (OES) 10% and CBM (IAM) 5%. Whilst sales are not concentrated on a single customer, customer demand is one of the principal risks facing the company together with pricing.

The company is in the process of negotiating new Aftermarket conditions for long term agreements effective Jan 1st 2025 for Volvo Axle, Iveco Truck and DAF.

A significant proportion of the company's sales are made in Euros and the company is therefore exposed to the movement in exchange rates. To offset this risk a major part of the company's material purchases are also made in euros. When significant foreign exchange exposure is identified, the company has access via its ultimate parent company's corporate treasury function to foreign exchange forward contracts. The hedging of such exposures through foreign exchange forward contracts was previously managed centrally by Meritor, Inc. on a group basis but this function is now managed centrally by Cummins, Inc. The company does not enter into forward foreign currency contracts itself; fellow Cummins, Inc. group companies enter into these contracts directly on the instruction of corporate treasury. Gains or losses arising are subsequently allocated to the company by Cummins, Inc. as appropriate and are included as either a cost of sales or an administrative cost depending on the substance of the underlying transaction.

Section 172 statement

Section 172 of the Companies Act 2006 requires that directors of a company must act 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, and in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decision in the long term
- b. The interests of the company's employees
- c. The need to foster the company's business relationships with suppliers, and customers
- d. The impact of the company's operations on the community and the environment
- e. The desirability of the company maintaining a reputation for high standards of business conduct
- f. The need to act fairly as between members of the company

The directors recognise their responsibilities under the Act and are satisfied they have met their duties regarding these matters. Typically, in large and complex companies such as ours, the directors fulfil their duties through a governance framework that delegates day-to-day decision making to employees of the company. The following paragraphs together with relevant cross-references to the financial statements summarise how the directors have fulfilled their duties.

Our purpose, strategy and consideration of the consequences of decisions for the long term

Our vision is to be the recognised leader in Aftermarket braking and remanufacture solutions to the European commercial vehicle market which drives our mission of:

- Anticipating customer needs by developing innovative products for both Genuine and All Makes applications that provide superior performance, energy efficiency and reliability.
- Provide a leading portfolio of differentiated services supporting our customers' products throughout their life cycle.
- Distinguishing ourselves through our ability to consistently deliver on our commitments while also maximising value for our shareholders, customers and employees.

The long term business plan is focused on driving product development to meet customer needs and developing strong partnerships to grow in the commercial vehicle segment.

MERITOR AFTERMARKET EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Employee participation

The Company is part of the wider Cummins Inc. Group and is therefore party to Group wide policies on procedures with regard employee participation. Both the Company and the wider Group is committed to investing heavily in its people recognizing that people are the core of our business and the provision of a work environment that allows our employees to reach their full potential is vital to the success of the wider business.

The Company is committed to recruiting, developing and retaining a high-performance and diverse workforce through strategic partnerships and collaboration within the business. The goal is to maximise individual and organizational potential within the workforce.

Both the Company and the Group recognise the need to communicate regularly and effectively with employees at all levels and this is conducted at both a Group and Company level.

Group communications include, but are not limited to:

Quarterly All Employee meetings

All employees are invited to a quarterly meeting where the group CEO, together with other members of the senior leadership of the Group provide an update on the group covering items such as financial and operational performance, new business wins, strategic update and employee engagement. In addition to being streamed live, these quarterly meetings are available to employees on our intranet site. In addition, on an annual basis this meeting is used to communicate to all employees the annual financial results of the group and how these compare to our stated targets and ultimately on the annual bonus % which all employees are eligible to receive.

All Employee emails

All employee emails are regularly distributed and cover a wide ranging number of matters including organisational changes, strategic announcements, employee initiatives, industry and company news. This information is also available on our intranet site, which is accessible to all employees.

Bulletin

This is the group's intranet site and is available to all employees and covers a wide range of areas including information about the group, employee development portals, and company and industry news. The intranet also provides access to a wide array of employee engagement and development tools such as e-learning, career opportunities, employee development, employee resources and employee discounts. In addition, all employees now have access to the Cummins Connect intranet which provides additional resources over and above those included in the Bulletin intranet.

In addition to the Group communications, those employees who are employed by the Company also receive additional communications including:

Quarterly all employee newsletters

These all employee newsletters provide updates from each of the key functions within the Company including an update on the trading position of the company.

Employee bulletin boards

These boards are used to provide information to employees, particularly those operating on the factory floor and with limited access to the intranet. These cover a wide range of areas including operational and financial performance, employee updates together with any employee vacancies and training.

MERITOR AFTERMARKET EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Trade Union

All employees below management are part of the Trade Union which meets regularly with local leadership to ensure any employee views are considered as part of local decision making including items such as remuneration, working conditions and any other employee related matters.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Training and development

The company encourages all employees to embrace continuous learning of new concepts, skills and behaviours. All employees are provided access to an employee development portal in addition to formal training programmes which are relevant to their roles.

Health and safety

Environment, health and safety (EH&S) risk management is a prerequisite for commercial success and forms an integral part of our business strategy. Meritor's commitments are guided by our EH&S Policy, which is global in scope and covers all company entities, affiliates and consolidated joint ventures.

We are committed to complying with all applicable environmental, health and safety laws and regulations and are building a performance-based culture that encourages employees to strive for best practices in EH&S performance. EH&S responsibility and performance are relevant factors in employment, retention, compensation and business decisions. We provide our employees with regular training on EH&S issues.

The operations team works closely with our legal group's environmental compliance experts to ensure we are aware of the latest trends in environmental compliance and sustainability.

The environmental certification maintenance process includes a series of external third-party audits, carried out by accredited bodies. The audit process requires annual surveillance monitoring with certification renewal every three years.

As part of the Cummins Inc group, the company is also part of the wider group's Destination Zero initiative which is the group's strategy for reaching zero emissions by 2050.

Business relationships

Our mission is clearly focussed on anticipating our customers' needs and providing the highest levels of service. We have in place dedicated client service teams who are responsible for managing our customer relationships ensuring their needs are met. We hold regular meetings with our major customers focussing on key areas such as product quality, delivery times, cost savings plans and future development utilising a scorecard approach to monitor this.

We also recognise the key part that our suppliers play in our mission who are all supported by a dedicated procurement team. We value all our suppliers and have multi-year contracts with our key suppliers.

MERITOR AFTERMARKET EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Business conduct

As noted above, the company invests heavily in maintaining strong customer and supplier relationships but the directors also recognise the need to ensure the company conducts its business to the highest standard and meets all regulatory and legal requirements. The directors have established appropriate legal, finance and operational teams to ensure that such matters are met.

Community and Environment

The company has a relatively small footprint in the UK but recognizes the impact large international manufacturing businesses have on the environment and the increasing need to assess and indeed address this. Whilst no formal policies or procedures exist with this regard the directors have identified key components of the business which could impact climate change including:

- Transportation of components from suppliers used in the manufacture of the Company's goods and the transportation of finished goods to end customers using both road, sea and freight
- Energy usage during the manufacture of goods and within the administrative offices
- Carbon emissions arising from employees travelling both domestically and internationally

The directors have taken steps to address these matters and will continue to do so in the future including:

- Optimising the utilisation of hauliers to limit the number of deliveries required both in terms of supplies received and shipped. In addition, the company seeks to minimise the use of air freight
- Use of modern technology such as motion sensor lighting to reduce energy usage
- Work with responsible utility providers
- Provision of modern technology such as Microsoft Teams and Zoom to reduce the requirement for frequent international and domestic air travel

The directors recognise that this is a continually evolving area and the Company is committed to ensuring it responds appropriately to climate risk.

Shareholders

The company is a wholly owned subsidiary of Cummins Inc, a global business listed on the New York Stock Exchange. The vision and mission of the company is aligned with that of Cummins Inc.

On behalf of the board



.....
Mr H James
Director

Date: 30 June 2025

MERITOR AFTERMARKET EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and audited financial statements for the year ended 31 December 2024.

Principal activities

A fair review of the business and discussion of principal risks and uncertainties and future developments is covered in the strategic report.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr H James	
Mr D Harrison	(Resigned 20 August 2024)
Mr D Thompson	(Resigned 20 August 2024)
Mr J Ramos	(Resigned 23 August 2024)
Mr A Holthouse	(Appointed 22 August 2024)
Mr Stephane Janiszewski	(Appointed 22 August 2024)
Mr W Stumpf	(Appointed 22 August 2024)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the date of approval of the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Meritor Aftermarket Europe Limited is part of the Cummins, Inc. group ("the Group") and the use of financial derivatives is governed by the Group's policies which provide written policies on the use of financial derivatives to manage these risks. Derivative financial instruments are not used for speculative purposes.

Liquidity risk

The company is part of the Group's cash pooling scheme which ensures sufficient funds are available to maintain liquidity. Further detail regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Price risk

The company is exposed to pricing risks on both indirect and direct purchases. These risks are managed through a combination of fixed price contracts, dual sourcing and leveraging the wider purchasing power of the Cummins Inc. group.

Cash flow risk

The Company's activities expose it to the risk of change in foreign currency exchange rates. The Group, when considered appropriate, uses foreign exchange forward contracts to hedge these exposures.

MERITOR AFTERMARKET EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Credit risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributed to its trade receivables. The amount presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Post balance sheet events

The company has not identified any post balance sheet events which would necessitate disclosure in the financial statements.

Key performance indicators

The company's key performance indicators (KPIs), which are used by management and the board in monitoring the performance of the company are as follows:

Metric	2024	2023	Qualitative analysis
Days sales Outstanding	83	81	Average terms range between 30-90 days
Days payable	24	30	Standard business terms range between 15-90 days
Inventory turns (days)	2	1.77	Significant focus on inventory management to reduce excess and obsolete inventory
Revenue (€000)	72,979	104,847	Lower revenue as prior period was an 18 month period. Run rate is marginally higher owing to higher selling prices

Independent Auditors

The auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

MERITOR AFTERMARKET EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

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

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

The directors are also 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.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditors'

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act.

MERITOR AFTERMARKET EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Going Concern

During the financial year the company has made a loss of €588,000 which is primarily attributable to transfer pricing adjustments on intercompany sales and costs associated with the warehouse transfer scheduled for November 2025. Notwithstanding the loss, the company has net assets of €25,235,000 including net current assets of €24,227,000 and has traded profitably in the subsequent financial year and up to the date of approving the financial statements.

In addition, the directors have prepared forecasts for at least twelve months from the date of approving the financial statements demonstrating that the company can continue trading for at least 12 months from the date of signing the financial statements and settle all financial liabilities as they fall due. The forecasts prepared include plausible downside sensitivities which have no demonstrable impact on the appropriateness of the going concern presumption.

On behalf of the board



.....
Mr H James
Director

Date: 30 June 2025

Independent auditors' report to the members of Meritor Aftermarket Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Meritor Aftermarket Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Profit and loss account, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment legislation, and we considered the extent

to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to overstate the financial performance of the company. Audit procedures performed by the engagement team included:

- Discussion with management and the Directors, including inquiries in respect of any known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes to identify any matters of non compliance with laws and regulations; and
- Identifying and testing journal entries, in particular any entries posted with unusual account combinations.

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

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

Use of this report

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

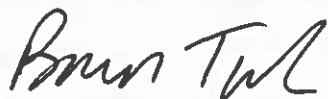
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Brian Treharne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
30 June 2025

MERITOR AFTERMARKET EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December 2024 € 000	Period ended 31 December 2023 € 000
	Notes		
Turnover	3	72,979	104,847
Cost of sales		(60,322)	(88,493)
Gross profit		12,657	16,354
Distribution costs		(2,177)	(3,259)
Administrative expenses		(11,045)	(13,858)
Other operating income		-	3
Operating loss	4	(565)	(760)
Interest receivable and similar income	8	141	-
Interest payable and similar expenses	9	(95)	(182)
Loss before taxation		(519)	(942)
Tax on loss	10	(69)	-
Loss for the financial year		(588)	(942)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MERITOR AFTERMARKET EUROPE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Year ended 2024 € 000	Period ended 2023 € 000
Loss for the year	(588)	(942)
Other comprehensive income	-	-
Total comprehensive expense for the year	<u>(588)</u>	<u>(942)</u>

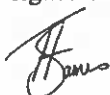
MERITOR AFTERMARKET EUROPE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2024

		2024		2023	
	Notes	€ 000	€ 000	€ 000	€ 000
Fixed assets					
Intangible assets	11		503		677
Tangible assets	12		734		196
			<u>1,237</u>		<u>873</u>
Current assets					
Stocks	13	20,490		22,880	
Debtors	14	22,686		17,903	
		<u>43,176</u>		<u>40,783</u>	
Creditors: amounts falling due within one year	15	(18,949)		(15,703)	
Net current assets			<u>24,227</u>		<u>25,080</u>
Total assets less current liabilities			<u>25,464</u>		<u>25,953</u>
Provisions for liabilities					
Other provisions	16	(160)		(130)	
Deferred tax liability	17	(69)		-	
		<u>(229)</u>		<u>(130)</u>	
Net assets			<u><u>25,235</u></u>		<u><u>25,823</u></u>
Capital and reserves					
Called up share capital	19		26,765		26,765
Accumulated losses			(1,530)		(942)
Total equity			<u><u>25,235</u></u>		<u><u>25,823</u></u>

The notes on pages 17 to 29 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2025 and are signed on its behalf by:



Mr H James
Director

Company registration number 13057339 (England and Wales)

MERITOR AFTERMARKET EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	Share capital € 000	Profit and loss reserves € 000	Total € 000
Balance at 1 July 2022		-	-	-
Period ended 31 December 2023:				
Loss and total comprehensive expense for the period		-	(942)	(942)
Issue of share capital	19	26,765	-	26,765
Balance at 31 December 2023		26,765	(942)	25,823
Year ended 31 December 2024:				
Loss and total comprehensive expense		-	(588)	(588)
Balance at 31 December 2024		26,765	(1,530)	25,235

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

Meritor Aftermarket Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Grange Road, Cwmbran, Gwent, UK, NP44 3XU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest € 000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and other related party transactions.

The financial statements of the company are consolidated in the financial statements of Cummins Inc. These consolidated financial statements are available from its registered office, 500 Jackson Street Box 3005 Columbus, IN 47201 United States. They can also be downloaded from the website www.cummins.com.

1.2 Going concern

During the financial year the company has made a loss of €588,000 which is primarily attributable to transfer pricing adjustments on intercompany sales and costs associated with the warehouse transfer scheduled for November 2025. Notwithstanding the loss, the company has net assets of €25,235,000 including net current assets of €24,227,000 and has traded profitably in the subsequent financial year and up to the date of approving the financial statements.

In addition, the directors have prepared forecasts for at least twelve months from the date of approving the financial statements demonstrating that the company can continue trading for at least 12 months from the date of signing the financial statements and settle all financial liabilities as they fall due. The forecasts prepared include plausible downside sensitivities which have no demonstrable impact on the appropriateness of the going concern presumption.

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20%
Customer Relationships	Over 10 years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	4%
Plant and equipment	8%
Fixtures and fittings	20%
Tooling	33%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

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

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical Judgements

Inventory provision

Given the nature of the business it carries significant levels of inventory to service the aftermarket business which carries a risk of excess and obsolescence. The company reviews ageing and demand of the inventory on a quarterly basis and makes any necessary provision to ensure inventory is carried at the lower of cost and net realisable value.

MERITOR AFTERMARKET EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2024**3 Turnover**

	2024	2023
	€ 000	€ 000
Turnover analysed by class of business		
Sale of automotive parts	72,979	104,847
	<u>72,979</u>	<u>104,847</u>
	2024	2023
	€ 000	€ 000
Turnover analysed by geographical market		
United Kingdom	4,316	7,826
Rest of Europe	65,858	91,192
Rest of World	2,805	5,829
	<u>72,979</u>	<u>104,847</u>
	2024	2023
	€ 000	€ 000
Other revenue		
Interest income	141	-
	<u>141</u>	<u>-</u>

4 Operating loss

	2024	2023
	€ 000	€ 000
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	188	118
Amortisation of intangible assets	174	292
	<u>188</u>	<u>118</u>
	<u>174</u>	<u>292</u>

5 Auditor's remuneration

	2024	2023
	€ 000	€ 000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	48	43
	<u>48</u>	<u>43</u>

There were no non-audit services provided to the company in the current or prior year.

MERITOR AFTERMARKET EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Operations	23	24
Sales & Marketing	23	22
Administration	6	6
Total	52	52

Their aggregate remuneration comprised:

	2024 € 000	2023 € 000
Wages and salaries	4,813	6,929
Social security costs	729	1,124
Other pension costs	171	418
	5,713	8,471

7 Directors' remuneration

The directors are remunerated by other group companies for their services to the group. The services provided by the directors to this entity are considered incidental therefore no emoluments for the directors were charged during the period (2023: €nil).

8 Interest receivable and similar income

	2024 € 000	2023 € 000
Interest income		
Interest receivable from group companies	141	-

9 Interest payable and similar expenses

	2024 € 000	2023 € 000
Interest payable to group undertakings	95	182

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

10 Tax on profit/(loss)

	2024 € 000	2023 € 000
Current tax		
UK income tax	69	-
	<u>69</u>	<u>-</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss before taxation and the standard rate of tax as follows:

	2024 € 000	2023 € 000
Loss before taxation	(519)	(942)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 22.00%)	(130)	(207)
Tax effect of expenses that are not deductible in determining taxable profit	17	-
Change in unrecognised deferred tax assets	(67)	30
Group relief	199	115
Fixed asset differences	26	30
Transfer pricing adjustments	24	36
Remeasurement of deferred tax for changes in tax rates	-	(4)
Taxation charge for the year	<u>69</u>	<u>-</u>

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. Meritor Aftermarket Europe Limited expects to be within the scope of the Pillar Two rules in 2024 and the group has carried out an impact assessment and has determined that there is no material exposure to top-up taxes for the UK territory including for this entity.

MERITOR AFTERMARKET EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
11 Intangible assets

	Software	Customer Relationships	Total
	€ 000	€ 000	€ 000
Cost			
At 1 January 2024 and 31 December 2024	738	231	969
Accumulated amortisation and impairment			
At 1 January 2024	233	59	292
Amortisation charged for the year	140	34	174
At 31 December 2024	373	93	466
Carrying amount			
At 31 December 2024	365	138	503
At 31 December 2023	505	172	677

12 Tangible assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Tooling	Assets Under Construction	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost						
At 1 January 2024	215	37	(76)	14	12	202
Additions	-	-	-	-	727	727
Disposals	-	(1)	-	-	-	(1)
Transfers	263	-	464	12	(739)	-
At 31 December 2024	478	36	388	26	-	928
Accumulated depreciation and impairment						
At 1 January 2024	75	8	(76)	(1)	-	6
Depreciation charged in the year	140	27	5	16	-	188
At 31 December 2024	215	35	(71)	15	-	194
Carrying amount						
At 31 December 2024	263	1	459	11	-	734
At 31 December 2023	140	29	-	15	12	196

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 Stocks

	2024	2023
	€ 000	€ 000
Raw materials and consumables	2,758	2,501
Finished goods and goods for resale	17,732	20,379
	<u>20,490</u>	<u>22,880</u>

Inventory is stated after provisions of €3,381,000 (2023: €3,357,000).

14 Debtors

	2024	2023
	€ 000	€ 000
Amounts falling due within one year:		
Trade debtors	16,536	15,873
Amounts owed by group undertakings	5,243	1,161
Other debtors	711	653
Prepayments and accrued income	196	216
	<u>22,686</u>	<u>17,903</u>

Trade debtors are stated after provisions for impairment of €92,000 (2023: €59,000).

The company is part of a group wide cash pooling agreement. Interest is received on any amount owed by the cash pooling entity at a rate of SONIA less 0.5% and paid on any amount owed to the cash pooling entity at a rate of SONIA plus 0.5%. Amounts owed by other group undertakings attract no interest and are payable on demand.

15 Creditors: amounts falling due within one year

	2024	2023
	€ 000	€ 000
Trade creditors	5,372	4,506
Amounts owed to group undertakings	9,353	5,891
Other creditors	99	2,581
Accruals and deferred income	4,125	2,725
	<u>18,949</u>	<u>15,703</u>

Amounts owed to group undertakings other than that mentioned below attract no interest and are payable on demand.

The company is part of a group wide cash pooling agreement. Interest is received on any amount owed by the cash pooling entity at a rate of SONIA less 0.5% and paid on any amount owed to the cash pooling entity at a rate of SONIA plus 0.5%.

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Provisions for liabilities

	2024 € 000	2023 € 000
Product warranties	160	130
Movements on provisions:		
		Product warranties € 000
At 1 July 2022		-
Additional provisions in the year		221
Utilisation of provision		(91)
At 1 January 2024		130
Additional provisions in the year		87
Utilisation of provision		(57)
At 31 December 2024		160

The company records estimated product warranty costs at the time of shipment of products to customers. Warranty reserves are primarily based on factors that include past claims experience, sales history, product manufacturing and engineering changes and industry developments. Liabilities for product recall campaigns are recorded at the time the company's obligation is known and can be reasonably estimated. Product warranties are recorded for known warranty issues when amounts can be reasonably estimated. It is expected that the majority of this expenditure will be incurred within one year of the balance sheet date.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2024 € 000	Liabilities 2023 € 000
Balances:		
Fixed asset timing differences	77	-
Short term timing differences	(8)	-
	69	-

18 Retirement benefit schemes

	2024 € 000	2023 € 000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	171	418

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

MERITOR AFTERMARKET EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

19 Called up share capital

	2024	2023	2024	2023
	Number	Number	€ 000	€ 000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of €1 each	26,765,128	26,765,128	26,765	26,765

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	€ 000	€ 000
Within one year	292	150
Between two and five years	611	282
In over five years	732	-
	<u>1,635</u>	<u>432</u>

21 Ultimate controlling party

The immediate parent company of Meritor Aftermarket Europe Limited is Meritor International Holdings LLC, a company incorporated in the United States of America.

The ultimate parent company and controlling party of Meritor International Holdings LLC is Cummins, Inc., incorporated in the United States of America. Cummins, Inc. is also the parent undertaking of the smallest and largest group which includes the company for which group financial statements are prepared. Copies of the group financial statements of Cummins, Inc. are available from the company's registered address: 500 Jackson Street Box 3005 Columbus, IN 47201 United States. They can also be downloaded from the website www.cummins.com.