

# **Financial Statements 2022**

**Broadview Holding B.V.**

**'s-Hertogenbosch, The Netherlands**



PricewaterhouseCoopers  
Accountants N.V.  
For identification  
purposes only

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# Report of the Board of Supervisory Directors

## Introduction

The Supervisory Directors are appointed by the shareholders meeting of Broadview Holding B.V. (“the Company” or “Broadview”) according to the following rotation schedule:

Mr. M.F.J.P. Vrijzen (Chairman) – 2024 (date of approval financial statements 2023)

Mrs. A.E. ter Laak – 2026 (date of approval financial statements 2025)

Mrs. J.C. Hoogerbrugge – 2023 (date of approval financial statements 2022)

Mr. J. Zuidam – 2023 (date of approval financial statements 2022)

Mr. W.M.J. Pijbes – 2024 (date of approval financial statements 2023)

The proposal is to re-appoint Mrs. Hoogerbrugge for a period of 4 years, until the date of approval of the annual report of 2026 and Mr. Zuidam for a period of 2 years, until the date of approval of the annual report of 2024.

## Review 2022

In 2022, the Board met four times in line with the regular meeting schedule. In these meetings, the Board also met with management of some of the operating companies as they were invited to discuss progress on key topics and strategic projects of their respective businesses. One of the meetings took place at the site of group’s operating company in Italy to review business operations and the modern manufacturing process of the group’s key product Fenix.

Throughout the year, individual members of the Board have had discussions with the Executive Board outside the regular meetings on several occasions. The Board did not form any committees. During the regular meetings in 2022, the Board exercised its supervisory and advisory tasks by having in-depth discussions with the Executive Board based on information provided by the Executive Board or key staff of the operating companies.

Recurring topics that were discussed as standard agenda point for each meeting included the Safety Health and Environment (SHE) performance of the operating companies as well as detailed business updates reviewing key aspects of the operating companies. As part of the annual audit cycle, the independent external auditor joined each Board meeting to discuss the annual report, the audit plan, the half-year procedures and the review of the quality of the internal control systems. Following job rotation, the external audit partner changed during 2022.

Furthermore, regular update was given about the status and progress of acquisition opportunities that the Company is pursuing. More specifically, the Board discussed the acquisition of Hartson-Kennedy and the strategic opportunities in the energy business.

## Approval of financial statements

The statutory financial statements for 2022 were prepared by the Executive Board and discussed by the Board in the presence of the independent external auditor. After review of the report of the independent external auditor as summarised in a report to the Board of Supervisory Directors and the Executive Board, the statutory financial statements were signed by all members of the Board of Supervisory Directors.

On behalf of the Board of Supervisory Directors,

M.F.J.P. Vrijzen, *Chairman*

24 March 2023

## **Board of Supervisory Directors of Broadview Holding B.V.**

M.F.J.P. Vrijzen (Chairman)

J.C. Hoogerbrugge

A.E. ter Laak

W.M.J. Pijbes

J. Zuidam

# Report of the Executive Board

## Introduction

Broadview is a holding company that pursues long-term growth and value creation through active support of its operating companies and efficient capital allocation.

Our aim is to support our companies in their development to become and stay the reference in their industry, so that they are still relevant decades from now. We believe this approach benefits all stakeholders, from our employees to our shareholders and from our suppliers to our clients.

Efficient capital allocation is a second key activity for Broadview. It reaches beyond capital expenditure or other operational projects and includes an active acquisition strategy. Not only do we pursue acquisition opportunities linked to our existing businesses, but we also explore new industries where our insights show prospects for long-term value creation.

Considering the acquisition of Hartson-Kennedy Inc. (completed on 27 October 2022), the group employs 6.104 people (FTE) per the end of 2022, divided over twelve operating companies that are grouped in two clusters:

### Material technology (under Broadview Industries B.V.)

Trespa International B.V. (NL)  
Arpa Industriale S.p.A. (IT)  
Westag AG (GE)  
Formica Ltd (UK)  
Formica Holdings USA, Inc (USA)  
Formica (Asia) Ltd, (CN)  
Homapal GmbH (GE)  
Direct Online Services Holdings Ltd (UK)

### Energy (under Broadview Energy Solutions B.V.)

Barents NaturGass AS (NO)  
Cryogenic Container Solutions B.V. (NL)  
Arıtış Kriyojenik Endüstri San. ve Tic. A.Ş (TR)  
Global Environmental Solutions B.V. (NL)

## Review 2022

### Acquisitions and divestments

Per 27 October, Formica North America completed the acquisition of Hartson-Kennedy Inc, the second largest US manufacturer of standard and customized laminate worktops. The company Hartson-Kennedy, Inc ('H-K') was founded in 1948, is headquartered in Marion, Indiana and has three manufacturing and fabrication locations in the US. H-K employs circa 300 FTE and reports annual sales of over USD 60 million. H-K operates as a subsidiary of Formica Holdings USA.

## Review operating companies 2022

Per 31 December 2022, Broadview controlled Trespa International B.V. (“Trespa”), Arpa Industriale S.p.A. (“Arpa”), Westag AG (“Westag”), Formica Ltd (“Formica Europe”), Formica Holdings USA, Inc (“Formica North America”), Formica (Asia) Ltd (“Formica Asia”), Homapal GmbH (“Homapal”), Direct Online Services Holdings Ltd. (“DOS”) and Broadview Energy Solutions B.V. (“BES”), together with their respective subsidiaries referred to as “the operating companies”. The operating companies and the Company are jointly referred to as “the Group”.

Broadview monitors financial performance by using recurring EBITDA which is defined as operating profit before i) depreciation and impairment of property, plant and equipment and right-of-use assets, ii) amortisation and impairments of goodwill and intangibles and iii) non-recurring items.

EUR 1.000.000	2022	2021
<b>Operating profit as per financial statements</b>	<b>20,2</b>	<b>29,4</b>
Add: Amortisation of intangibles ex software	19,1	18,2
Add: Depreciation of property, plant & equipment	54,2	54,6
Add: Depreciation of right-of-use assets	15,4	14,1
Add: Amortisation software & impairments	5,0	5,3
<b>EBITDA</b>	<b>113,9</b>	<b>121,6</b>
Add: Non-recurring items	3,2	5,2
<b>Recurring EBITDA</b>	<b>117,1</b>	<b>126,7</b>
Scope Change	(0,9)	—
<b>Recurring EBITDA - organic</b>	<b>118,0</b>	<b>126,7</b>

The recurring EBITDA development of Broadview was impacted by the change in scope for a total amount of EUR 0,9 million, with a positive change due to the acquisition of H-K and a negative change due to the full year consolidation of the losses of DMT. Excluding scope change impact, the recurring EBITDA decreased with EUR 8,7 million. Following the sharply rising prices of materials, logistics and energy, several price increases were implemented in 2021 and early 2022. Whereas the price increases did materialize in 2022, their contribution was fully absorbed by further inflation, mainly due to spiking energy costs following the Russia/Ukraine conflict. Moreover, order volumes in Europe showed significant declines in the second half of the year that was only partly sheltered by the depletion of strong order books.

In the energy business, following the reopening of the primary supply terminal in June 2022, BNG started the recovery of LNG-supply at a favourable moment in the LNG-market with spiking gas prices. This opened up the opportunity for BNG to benefit with trading additional bunkering volumes at high margins, which provided a partial shelter against the spiking energy prices in the material technology business.

In 2022, non-recurring costs of EUR 3,2 million (EUR 5,2 million in 2021) were incurred. Acquisition costs amounted to EUR 1,1 million (EUR 0,6 million in 2021) and the amount of restructuring and other costs was EUR 8,6 million (EUR 4,5 million in 2021). The acquisition of H-K has led to a recognition of badwill of EUR 6,5 million, which is recorded as a non-recurring gain.

The net asset value (excluding minority interests) of the Group increased from EUR 306 million to EUR 309 million. The net asset value was impacted by positive adjustment of the unfunded pension obligations (mainly at Westag) of EUR 7 million offset by currency translation effects of EUR (3) million.

Including shareholder loans of EUR 501 million, the net debt position ended at EUR 643 million versus EUR 623 million last year. The increase is mainly related to a lower cash flow from operations due to lower results and higher working capital. Whereas in 2022 inventory volumes were reduced, the impact of inflation (~EUR 50M) lifted working capital further in 2022. Furthermore, the net debt has been impacted by the acquisition of H-K, currency effects and the share repurchase at Westag that increased our share to 73,7% (2021: 69,3%).

### *Operating companies*

#### *Material technology*

**Arpa** produces and sells composite panels for a variety of interior surfaces such as kitchens and retail furniture. Arpa has manufacturing facilities based in Bra (Italy) and Valencia (Spain). Sales are concentrated in Europe and increased 6% to EUR 242 million benefitting from the high order book at the end of 2021 and price increases. Sales of its key product Fenix stabilized. Arpa employed 858 employees (FTE) during 2022 versus 847 in 2021. Recurring EBITDA has decreased from EUR 16,8 million in 2021 to EUR 8,9 million in 2022. Continuing inflation and a spike in energy costs negatively impacted the result of Arpa.

**Trespa** uses a similar technology to Arpa to manufacture composite panels that are used for façade cladding and laboratory furniture. The manufacturing of the panels is done in Weert (The Netherlands) while sales have a global reach with an emphasis on Europe and North America. Trespa employed 661 people (FTE) versus 641 in 2021. On the back of the unusually high order book at the end of 2021, Trespa had a strong start, followed by a slower second half of the year. Trespa's sales in 2022 have increased by 14% to EUR 262 million. Next to an increase in external sales, also deliveries of semi-finished products to group companies were higher. Recurring EBITDA decreased from EUR 40,5 million in 2021 to EUR 32,4 million in 2022. Also the result of Trespa was significantly impacted by continuing inflation and a spike in energy costs.

**Westag** is a leading fabricator and distributor of wood-based products in Germany, Austria and Switzerland. Westag mainly fabricates interior doors and kitchen worktops, but also produces plywood coated panels and solid surface material. Furthermore, Westag commercializes products of other group companies in its markets. The company employed 1.092 people (FTE) in 2022 versus 1.161 in 2021. The company is located in Rheda-Wiedenbrück (Germany) and has a second manufacturing facility nearby Wadersloh. Sales for 2022 amounted to EUR 237 million versus EUR 223 million in 2021 with increased sales of doors and frames being offset by a decrease in sales of worktops. Recurring EBITDA increased from EUR 10,3 million in 2021 to EUR 14,4 million in 2022. This increase is mostly due improvement of the product mix and the impact of a cost reduction program.

Also **Formica** produces composite panels applying a similar technology as Arpa and Trespa. Formica is considered the inventor of this material, which in its original form is also known as high pressure laminate. After the acquisition of Formica-Group in 2019, the companies under Broadview Industries command a world market leading position.

**Formica Europe** operates production facilities in Kolho (Finland), North Shields (United Kingdom) and Quillan (France). The key sales areas are the UK/Ireland, Scandinavia/Finland and the Benelux. Sales for 2022 amounted to EUR 102 million versus EUR 107 million in 2021. Sales was hit hard in the UK and the Nordics, whereby the declining volumes also impacted factory performance. Moreover, following the already sharp cost reductions of last years, Formica Europe could only mitigate the negative impact from volumes and high energy costs to a limited extent. Consequently, Formica Europe reported a recurring EBITDA loss over 2022 of EUR 9,1 million versus a recurring EBITDA loss of EUR 2,6 million in 2021. For the UK market, Formica Europe decided to increase the number of direct trading relations. Formica Europe employed 545 people (FTE) in 2022 versus 574 in 2021.

**Formica North America** operates two manufacturing facilities in Evendale (Ohio, United States) and St. Jean (Québec, Canada). The majority of the sales of Formica North America is coming from commercial applications. In October, Formica completed the acquisition of worktop fabricator Hartson-Kennedy. Sales for Formica North America increased in 2022 with 29% to EUR 318 million. Next to the addition of the sales of H-K for two months, sales benefitted from a stronger currency and the implemented price increases. Recurring EBITDA increased from EUR 35,4 million in 2021 to EUR 40,5 million in 2022. After the acquisition of H-K, Formica North America employed 1.140 people (FTE) in 2022 versus 828 in 2021.

**Formica Asia** is regarded as Asia's premium manufacturer of composite panels with head offices in Singapore and facilities in QingPu and JiuJiang (both China), Taipei (Taiwan), Bangkok (Thailand) and Kalol (India). The majority of sales take place in Taiwan, Thailand, Hong Kong and China. Over 2022, sales increased with 4% to EUR 185 million, mostly driven by sales in Thailand, Hong Kong and Vietnam, whereby also in 2022 the region (in particular China) experienced a significant negative impact of COVID-19 measures. The recurring EBITDA decreased from EUR 27,7 million in 2021 to EUR 26,6 million in 2022. Like in 2021, Formica Asia employed 1.364 people (FTE) in 2022.

**Homapal** is a niche player in metallic and other premium composite panels and operates from its production facility in Herzberg am Harz (Germany). In most markets, Homapal's products are distributed by the different Formica companies or Arpa. The most important directly serviced markets are Germany, Switzerland and Austria. Over 2022, sales decreased with 12% to EUR 22 million mainly due to lower volumes in Europe and Asia. The recurring EBITDA decreased from EUR 6,5 million in 2021 to EUR 3,1 million in 2022. Homapal employed 78 people (FTE) in 2022 versus 81 in 2021.

**DOS** is a leading multi-channel e-commerce retailer. Its main products are high-quality kitchen worktops and accessories, with a focus on the UK next to a position in the German market. In 2022, consumer spending on home improvements decreased and online purchasing of worktops slowed down further. Over 2022, sales of DOS decreased by 17% to EUR 45 million. Despite a cost saving program, the recurring EBITDA decreased from 6,2 million in 2021 to EUR 0,8 million in 2022. DOS employed 281 people (FTE) in 2022 versus 325 in 2021.

## Energy

**Broadview Energy Solutions B.V. ("BES")** includes Cryogenic Container Solutions B.V. ("CCS"), Barents NaturGass AS ("BNG") and Aritas Cryogenics ("Aritas") and Global Environmental Solutions BV (since May 2021), which operates under the tradename DMT Environmental Technology ("DMT"). BES is focusing on the transition towards cleaner fuels. The current portfolio includes activities in the small-scale distribution of liquefied natural gas (LNG), the manufacturing and lease of cryogenic equipment and engineering biogas upgrading solutions. BES and CCS are based in Rotterdam.

**CCS** owns a fleet of 53 40ft cryogenic ISO containers and 17 cryogenic semi-trailers. These are used for both third-party lease and own business development activities with respect to containerized LNG distribution. In 2022, CCS sold 10 containers and invested in 10 cryogenic semi-trailers manufactured by Aritas, most of which were leased out to third parties. In 2022, CCS had on average 41 containers under lease (2021: 25) and 9 semi-trailers (2021: 2).

**BNG** is based in Hammerfest (Norway) and distributes LNG to ships and industries in northern Scandinavia. While in 2021, BNG's primary supply station Melkøya was closed, in June 2022 the terminal reopened. Coinciding with spiking gas prices and increasing demand, this provided BNG the opportunity to fully benefit from spot trading and BNG increased sales volumes with 51%. Furthermore, margins realized were high, positively impacted by the spike in LNG prices. BNG had on average 6 employees (FTE) in 2022 (6 in 2021).

**Aritas** is based in Istanbul (Turkey) and has a manufacturing facility in Bandirma (Turkey). Aritas designs and manufactures cryogenic equipment and related components. Over 2022, Aritas realized



revenues of EUR 15 million versus EUR 14 million in 2021. In 2022, Aritas employed 251 people (FTE) versus 254 in 2021.

**DMT** is based in Joure (NL) and is a leading supplier of solutions to upgrade biogas to biomethane that can be injected in national gas grids. DMT focuses on the European and North American markets and the solutions include maintenance and operational services. Over the full year 2022, DMT realized revenues of EUR 23 million (the same as in 2021) and was still loss making. However, the orderbook at DMT grew considerably following strong demand for biogas upgrading solutions, providing a good basis for a positive result in the next year. DMT employed 70 people (FTE) in 2022 (75 in 2021).

The consolidated recurring EBITDA of BES increased from EUR (1,7) million in 2021 to EUR 11,2 million in 2022, mainly thanks to increase of sales volumes and margins at BNG.

### **Outlook 2023**

On the back of increased economic uncertainty, we are cautious for the volume outlook for 2023 even though synergy projects will cover part of the volume lost. The focus of the material technology business remains on improving the mix towards higher value products, which continue to offer an appealing perspective for the coming years. Hence, we plan to continue investments in technology and the market position of our brands.

Following the strategy of Broadview, these two topics will be spearheaded by our innovation center Nemho (The NExt Material House in Weert, NL) and our center for marketing, design and communication named MUSA which has its home in the fashionable Brera district in Milan. Apart from the attention for new products and technology, Nemho will focus even more on sustainability projects. MUSA will continue to focus on the premium positioning of our brands and high value products.

After energy prices have come down considerably, we expect that in 2023 BNG will benefit less from high margin spot trading. We expect the occupancy rate of the equipment lease portfolio to remain at a good level and foresee a strong orderbook for renewable gas projects at DMT.

Scheduled external debt repayments amount to circa EUR 8 million.

### **Risks**

Most risks faced by the Company are related to the underlying risks of its operating companies. These include developments in their end markets and the sensitivity to the economic cycle. In the case of Trespa and Formica this mainly concerns commercial applications in the construction industry and interior fitting market (commercial real estate, shops, clean rooms, ships, etc.). Westag, Arpa and DOS are more exposed to residential applications such as kitchen furniture and interior doors. BES is exposed to developments in the oil and gas markets with respect to margins and growth perspectives.

Some end markets and products also entail a risk of regulatory changes and requirements. In case of Trespa, this involves potential changes in building regulations that could limit the use of its products. Furthermore, specific raw materials are subject to regulation which could change, thereby forcing the group companies to modify their products.

The companies in the material technology cluster are exposed to fluctuations in raw material prices and energy costs. The operating companies face industrial, safety and environmental risks related to their manufacturing facilities. Continuous efforts are ongoing to control and reduce these risks. The operating companies to a certain extent are exposed to transactional currency risks (predominantly the US Dollar, British Pound, Thai Baht, Chinese Yuan, Taiwan Dollar and Turkish Lira). Additionally, because of financial reporting in local currencies, Broadview is exposed to translation risks in relation to most of these currencies.

We consider the geographical diversification of the group, combined with the relatively fragmented character of the underlying markets, as a reasonable hedge against any industry concentration risks.

In the notes to the financial statements, we have disclosed our financial risk management with respect to credit risk, liquidity risk and market risk – which includes foreign currency and interest rate risks. On a case by case basis, the operating companies determine if, and to what extent these risks need to be hedged.

## Risk management

The Company strives for continuous improvement of its risk management systems and procedures. Given the decentralized management approach, the operating companies each have their own responsibility for appropriately managing those risks that they deem relevant. Broadview is supporting the operating companies in these efforts and seeks to stimulate the exchange of best practices within the Group with respect to risk management.

In general, Broadview has a low risk appetite except for entrepreneurial risks. In line with this and with its strategy and business approach, the Group puts strong emphasis on so called License to Operate (LTO) issues. Under this LTO heading, several topics are covered ranging from safety and product compliance to financial reporting and sustainability. The Company is supporting and monitoring the implementation of risk mitigation initiatives at the operating companies with respect to these topics as part of its business system.

## Safety

The philosophy of Broadview with respect to safety follows the principle that there is a statistical relationship between the number of near misses or risk reports and the number of accidents – the so called ‘safety pyramid’. In this approach the focus is on identifying – and addressing – risks before these turn into accidents. At Broadview this concept is captured by the ‘safety cycle’ that drives a continuous improvement loop that starts with the level of risk reporting. From this point, the next goals are to ensure a good degree of participation across the workforce and an adequate follow-up of reported issues. Finally, the ambition is to use the gathered data to pro-actively identify leading safety indicators and particular areas of concern.



**“Find risks before they find you or your colleague”**

In 2022 we continued our focus in embedding the safety cycle deeper into all our companies. While the number of risk reports remained around 50,000, companies transitioned from growing reporting to pushing follow up and analysis of reports. Participation rate increased to nearly 60% compared with around 50% last year. This increase has mostly been driven by improvements at Formica NA, Westag,

and DOS. The focus on next years will lie in pushing companies to squeeze more insights out of the SHE Cycle now that it has been well established.

Accidents reduced from 84 in 2021 to 53 in 2022. This has mainly been driven by strong reductions at Westag, DOS, and Aritas. We believe that the continued focus on implementing the safety cycle in these companies, which had rather high accidents rates in the past, starts paying off. There were also 8 accidents at Arpa in 2022, which for Arpa is still high given years of continued safety focus and progress. Last year, Arpa has intensified safety awareness training of middle management to embed safety leadership deeper into the organization. These will continue in the next year as sustainable improvements of safety culture take time.

#### Overview safety statistics

	2021			2022			Change		
	Accidents		Incidents	Accidents		Incidents	Accidents		Incidents
	#	LTD	#	#	LTD	#	#	LTD	#
Arpa	11	310	7	8	250	6	(3)	(60)	(1)
Trespa	1	—	13	3	369	12	2	369	(1)
Westag	26	717	51	11	285	32	(15)	(432)	(19)
Formica Asia	5	281	20	6	465	16	1	184	(4)
Formica EMEA	4	37	20	2	115	16	(2)	78	(4)
Formica North America	5	138	52	5	15	43	—	(123)	(9)
Hartson - Kennedy	—	—	—	1	—	2	1	—	2
Homapal	1	26	11	2	4	9	1	(22)	(2)
DOS	20	513	32	11	303	20	(9)	(210)	(12)
<b>Subtotal - BV Industries</b>	<b>73</b>	<b>2.022</b>	<b>206</b>	<b>49</b>	<b>1.806</b>	<b>156</b>	<b>(24)</b>	<b>(216)</b>	<b>(50)</b>
Aritas	11	278	20	3	111	5	(8)	(167)	(15)
BES	—	—	—	—	—	—	—	—	—
BNG	—	—	2	—	—	—	—	—	(2)
DMT	—	—	—	1	4	—	1	4	—
<b>Subtotal - BV Energy Solutions</b>	<b>11</b>	<b>278</b>	<b>22</b>	<b>4</b>	<b>115</b>	<b>5</b>	<b>(7)</b>	<b>(163)</b>	<b>(17)</b>
Confirmed occupational disease (COD)			—			—			—
<b>Total BVH consolidated</b>	<b>84</b>	<b>2.300</b>	<b>228</b>	<b>53</b>	<b>1.921</b>	<b>161</b>	<b>(31)</b>	<b>(379)</b>	<b>(67)</b>

*Accidents are defined as all lost time injuries (excl. occupational diseases). Lost time injuries refer to accidents or injuries that force employee or contractor to remain away from his or her work beyond the day of the accident or the next shift. They are occurrences that result in a fatality, permanent disability, restricted work cases or time lost from work of one day, one shift or more.*

*Incidents include all Medical Treatments and First Aid Treatments and do not involve any Lost Time Days.*

#### Financial reporting risk

Improvements of the internal control framework for the operating companies continued in 2022. The internal control framework is aimed at ensuring that internal and external financial reporting is complete, accurate, valid, timely and free of material misstatements as a result of fraud or errors. Part of the control framework is that the operating companies maintain a list of control improvement actions which is continuously updated. Broadview monitors whether satisfactory progress is made in completing improvement actions. As part of the audit procedures the control improvements lists are also reviewed by the independent auditor. This year, in total 210 new control improvement actions were added to the lists, and 206 were closed. Many new control improvement items were related to companies that were acquired in the past four years.

In 2022, each of the operating companies has prepared a fraud risk analysis in which they assessed amongst others which fraud risk factors are applicable to the company and what kind of controls are in place to mitigate these risk factors. In addition, Broadview expanded the cyber security control framework including incident response and best practices for various aspects of cyber security risk

management. IT security measures were further tightened, internal controls were added and cyber security awareness programs have been continuing.

Furthermore, the specific focus continued on improving the financial reporting and control procedures at companies that recently joined the group. In 2023, we will continue to focus on this and on the implementation of other elements of the Broadview Business System at the group companies.

## Sustainability

Reducing our environmental footprint is one of the key priorities in our business. Next to our belief that it is the right thing to do, we are also convinced that it is essential to safeguard the continuity of our companies. That is why sustainability is also well embedded in our plans and high on the agenda of the CEO's of the operating companies with the credo 'do no harm, do good, do better'.

At the core of our sustainability strategy is the principle that we should start with ourselves when we seek to improve the environment: '**do no harm**'. Our approach here is straightforward: we measure our impact, select targets to reduce this impact and monitor and report on progress thru so called position papers. To measure our impact, we use the Life Cycle Assessment (LCA) methodology, which is regarded as the most objective tool for this purpose. Our LCA evaluates the entire environmental footprint of a product up to leaving the gate of the factory. This includes the impact from products and services that are sourced from third parties such as raw materials, energy and transport. Following ISO-standards 14025, Broadview obtained in 2022 the license (EPD process certification) to be able to self-declare environmental product declarations (EPD) for the products of our companies.

The second element of our strategy is to look for opportunities that support the environment beyond the direct scope of our own footprint: '**do good**'. This includes supporting our clients to meet their environmental challenges, for instance by providing products that warrant a long lifespan. Beyond that, some companies even guarantee that their products will be re-used in new applications. Additionally, we also monitor opportunities that are less directly linked to our factories and our product portfolio. These include projects that for instance help to absorb or reduce carbon emissions in other settings. We see such projects as effective tools to meet our environmental commitments, while work on reducing our direct footprint is ongoing.

Finally, many sustainability challenges constitute good business opportunities that will allow the companies to continue to grow and '**do better**'. This underlines our believe that investing in sustainability should – in the end – also be beneficial for companies to ensure that these efforts continue beyond the horizon of regulatory developments and personal considerations.

The sustainability team of Nemho – the group centre of excellence for innovation and technology – grew quite significantly in the past years and in 2022 it consisted of ten sustainability specialists, compared to the six in 2021. With their help all companies in the material technology cluster published their sustainability position papers, including specific reduction targets for 2026. These targets are defined against a baseline number for 2019. The outcome of an LCA consists of different parameters, and while we actively monitor several of these, the clear focus is on carbon emissions that are measured per tonne of CO2 equivalent (CO2eq.).

The next table shows the LCA outcome for 2021. We completed the LCAs of the Fenix Factory at Arpa, the plant of Kalol and Westag (new LCA's) and reported them separately in the table.

The 2022 results are not yet available, as the effort involved in updating the underlying data still causes a certain delay. We will reduce this delay in 2023 when we expect to receive the underlying LCA data by the end of February.

**tCO2 eq.**

	2020 LCA	Upstream	Δ Volume	Improvement	New LCAs	2021 LCA
Arpa	49.325	1.773	10.982	(4.192)	12.451	70.338
Formica Asia	86.006	13.446	(473)	(8.793)	2.646	92.832
Formica EU	36.259	760	912	333	-	38.264
Formica NA	75.101	11.856	6.142	(5.286)	-	87.813
Homapal	8.815	262	777	(371)	-	9.484
Trespa	27.386	(1.317)	2.506	(493)	-	28.082
Westag	-	-	-	-	(8.261)	(8.261)
<b>Total</b>	<b>282.892</b>	<b>26.781</b>	<b>20.846</b>	<b>(18.803)</b>	<b>6.836</b>	<b>318.552</b>

Compared to the 2020 results, in 2021 the increased production volumes brought an additional 21k tCO2 whilst the upstream changes – data accuracy improvements and database updates – resulted into 27k tCO2. Improvement projects yield a reduction of 19k tCO2, mostly due to the (partial) switch to green electricity in Asia and North America and some gains in efficiency - at Arpa and St. Jean (Formica NA) for example the amount of natural gas consumed per ton of panel decreased. As another example, in another plant (Valencia) some improvements were made thanks to the use of prepregs at detriment of impregnated kraft paper. New LCAs include the Fenix Factory at Arpa, Kalol factory in Asia and Westag received their first LCA.

Given the sensitivity to swings in underlying production volumes we also consider the improvement relative to the production volume in tonnes, as reported in the table below. In 2021, we had a footprint of 1,67 t CO2 eq. per tonne of panel compared to the 2 t CO2 eq. we calculated in 2019 and the 1,64 of 2020. The slight increase between 2020 and 2021 is due to the upstream changes reported in the previous table, the effect of which eats up the improvements achieved by the companies (taking out the upstream effect, the impact per tonne would have improved by 7%). By 2026 Broadview Industries (excluding DOS and Westag) aim to achieve, based on the commitments the companies have published in their position papers, a 28% reduction compared to 2019. When achieved, this target will translate into a carbon footprint of 1,4 t CO2 eq./t panel.

**tCO2 eq. per MT**

	2019 LCA	2020 LCA	2021 LCA	2026 Target
Arpa	1,99	1,60	1,71	1,44
Formica Asia	2,19	1,99	2,15	1,64
Formica EU	2,14	1,96	2,02	1,60
Formica NA	2,79	2,29	2,47	2,09
Homapal	4,27	4,45	4,41	3,85
Trespa	1,07	0,60	0,57	0,53
<b>Total</b>	<b>2,00</b>	<b>1,64</b>	<b>1,67</b>	<b>1,43</b>

This target does not include the additional contribution that could come from so called Voluntary Emission Rights, which are externally purchased credits from carbon offsetting projects such as landfill gas capturing. Broadview remained cautious in 2022 as voluntary carbon offset prices spiralled upwards. Although we did not buy more offsets, the total offset portfolio now accounts for circa 750K tonnes. Approximately 30k credits were retired in 2022 to support the net carbon neutral certification of Fenix, one of our key products.

In 2022 a further footprint decrease is expected, driven both by improvement projects and some volume loss. However, we are identifying opportunities to reduce our footprint further. In total, the group of material technology companies identified potential to go close to carbon neutral from cradle to factory gate, by energy savings, taking fossil resources out of the production process and out of the material build-up of our products. With regard to process, efficiency improvements and switching to renewable energy sources are starting to show a substantial effect. Further progress will be made in 2023 for multiple sites with regards to identifying new opportunities, implementing more efficient processing technologies and switching to renewable energy sources. At the end of 2022, for example,

one of our plants in Asia started to source steam from a waste incinerator, thus replacing 70% of its natural gas consumption - the full effect of this will be visible in 2023 with an estimated saving of circa 6k tCO<sub>2</sub>. On the product-side, we started in the past implementing products with high bio-based content (Fenix Bloom) and we made further improvements in 2022 with the launch of Toplab Plus Align. In 2023, we will be working on commercialising different bio-based technologies in parallel to expanding our research on these technologies.

We currently measure our carbon emissions on a cradle-to-gate basis, which includes the footprint of our own factories as well as the impact of the materials and products that are sourced from outside. Adding the gate-to-grave perspective involves making assumptions regarding the lifespan of our products. Experience has shown that our materials are of good quality and can maintain their functional and esthetical performance for more than 20-30 years. Discussions on how to include the aspect of longevity in the LCA are still ongoing in the European Union, but these could result in a significant additional impact for our materials.

The 2021 footprint of 318K tonnes CO<sub>2</sub> eq. is mainly driven by the impact of the chemicals we purchase and the fossil fuels used in our factories, but also includes a significant credit/benefit for the 219K tonnes CO<sub>2</sub> eq. from the relatively high wood content in our materials. If we assume that our materials are incinerated at the end of their lifespan, this captured CO<sub>2</sub> would be released again, next to the effect of incinerating the chemicals. If these emissions would be fully allocated to our materials – regardless of their lifespan – the impact of the gate-to-grave phase would be in the order of magnitude of our cradle-to-gate phase mentioned above.

## **Diversity**

Broadview is an international group of companies with a workforce that includes many nationalities. In such an environment, we take a broad view of diversity. Diversity at Broadview focuses on a variety of nationalities, skills and abilities, and we employ a mix of men and women. At the end of 2022, 40% of the Supervisory Board, around 25% of the members of the management teams of the operating companies and 40% of the staff of the holding organization at Broadview is female. The composition of the Executive Board does not meet the criteria for gender diversity.

Broadview continues to strive for gender diversity in senior management positions. To support this, Broadview has been aiming to increase the number of female candidates in selection procedures and will continue to do so with the ambition to reach an equal share of male and female candidates. Still, when filling vacancies, the main consideration continues to be to select candidates based on all relevant aspects of the specific role, including experience, but no candidates are excluded based on gender. Operating companies are responsible for improving the gender balance within their own organizations; progress in this respect is closely monitored by the Executive Board.

24 March 2023

## **Executive Board of Broadview Holding B.V.**

M.J. Schoten, CEO

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**Consolidated financial statements**





## Consolidated balance sheet

In EUR 1.000	Note	31 December 2022	31 December 2021
<b>Non-current assets</b>			
Property, plant & equipment	10	442.577	450.654
Right-of-use assets	11	48.996	46.734
Intangible assets	12/13	473.689	476.280
Investments in associates	9	88	72
Other financial assets	15	282	510
Deferred tax assets	14	42.618	44.117
Other non-current assets	19	2.024	1.801
		<u>1.010.274</u>	<u>1.020.168</u>
<b>Current assets</b>			
Inventories	17	257.978	241.804
Trade receivables	15/18	119.391	119.945
Income taxes receivable		7.947	9.119
Other financial assets	15	6.242	2.438
Other current assets	19	23.571	24.868
Contract assets and receivables	19	488	—
Cash and cash equivalents	15/20	129.731	152.770
		<u>545.348</u>	<u>550.944</u>
Assets held for sale	7	3.758	3.956
<b>Total assets</b>		<b><u>1.559.380</u></b>	<b><u>1.575.068</u></b>
<b>Equity</b>			
Issued share capital	21	179.596	179.596
Other reserves	21	(30.620)	(27.532)
Retained earnings		159.910	153.936
<b>Equity attributable to owners of the parent</b>		<u>308.886</u>	<u>306.000</u>
Non-controlling interests		36.566	43.469
<b>Total equity</b>		<u>345.452</u>	<u>349.469</u>
<b>Non-current liabilities</b>			
Shareholder loans	15/31	394.734	393.740
Interest-bearing loans and borrowings	15	245.389	239.877
Lease liabilities	11	27.034	26.006
Other financial liabilities	15	2.900	3.345
Accrued expenses and other payables	24	691	450
Employee benefit obligations	22	35.991	47.682
Provisions	23	5.837	5.979
Deferred tax liabilities	14	99.960	102.083
		<u>812.536</u>	<u>819.162</u>
<b>Current liabilities</b>			
Shareholder loans	15/31	106.421	103.223
Interest-bearing loans and borrowings	15	26.421	39.105
Lease liabilities	11	14.499	12.869
Other financial liabilities	15	330	713
Provisions	23	4.941	4.386
Trade payables	15/24	108.022	110.384
Accrued expenses and other payables	24	121.569	124.886
Income taxes payable		11.714	7.843
Contract liabilities and payables	24	7.475	3.028
		<u>401.392</u>	<u>406.437</u>
<b>Total equity and liabilities</b>		<b><u>1.559.380</u></b>	<b><u>1.575.068</u></b>

## Consolidated statement of profit and loss

In EUR 1.000	Note	2022	2021
Revenue from contracts with customers	26	1.363.764	1.214.598
Change in stock of finished goods and work in progress		(29.608)	(8.303)
Other income	6	6.531	—
<b>Total operating income</b>		<b>1.340.687</b>	<b>1.206.295</b>
Cost of raw materials and consumables		(607.567)	(512.755)
Freight and packaging		(92.009)	(74.698)
Employee expenses	27	(361.933)	(348.657)
Depreciation and impairment of property, plant and equipment	10	(54.315)	(54.894)
Depreciation of right-of-use assets	11	(15.539)	(14.069)
Amortisation and impairment of intangible assets	12	(23.859)	(23.180)
Other operating expenses	28	(165.304)	(148.605)
<b>Total operating expenses</b>		<b>(1.320.526)</b>	<b>(1.176.858)</b>
<b>Operating result</b>		<b>20.161</b>	<b>29.437</b>
Financial income	29	13.747	7.989
Financial expense	29	(28.276)	(28.708)
Share of results from associates	9	16	—
<b>Result for the year before tax</b>		<b>5.648</b>	<b>8.718</b>
Income tax expense	30	(6.470)	(3.657)
<b>Result for the year</b>		<b>(822)</b>	<b>5.061</b>
<b>Attributable to:</b>			
Owners of the parent		(970)	5.842
Non-controlling interest		148	(781)
		<b>(822)</b>	<b>5.061</b>

## Consolidated statement of comprehensive income

In EUR 1.000	Note	2022	2021
<b>Result for the year</b>		(822)	5.061
<b>Other comprehensive income / (expense) (OCI)</b>			
<i>Items that will not be reclassified to the statement of income in subsequent periods</i>			
Actuarial results on pension benefits obligations	22	11.513	4.344
Income tax relating to these items		(3.225)	(1.150)
		<u>8.288</u>	<u>3.194</u>
<i>Items that may be reclassified to the statement of income in subsequent periods</i>			
Effective portion of hedging instruments		—	149
Foreign currency translation differences		(3.028)	30.895
Other movements		—	(32)
Income tax relating to these items		—	(37)
		<u>(3.028)</u>	<u>30.975</u>
<b>Other comprehensive income for the year, net of tax</b>		<b>5.260</b>	<b>34.169</b>
<b>Total comprehensive income for the year, net of tax</b>		<b><u>4.438</u></b>	<b><u>39.230</u></b>
<i>Attributable to:</i>			
Shareholders		2.809	39.300
Non-controlling interest		1.629	(70)
		<u>4.438</u>	<u>39.230</u>
<i>Total comprehensive income for the period attributable to shareholders arises from:</i>			
Continuing operations		2.809	39.300
Discontinued operations		—	—
		<u>2.809</u>	<u>39.300</u>

## Consolidated statement of changes in equity

In EUR 1.000	Note	Attributable to shareholders				Non-controlling interest	Total equity
		Issued share capital	Other reserves	Retained Earnings	Total		
<b>Balance on 1 January 2021</b>		<b>179.596</b>	<b>(58.536)</b>	<b>150.453</b>	<b>271.513</b>	<b>50.850</b>	<b>322.363</b>
Result for the year		—	—	5.842	5.842	(781)	5.061
Other comprehensive income for the year	21	—	31.004	2.454	33.458	711	34.169
Total comprehensive income for the year		—	31.004	8.296	39.300	(70)	39.230
Transactions with non-controlling interest*		—	—	287	287	(7.311)	(7.024)
Cash dividend paid	4	—	—	(5.100)	(5.100)	—	(5.100)
Transactions with shareholders recognised directly in equity		—	—	(4.813)	(4.813)	(7.311)	(12.124)
<b>Balance on 31 December 2021</b>		<b>179.596</b>	<b>(27.532)</b>	<b>153.936</b>	<b>306.000</b>	<b>43.469</b>	<b>349.469</b>
Result for the year		—	—	(970)	(970)	148	(822)
Other comprehensive income for the year	21	—	(3.088)	6.867	3.779	1.481	5.260
Total comprehensive income for the year		—	(3.088)	5.897	2.809	1.629	4.438
Transactions with non-controlling interest*		—	—	77	77	(8.532)	(8.455)
Transactions with shareholders recognised directly in equity		—	—	77	77	(8.532)	(8.455)
<b>Balance on 31 December 2022</b>		<b>179.596</b>	<b>(30.620)</b>	<b>159.910</b>	<b>308.886</b>	<b>36.566</b>	<b>345.452</b>

\* Relates to repurchase of own shares by Westag and dividend paid

## Consolidated statement of cash flows

In EUR 1.000	Note	2022	2021
<b>Cash flows from operating activities</b>			
Operating result		20.161	29.437
Adjustments to reconcile operating result to net cash flows:			
Depreciation, amortisation and impairments	10/11/12	93.713	92.143
Badwill acquisition of subsidiaries	6	(6.531)	—
(Gain)/Loss on disposal of property, plant & equipment and intangible assets	10	1.635	1.385
Movements in provisions and pensions (excluding deferred tax)	22/23	199	(3.271)
(Increase) Decrease in working capital		(12.136)	(10.933)
Interest and other financial income received		198	170
Interest paid		(23.624)	(23.482)
Interest paid on lease liabilities	11	(938)	(748)
Income tax paid		(10.451)	(14.776)
<b>Net cash from operating activities</b>		<b>62.226</b>	<b>69.925</b>
<b>Cash flows from investing activities</b>			
Proceeds from (Payments for) subsidiaries acquired, net of cash	6	(6.825)	492
Proceeds from (Payments for) financial assets		5	(463)
Payments for property, plant and equipment	10	(39.059)	(36.865)
Proceeds from sale for property, plant and equipment and intangible assets	10/12	756	912
Payments for intangible assets	12	(4.493)	(5.934)
<b>Net cash from / (used in) investing activities</b>		<b>(49.616)</b>	<b>(41.858)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	15	50.463	15.484
Repayments of borrowings	15	(62.505)	(54.098)
Repayment of lease liabilities	11	(15.151)	(13.586)
Dividends paid to company's shareholders	4	—	(5.100)
Dividends paid to non-controlling interests		(534)	(1.051)
Other movements non-controlling interests		(7.922)	(5.973)
<b>Net cash from / (used in) financing activities</b>		<b>(35.649)</b>	<b>(64.324)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(23.039)</b>	<b>(36.257)</b>
Cash and cash equivalents at beginning of the year		152.770	189.027
Net increase / (decrease) in cash and cash equivalents		(23.039)	(36.257)
<b>Cash and cash equivalents at end of the year</b>		<b>129.731</b>	<b>152.770</b>

# Notes to the consolidated financial statements

## 1 Corporate information

### 1.1 Introduction

These consolidated financial statements of Broadview Holding B.V. and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue by the Supervisory Board on 24 March 2023.

### 1.2 Operations

Broadview Holding B.V. (“the Company”) is a holding company with its registered office at Willemsplein 2 in 's-Hertogenbosch in the Netherlands and is registered at the chamber of commerce under number 59446587.

Per 31 December 2022 the Company has investments in the following lines of business:

Material Technology – a group of companies including:

- Trespa, a group of companies whose activities mainly comprise of the production and sale of composite panels used for façade cladding and laboratory furniture.
- Arpa, a group of companies whose activities mainly comprise of the production and sale of composite panels which are used for a variety of interior surfaces such as kitchens and retail furniture.
- Westag, a company whose activities mainly comprise of the production and sales of doors and kitchen worktops.
- Formica, a group of companies, whose activities mainly comprise of the production and sale of composite panels used for interior as well as façade claddings. With the acquisition of Hartson-Kennedy as per 27 October 2022, the Formica group now also is one of the largest manufacturers of laminate worktops in the United States.
- Direct Online Services (‘DOS’) is a leading multi-channel e-commerce retailer that provides high-quality kitchen components.

Energy – a group of companies including:

- Barents NaturGass, a company whose activities mainly comprise the distribution of small scale LNG in Scandinavian countries.
- Cryogenic Container Solutions, a company whose activities mainly comprise the leasing of cryogenic ISO tank containers.
- Aritas, a company whose activities mainly comprise the design and manufacturing of cryogenic systems and components and LNG fuel tanks.
- Global Environmental Solutions B.V. (‘DMT’), a company whose activities mainly comprise the design of biogas upgrade facilities. DMT was acquired on 19 May 2021.

The sales of the Company and its subsidiaries (“the Group”) are realised in both domestic and foreign markets, the majority of which is within the countries of Europe, North America’s and Asia.

### 1.3 Group structure

Broadview Holding B.V. belongs to the HAL group. The ultimate parent company of this group is HAL Trust in Hamilton, Bermuda. HAL Trust's shares are listed on the Amsterdam Stock Exchange (Ticker symbol: HAL NA). The financial statements of Broadview Holding B.V. are included in the consolidated financial statements of both HAL Trust, Hamilton, Bermuda and HAL Holding N.V., Willemstad, Curacao. These consolidated financial statements are available at the office of HAL Holding N.V. and can also be found at [www.halholding.com](http://www.halholding.com).

## 2 Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted within the European Union – and with Part 9, Book 2 of The Dutch Civil Code.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise disclosed as part of the significant accounting policies. All values are rounded to the nearest thousand (EUR 1.000), except when otherwise indicated.

The consolidated statement of cash flows has been prepared using the indirect method. Cash flows denominated in foreign currencies are translated at average exchange rates, or at the transaction rate if more appropriate.

Interest paid and interest received are classified as operating cash flows. Dividends paid and repayment of lease liabilities are classified as financing cash flows. Cash flows arising from income taxes are classified as operating cash flows.

The consolidated financial statements provide comparative information in respect of the previous period. Where needed comparative information was adjusted for comparison purposes.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022 (note 5). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The company presents a condensed statement of profit and loss in the Company financial statements, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

## **2.3 Summary of significant accounting policies**

### **2.3.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in Other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. A 'business' has been further defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used



to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. See also note 2.3.14 impairment of non-financial assets and note 13 Goodwill.

Where goodwill has been allocated to a CGU or group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 2.3.2 *Investment in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon

loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.3.3 *Current versus non-current classification*

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other assets and liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.3.4 *Foreign currencies*

The consolidated financial statements are presented in euros, which is the Company's and parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

#### **Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates as a proxy for the transaction rate, or at the transaction rate itself if more appropriate. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### 2.3.5 Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – note 3
- Quantitative disclosures of fair value measurement hierarchy – note 15.3
- Investment in non-listed equity shares – note 15
- Financial instruments (including those carried at amortised cost) – note 15
- Pension plan assets – note 22
- Contingent considerations – note 25

### 2.3.6 *Non-current assets held for sale and discontinued operations*

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

or

- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

### 2.3.7 *Property, plant and equipment*

Property, plant and equipment are recorded at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items (such as unrecoverable taxes and transport) and construction costs that can be allocated directly (such as hours of own employees and advisory fees). Interest during construction is capitalised. To the extent that dismantling obligations exist, these are included in the cost of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance costs are charged to the consolidated statement of profit and loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

- Buildings: 10 – 50 years
- Equipment: 5 – 30 years
- Other assets: 2 – 20 years

Land is not depreciated.

### 2.3.8 Leases

At inception of a contract, the Group shall assess whether a contract that exceeds a duration of 12 months (unless it relates to low value assets) is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Reassessment shall be done if the terms and conditions are changed.

#### **Group as a lessee**

The Group has entered into leases of mainly offices, other buildings, motor vehicles and equipment with lease terms between one and in most cases maximum five years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option
- payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use assets are adjusted for remeasurements of lease liabilities.

At the end of the lease term or at early termination of the lease, the cost of the right-of-use asset, accumulated depreciation, and outstanding lease liability, are written-down with the difference, if any, recorded in the consolidated statement of profit and loss within depreciation of right-of-use assets.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise assets, on a lease-by-lease basis, with a threshold of EUR 5.000 (or equivalent in foreign currency).

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases and the related assets are included in the balance sheet. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. If applicable initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### **2.3.9**      *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **2.3.10**      *Intangible assets*

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed

annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Intangible assets include goodwill, brand names, customer relationships, computer software and other. For goodwill reference is made to note 2.3.1 Business combinations and goodwill.

### **Goodwill**

Goodwill arises on business combinations and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair value amounts of the identifiable assets, liabilities and contingent liabilities.

Goodwill is carried at cost less accumulated impairments. Goodwill is subject to annual impairment testing, as described in note 13. If an impairment is recognised, it is not reversed in subsequent periods. Goodwill relating to a business combination in foreign currency is recorded in the respective currency and converted at the spot rate of exchange at the end of the period.

### **Brand names**

Brand names are initially recognised at fair value, using the relief-from-royalty approach. They are subsequently amortised over an estimated useful life, generally a maximum of 20 years, on a straight-line basis with no residual value.

### **Customer relationships**

The valuation of customer relationships acquired in a business combination is based on the present value of estimated future cash flows. Customer relationships are initially recognised at fair value and subsequently amortised on a straight-line basis over an estimated useful life of maximum 20 years.

### **Software**

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs (such as software development employee costs and an appropriate portion of relevant overheads) are included in the initial measurement. Costs associated with developing and maintaining computer software that do not meet these criteria are recognised as an expense as incurred. Software licenses and products are generally amortised on a straight-line basis over an estimated useful life of maximum 10 years.

### **Supplier contracts (included in Other)**

The valuation of supplier contracts acquired in a business combination is based on the present value of future cash flows. Supplier contracts are initially recognised at fair value and subsequently amortised on a straight-line basis over an estimated useful life of maximum 15 years.

### **Carbon credits (included in Other)**

Acquired carbon credits are capitalised on the basis of the costs incurred to acquire. Carbon credits are retired upon use and expensed in Cost of raw materials and consumables.

A summary of the policies applied to the Group's intangible assets (excluding goodwill) is as follows:

	<b>Brand names</b>	<b>Customer relations</b>	<b>Software</b>	<b>Supplier contract</b>	<b>Carbon credits</b>
<b>Useful lives</b>	Finite (15-20 years)	Finite (13 to 20 years)	Finite (5-10 years)	Finite (15 years)	Indefinite until use
<b>Amortisation method used</b>	Amortised on a straight-line basis over useful life	Amortised on a straight-line basis over useful life	Amortised on a straight-line basis over useful life	Amortised on a straight-line basis over useful life	Retired upon use
<b>Internally generated or acquired</b>	Acquired	Acquired	Acquired	Acquired	Acquired

### 2.3.11 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### ***Initial recognition and measurement***

Financial assets are first recognised on the trade date, the date on which the Company commits to purchase the asset. Financial assets are derecognised when the right to receive cash flows from the investments has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

##### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

##### ***Financial assets at amortised cost (debt instruments)***

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment assessment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### ***Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been



established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired
- or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – note 3
- Trade receivables – note 18

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Within the Group each operating company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group generally considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **Financial liabilities**

### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, as well as loans and borrowings including bank overdrafts.

### ***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

#### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### *2.3.12 Work in progress on Construction contracts*

A construction contract is a contract specifically negotiated for the construction of an asset or combination of assets. This includes development projects for which a contract with a customer is present. Construction contracts relate to an asset or combination of assets whose performance generally extends over more than one reporting period. Development projects for which there is not yet a contract with a customer are included within inventories.

Construction contracts commissioned by third parties comprises the balance of project costs realised, profit attributed - provided this can be reliably measured -, and if applicable, a provision for expected losses and instalments already invoiced.

A contract asset (e.g. amounts due from customers) is recognised when the group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is unconditional on something other than the passage of time. A contract receivable (e.g. amounts to be invoiced) is an amount to be billed for which payment is only a matter of passage of time.

A contract liability (e.g. amounts due to customers) is recognised when the group has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

The construction contract costs comprise the costs directly relating to the construction contract, the costs that are attributable to construction contract activities in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Work in progress on construction contracts that shows a net debit balance is presented under the current assets. Work in progress on construction contracts that shows a net credit balance is presented under the current liabilities.

For information on revenue recognition for construction contracts reference is made to note 2.3.18.

#### *2.3.13 Inventories*

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost is generally determined using the weighted-average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.3.14 *Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.3.15 *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.3.16 Provisions

#### **General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Warranty provisions**

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

#### **Restructuring provisions**

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

### 2.3.17 Employee benefits

#### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations and are included under accrued expenses and other payables in the balance sheet.

#### **Defined benefit pension plans and other post-employment benefits**

The Group operates funded and unfunded defined benefit pension plans in several countries. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The liability or asset recognised in the balance sheet is the present value of the defined benefit obligation less the fair value of the plan assets taking into account any limitations based upon asset ceiling requirements as described in IFRIC 14.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not recycled to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs and non-routine settlements
- Net interest expense or income.

### **Defined contribution plans**

The Group also has a number of defined contribution plans. For its defined contribution plans the Group pays contributions into pension funds and insurance companies on a compulsory, contractual or voluntary basis. Except for paying contributions, the Group has no other obligations to pay further contributions by virtue of these pension plans. Contributions are recognised as expenses when incurred. Prepaid contributions are recognised as prepayments and accrued income to the extent that this will lead to a reduction in future payments or a cash refund.

### *2.3.18 Revenue from contracts with customers*

The Group has two lines of business – composite panels (Material Technology) and LNG distribution, sale of cryogenic equipment, biogas upgrade installations and related rental activities (Energy). Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

### **Sale of composite panels, LNG distribution and cryogenic equipment**

Revenue from sale of composite panels and related products (like doors and worktops), LNG and cryogenic equipment is recognised at the point in time when control of the asset is transferred to the customer. Generally this is when the delivery of the goods takes place, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The normal credit term varies country by country.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of composite panels, LNG distribution as well as for the sale of cryogenic equipment and related activities, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### *Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of composite panels provide customers with volume rebates. The volume rebates give rise to variable consideration.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are only offset against amounts payable by the customer when there is a legal right and common practice to settle the rebates on a net basis. In all other cases the expected rebates related liabilities are included in accrued expenses and other payables. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

### **Warranty obligations**

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in note 2.3.16.

### **Cryogenic container and terminal rental activities**

Through its LNG-distribution Business Line the Group provides cryogenic container and terminal rental services which are sold separately (only cryogenic container rental) or together with the sale of LNG.

Contracts for bundled sales of LNG and rental services are comprised of two performance obligations because the promises to transfer LNG and provide rental services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of LNG and rental services.

The Group recognises revenue from cryogenic container and terminal rental activities as explained in note 2.3.8.

### **Construction contracts relating to bio-gas upgrade installations**

Income from construction contracts realised during the financial year is recognised in the statement of profit and loss in revenue from contracts with customers. Construction contract costs are recognised in the costs of raw materials and consumables and in the costs of subcontracted work and other external costs.

Revenue and results from construction contracts are determined by reference to the latest estimate of the total selling price of the contract, after considering claims that have been accepted by the client or that derive from enforceable rights, are highly probable to lead to revenue and can be reliably measured. Such revenue is recognised over time, using the percentage-of-completion method. The percentage of completion is determined on the basis of cost of completed works (input method) and reviewed against progress of the works. This is calculated on the basis of the contract costs incurred in proportion to the estimated total contract costs. If the result from work in progress on a construction contract cannot be reliably estimated no profit is attributed to the work in progress on construction contracts and revenue is recognised only to the extent of contract costs incurred that are probably recoverable. The contract costs are recognised as an expense in the income statement in the period in which they are incurred.

Construction contracts of the group are frequently subject to variation orders that affect the scope and/or price of the contract and that amend existing performance obligations. Variation orders that are highly probable, cannot be reversed and for which payment is legally enforceable constitute contract modifications. These modifications are accounted for through a cumulative catch-up adjustment.

If it is probable that total contract costs will exceed total of project income, the expected loss is recognised as an expense immediately. A provision for onerous contracts will be in place and will be recognised as operating expenses when future contract losses are known and can be reliably measured. Additional information on judgement and estimates in relation to construction contracts are included in note 3.

### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

### 2.3.19 Government grants

Government grants comprise amounts received by the Group from governments as reimbursement for costs incurred. Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. In the statement of profit and loss the income is netted with the respective expense. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.3.20 Taxes

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions for uncertain tax positions where appropriate in accordance with IFRIC 23 'Uncertainty over tax positions' ('IFRIC 23').

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. For uncertain tax positions (as mentioned in IFRIC 23) deferred tax positions are consistent with current income tax calculations.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2.4 New and amended standards and interpretations

### **New and amended standards and interpretations adopted by the Company**

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37*
- *Annual Improvements to IFRS Standards 2018-2020, and*
- *Reference to the Conceptual Framework – Amendments to IFRS 3.*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### **New standards, amendments and interpretations issued but not yet effective and not early adopted**

The following new accounting standards, amendments to accounting standards and interpretations (which have not been early adopted by the group) have been published though are not mandatory for 31 December 2022 reporting periods.

- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and*
- *Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.*

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure on contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results ultimately may differ from those estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. Accounting policies that are critical to the financial statements presentation and that require complex estimates or significant judgement are described in this section.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management – note 4
- Financial instruments risk management and policies – note 16
- Sensitivity analyses disclosures – notes 13, 16 and 22.

#### **Critical judgements in determining the lease term and discount rates**

The lease term comprises of the non-cancellable period agreed in the lease contract and the periods covered by renewal or termination options that are reasonably certain to be exercised. Significant renewal and termination options primarily relate to the lease of real estate. Renewal and termination options are assessed at the lease commencement date and subsequently, if there is a change in circumstances within the control of the Group.

In absence of interest rates implicit in the lease contracts, the Group applies the incremental borrowing rate (IBR) as the discount rate to determine the lease liabilities. The IBR is an approximation of the rate that a lessee would pay to attract the required funding to purchase the asset over a similar term, with similar security and in a similar economic environment. The IBR is determined as the sum of a reference rate, a credit risk premium and a country risk premium. The calculation of the IBR takes into account the currency of the lease contract, the lease term, the type of leased asset, the country and the credit quality of the lessee. A single IBR may be applied to a portfolio of leases within a country, which are similar in nature and lease term.

#### **Property lease classification – Group as a lessor**

The Group has entered into LNG terminal and container leases with customers for its LNG distribution business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases and the assets are therefore on balance.

#### **Property, plant and equipment, brand names and customer relationships**

Property, plant and equipment, brand names and customer relationships represent a substantial part of the total assets of the Group and the related depreciation respectively amortisation forms a substantial part of the annual operating expenses. The useful life and residual value of these assets, determined by the Board based on its estimations and assumptions, have a major impact on the measurement of these assets.

#### **Impairment of non-financial assets including Goodwill**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the

assets of the CGU or group of CGUs being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the increase in revenues and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs or group of CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Management assessed whether there were impairment indicators for non-financial assets other than goodwill on balance sheet date. Based on this assessment no impairment indicators were identified.

### **Acquisition of subsidiaries**

When a company is acquired, a value is assigned to intangible assets such as brand names and the customer relationships. The determination of the value at the time of acquisition and the estimated useful life are subject to judgment. Assumptions by management underlying the estimation of fair value include the future cash flows expected from the asset and discount rates. Useful life is estimated using past experience and relevant industry practices.

### **Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

### **Inventory valuation**

Finished goods are regularly subjected to specific assessment tests to identify damaged, slow moving or obsolete inventory, taking into consideration past experience, historic results and the probability of sale under normal market conditions. Based on these analyses, management asserts judgement to determine the write-downs required to reduce the value of the inventory to its net realizable value.

### **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Significant judgment is required in determining the worldwide provision for income tax, as subsidiaries are subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are recognised based on management's estimates of whether additional taxes will be due.

### **Defined benefit plans (pension benefits)**

The cost of the defined benefit pension plan and other post-employment (medical) benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a

defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### **Construction contracts – revenue recognition**

The Group periodically estimates the expected result of a construction contract. If the contract is expected to be profitable and the contract revenue highly probable, contract revenue and costs are recognised based on the progress of the project over time, generally by reference to the percentage-of-completion method. When a contract is not expected to be profitable, the expected loss, determined based on the progress of the project, is recognised in the consolidated statement of profit and loss immediately. The expected future losses are included in a provision for onerous contracts that is charged against the consolidated statement of profit and loss.

The Group has a process in place to determine both progress and forecasted results of construction contracts. This process builds on decentralised estimates by project managers that are thoroughly discussed with and reviewed by experienced staff at various levels of the organization, including comparative analyses with earlier projections and project budgets. There is inherent estimation uncertainty in this process and actual outcomes of projects may deviate from the forecasted outcomes, affecting revenue and results.

## **4 Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the limited financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The capital structure at the reporting dates is summarised in the table below:

In EUR 1.000	31 December 2022	31 December 2021
Equity	345.452	349.469
Non-current liabilities	812.536	819.162
Current liabilities	401.392	406.437
Cash & cash equivalents	(129.731)	(152.770)
<b>Total capital employed</b>	<b>1.429.649</b>	<b>1.422.298</b>

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No financial covenants have to be met regarding the shareholder loans and private placement loans.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

In 2022 no interim dividend was paid to the shareholders of Broadview Holding B.V. In 2021 interim dividend of EUR 5,1 million was paid which constitutes of a dividend per share of EUR 8,01.

## 5 Group information

The consolidated financial statements of the Group include the following principal subsidiaries:

Name	Principal activities	Country of incorporation	% equity interest	
			2022	2021
Broadview Industries B.V.	Holding company	The Netherlands	100,0%	100,0%
Broadview Investments B.V.	Holding company	The Netherlands	100,0%	100,0%
Trespa International B.V.	Composite panels	The Netherlands	100,0%	100,0%
Arpa Industriale S.p.A.	Composite panels	Italy	100,0%	100,0%
Broadview Industries AG	Holding company	Germany	100,0%	100,0%
Westag AG*	Composite panels and doors	Germany	73,7%	69,3%
Formica Asia B.V.	Holding company	The Netherlands	100,0%	100,0%
Formica (Asia) Limited	Composite panels	Hong Kong	100,0%	100,0%
Formica North America LLC	Holding company	United States of America	100,0%	100,0%
Formica Holdings USA, Inc	Composite panels	United States of America	100,0%	100,0%
Hartson-Kennedy Inc.	Postformed laminate countertops	United States of America	100,0%	—%
Formica Holdco (UK) Limited	Composite panels	United Kingdom	100,0%	100,0%
Homapal GmbH	Composite panels	Germany	100,0%	100,0%
Broadview Energy Solutions B.V.	LNG distribution	The Netherlands	100,0%	100,0%
Barents NaturGass A.S.	LNG distribution	Norway	100,0%	100,0%
Cryogenic Container Services B.V.	LNG container rental	The Netherlands	100,0%	100,0%
Aritas Kriyojenik Endustri Sanay ve Ticaret A.S.	LNG containers	Turkey	100,0%	100,0%
Global Environmental Solutions B.V. (DMT)	Biogas upgrade facilities	The Netherlands	100,0%	100,0%
Direct Online Services Holdings Ltd.	Multi-channel e-commerce retailer of kitchen products	United Kingdom	100,0%	100,0%

\* Broadview Industries AG holds 83,4% of the ordinary shares (with voting rights) and 57% of the (non-voting) preference shares in Westag AG, resulting in a total equity interest of 73,7%.

## 6 Business combinations

### 6.1 Acquisition of Hartson-Kennedy Inc

On 27 October 2022 the Group acquired a 100% interest in Hartson-Kennedy Inc., which operates under the trade name Hartson-Kennedy.

Hartson-Kennedy is one of the largest manufacturers of laminate worktops in the United States.

Hartson-Kennedy employs circa 300 FTE, with annualised sales of approximately EUR 57 million and operates as a subsidiary of Formica Corporation (USA).

The total purchase consideration amounts to EUR 9,0 million and was for EUR 7,4 million paid in cash at acquisition date and the remainder to be paid in cash in future years.

The cash flows related to the acquisition of Hartson-Kennedy are as follows:

#### In EUR 1.000

Purchase consideration	(8.963)
Cash to be paid in future years	1.517
Net cash acquired in the subsidiary (included in the cash flows from investing activities)	621
<b>Net cash flow on acquisition</b>	<b><u><u>(6.825)</u></u></b>
Transaction costs of the acquisition (included in cash flows from operating activities)	1.391

Transaction costs of EUR 1,4 million were expensed and are included in the other operating expenses of 2022.

## 6.2 Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Hartson-Kennedy as at the date of acquisition were:

In EUR 1.000	Note	Fair value recognised on acquisition
<b>Assets</b>		
Property, plant & equipment	10	10.777
Right-of-use assets	11	1.581
Intangible assets	12	355
Deferred tax assets	14	1.105
Other financial assets		98
Inventories		4.509
Trade receivables		7.244
Other receivables		102
Cash and cash equivalents		621
		<u>26.392</u>
<b>Liabilities</b>		
Deferred tax liabilities	14	(2.290)
Trade payables		(2.990)
Accruals and other liabilities		(4.037)
Lease liabilities	11	(1.581)
		<u>(10.898)</u>
<b>Total identifiable net assets at fair value</b>		<u><b>15.494</b></u>
Badwill arising on acquisition		(6.531)
<b>Purchase consideration transferred</b>		<u><b>8.963</b></u>

The acquisition of Hartson-Kennedy resulted in the recognition of 'badwill' for an amount of EUR 6,5 million primarily thanks to a high fair value adjustment of the company's real estate. The badwill of EUR 6,5 million was recognised in other income in the statement of profit and loss and is not taxable for income taxes.

From the date of acquisition, Hartson-Kennedy contributed EUR 9,7 million of revenue and EUR 0,2 million to the result after tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue contribution would have been EUR 57,1 million and result after tax from continuing operations contribution for the Group would have been EUR 1,2 million.

## 7 Held for sale and discontinued operations

As per 31 December 2022 'Assets held for sale' relates to Land and buildings within Formica Holdco (UK) Limited (EUR 3,8 million). Due to a delay in permit release procedures by the local authorities, the sale was not completed within one year.

## 8 Material partly owned subsidiaries

Financial information of the subsidiary that has material non-controlling interests is provided below including the percentage of minority shares outstanding:

Name	Country of incorporation and operation	2022	2021
Westag AG	Germany	26,3%	30,7%

The share of 26,3% represents 16,6% of the shares with voting rights.

The change in the year resulted from the preference share buy-back by Westag during 2022. This was recorded as a transaction with non-controlling interest and resulted in an increase of retained earnings of EUR 0,1 million.

In EUR 1.000	2022	2021
<b>Accumulated balances of material non-controlling interest:</b>		
Westag AG	34.627	41.554
<b>Profit allocated to material non-controlling interest:</b>		
Westag AG	(266)	(1.020)

The summarised financial information of this subsidiary is provided below. This information is based on amounts before intercompany eliminations:

In EUR 1.000	2022	2021
<i>As at 31 December</i>		
<i>Current</i>		
Assets	91.353	92.864
Liabilities	(28.256)	(28.572)
	63.097	64.292
<i>Non-current</i>		
Assets	99.693	111.503
Liabilities	(31.128)	(40.547)
	68.565	70.956
Attributable to:		
Equity holders of parent	97.035	93.694
Non-controlling interest	34.627	41.554



Summarised statement of profit or loss Westag AG:

In EUR 1.000	2022	2021
Revenues	236.743	222.907
Result before income tax	(1.372)	(4.843)
Income tax	549	1.523
<b>Profit / (loss) after income tax</b>	<b>(823)</b>	<b>(3.320)</b>
Other comprehensive income	5.361	2.089
<b>Total comprehensive income / (expense)</b>	<b>4.538</b>	<b>(1.231)</b>
Attributable to:		
Equity holders of parent	3.383	(853)
Non-controlling interest	1.155	(378)

Summarised cash flow information Westag AG:

In EUR 1.000	2022	2021
Operating	11.101	13.766
Investing	(3.421)	(3.038)
Financing	(9.029)	(8.716)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1.349)</b>	<b>2.012</b>

The total amount of dividends paid to the minority shareholders of Westag AG in 2022 amounts to EUR 0,1 million (2021: EUR 0,6 million).

## 9 Investments in associates

The movements of investments in associates are set out in the table below:

In EUR 1.000	2022	2021
Share of net assets	72	—
<b>Balance on 1 January</b>	<b>72</b>	<b>—</b>
Consolidation (acquisitions)/ deconsolidation	—	72
Share of results	16	—
<b>Movements in the year</b>	<b>16</b>	<b>72</b>
Share of net assets	88	72
<b>Balance on 31 December</b>	<b>88</b>	<b>72</b>

The investments in associates relate to a 30% interest in Biolease Holding B.V. and a 24% interest in Biogas-Leeuwarden B.V. Both these interests are acquired in 2021 as part of the acquisition of Global Environmental Solutions B.V.

## 10 Property, plant and equipment

In EUR 1.000	Land & Buildings	Machinery & equipment	Total
Cost value	279.783	797.207	1.076.990
Accumulated depreciation and impairment	(100.605)	(516.173)	(616.778)
<b>Balance on 1 January 2021</b>	<b>179.178</b>	<b>281.034</b>	<b>460.212</b>
Investments	6.922	29.943	36.865
Consolidation (acquisitions)	272	283	555
Disposals and retirements	(164)	(2.126)	(2.290)
Depreciation and impairment	(5.818)	(49.076)	(54.894)
Reclassification to HFS / deconsolidation	(3.705)	(251)	(3.956)
Reclassification	517	29	546
Exchange differences	4.513	9.103	13.616
<b>Balance on 31 December 2021</b>	<b>181.715</b>	<b>268.939</b>	<b>450.654</b>
Cost value	288.006	829.722	1.117.728
Accumulated depreciation and impairment	(106.291)	(560.783)	(667.074)
<b>Balance on 31 December 2021</b>	<b>181.715</b>	<b>268.939</b>	<b>450.654</b>
<b><i>Including assets under construction</i></b>	<b>1.133</b>	<b>18.859</b>	<b>19.992</b>
Investments	4.977	34.082	39.059
Consolidation (acquisitions)	9.558	1.219	10.777
Disposals and retirements	(262)	(2.114)	(2.376)
Depreciation and impairment	(6.267)	(48.048)	(54.315)
Reclassification	568	(572)	(4)
Exchange differences	(1.374)	156	(1.218)
<b>Balance on 31 December 2022</b>	<b>188.915</b>	<b>253.662</b>	<b>442.577</b>
Cost value	301.516	856.071	1.157.587
Accumulated depreciation and impairment	(112.601)	(602.409)	(715.010)
<b>Balance on 31 December 2022</b>	<b>188.915</b>	<b>253.662</b>	<b>442.577</b>
<b><i>Including assets under construction</i></b>	<b>3.952</b>	<b>15.195</b>	<b>19.147</b>

The line Consolidation (acquisitions) in 2022 relates to the acquisition of Hartson-Kennedy (2021: DMT).

Depreciation and impairment for 2022 included EUR 0,1 million impairment relating to machinery & equipment (2021: EUR 0,3 million).

Assets under construction by the end of 2022 mainly relate to regular investments in the factories in various companies and sustainability related investments. By the end of 2021 it mainly relate to regular investments in the factories in various companies and a new impregnation line at Arpa.

There are mortgage loans on the land and buildings of Arpa that have a book value of EUR 9,0 million (2021: EUR 13,9 million) and of DOS that have a book value of EUR 7,7 million (2021: EUR 8,3 million). Assets with a carrying amount of EUR 6,2 million (2021: EUR 9,8 million) have been encumbered with silent pledges as security for bank facilities.

## 11 Right of use of assets and lease liabilities (Leases)

This note provides information for leases where the Group acts as lessee.

Movements in the right-of-use assets are as follows:

In EUR 1.000	Land & Buildings	Machinery & equipment	Total
Cost value	35.507	26.580	62.087
Accumulated depreciation and impairment	(8.135)	(9.604)	(17.739)
<b>Balance on 1 January 2021</b>	<b>27.372</b>	<b>16.976</b>	<b>44.348</b>
New lease contracts	6.928	5.813	12.741
Consolidation (acquisitions)	652	142	794
Depreciation and impairment	(6.596)	(7.473)	(14.069)
Ended lease contracts	(593)	(26)	(619)
Reclassification	(100)	100	—
Exchange differences	1.197	529	1.726
Remeasurement / reassessment	297	1.516	1.813
<b>Balance on 31 December 2021</b>	<b>29.157</b>	<b>17.577</b>	<b>46.734</b>
Cost value	42.197	33.522	75.719
Accumulated depreciation and impairment	(13.040)	(15.945)	(28.985)
<b>Balance on 31 December 2021</b>	<b>29.157</b>	<b>17.577</b>	<b>46.734</b>
New lease contracts	7.998	6.302	14.300
Consolidation (acquisitions)	—	1.581	1.581
Depreciation and impairment	(7.366)	(8.173)	(15.539)
Ended lease contracts	(1.009)	(59)	(1.068)
Exchange differences	(133)	245	112
Remeasurement / reassessment	2.619	257	2.876
<b>Balance on 31 December 2022</b>	<b>31.266</b>	<b>17.730</b>	<b>48.996</b>
Cost value	48.124	38.426	86.550
Accumulated depreciation and impairment	(16.858)	(20.696)	(37.554)
<b>Balance on 31 December 2022</b>	<b>31.266</b>	<b>17.730</b>	<b>48.996</b>

Movements in the lease liabilities are as follows:

<u>In EUR 1.000</u>	<u>2022</u>	<u>2021</u>
<b>Balance on 1 January</b>	<b>38.875</b>	<b>37.072</b>
New lease contracts	14.292	12.776
Consolidation (acquisitions)	1.581	794
Ended lease contracts	(1.094)	(510)
Accrued interest	938	748
Payments	(16.089)	(14.334)
Reassessment and remeasurement	2.821	1.665
Exchange differences	209	664
<b>Balance on 31 December</b>	<b>41.533</b>	<b>38.875</b>
Total current	14.499	12.869
Total non-current	27.034	26.006

The maturity of the undiscounted cash outflow relating to these lease liabilities can be specified as follows:

<u>In EUR 1.000</u>	<u>2022</u>	<u>2021</u>
On-balance sheet leases < 1 year	14.499	12.869
On-balance sheet leases 1 < 3 years	17.398	17.144
On-balance sheet leases 3 < 5 years	6.863	6.952
On-balance sheet leases > 5 years	5.967	2.390
<b>Total</b>	<b>44.727</b>	<b>39.355</b>

The total cash outflow for leases in 2022 was EUR 16,1 million (2021: EUR 14,3 million).

The expense relating to short-term leases, low-value leases and variable lease payments are included and further disclosed in note 28 'Other operating expenses'. The interest expense is included and further disclosed in note 29 'Financial income and expense'.

## 12 Intangible assets

In EUR 1.000	Goodwill	Brand names	Customer relationships	Software	Other	Total
Cost value	179.330	109.226	167.287	31.797	19.258	506.898
Accumulated amortisation and impairment	(469)	(9.938)	(18.046)	(16.929)	(8.287)	(53.669)
<b>Balance on 1 January 2021</b>	<b>178.861</b>	<b>99.288</b>	<b>149.241</b>	<b>14.868</b>	<b>10.971</b>	<b>453.229</b>
Investments	10.947	23	—	4.249	1.662	16.881
Disposals and retirements	—	(6)	—	(1)	—	(7)
Amortisation and impairment	—	(6.859)	(10.016)	(4.992)	(1.313)	(23.180)
Reclassification	—	—	—	—	(546)	(546)
Exchange differences	14.946	6.816	7.007	698	436	29.903
<b>Balance on 31 December 2021</b>	<b>204.754</b>	<b>99.262</b>	<b>146.232</b>	<b>14.822</b>	<b>11.210</b>	<b>476.280</b>
Cost value	205.223	116.945	175.222	37.076	21.897	556.363
Accumulated amortisation and impairment	(469)	(17.683)	(28.990)	(22.254)	(10.687)	(80.083)
<b>Balance on 31 December 2021</b>	<b>204.754</b>	<b>99.262</b>	<b>146.232</b>	<b>14.822</b>	<b>11.210</b>	<b>476.280</b>
Investments	—	54	—	4.285	154	4.493
Consolidation (acquisitions)	—	—	—	355	—	355
Disposals and retirements	—	—	—	(15)	—	(15)
Amortisation and impairment	—	(7.136)	(10.584)	(4.793)	(1.346)	(23.859)
Reclassification	—	—	—	—	3	3
Exchange differences	10.097	4.991	1.778	(48)	(386)	16.432
<b>Balance on 31 December 2022</b>	<b>214.851</b>	<b>97.171</b>	<b>137.426</b>	<b>14.606</b>	<b>9.635</b>	<b>473.689</b>
Cost value	215.180	122.691	176.977	41.635	20.290	576.773
Accumulated amortisation and impairment	(329)	(25.520)	(39.551)	(27.029)	(10.655)	(103.084)
<b>Balance on 31 December 2022</b>	<b>214.851</b>	<b>97.171</b>	<b>137.426</b>	<b>14.606</b>	<b>9.635</b>	<b>473.689</b>

### Acquisition during the year

In 2022 investments in software amounted to EUR 4,3 million mainly invested by Arpa and Trespa. Furthermore, software for an amount of EUR 0,4 million was acquired following the acquisition of Hartson-Kennedy.

In 2021 investments in software amounted to EUR 4,2 million also mainly invested by Arpa and Trespa. Furthermore, Carbon Credits were acquired for an amount of EUR 1,1 million and are included in other intangible assets.

### Existing intangibles

Existing intangibles mainly relate to assets identified as part of the acquisitions of DOS (2020), Formica (in 2019) and Westag (in 2018). Furthermore, intangibles identified as part of the acquisition of Max on Top Pty Ltd. and Barents NaturGass A.S. (before 2018) are included in the balance as per 31 December 2022.

The in 2020 identified brand names and customer relationships relating to DOS are amortised on a straight-line basis in 10 years. The remaining amortisation period is 7,3 years.

The brand names recognised following the acquisition of Formica are amortised on a straight-line basis in 20 years, while customer relationships are amortised in 17 to 19 years (18 years on average). The remaining amortisation period is 16,4 years for brand names and 14,3 years for customer relationships (on average).

Following the acquisition of Westag brand names and customer relationships were recognised and software and other intangible assets were acquired. Brand names are amortised on a straight-line basis in 15 years, while customer relationships are amortised in 14 to 17 years (15 years on average). The remaining amortisation period is 10,7 years for brand names and 12,3 years customer relationships (on average).

Existing customer relationships as part of the acquisition of Max on Top Pty Ltd are amortised on a straight-line basis in 13 years. The remaining amortisation period is 5,2 years.

The other intangible assets mainly relate to the supply contract intangible identified as part of the acquisition of Barents NaturGass A.S. and is amortised on a straight-line basis in 15 years. The remaining amortisation period is 7 years.

## 13 Goodwill

Total goodwill can be split among the two business lines, Material Technology (2022: EUR 203,9 million, 2021: EUR 193,8 million) and Energy (2022: EUR 10,9 million, 2021: EUR 10,9 million).

### Material Technology

Goodwill of EUR 203,9 million as per 31 December 2022 (EUR 193,8 million per 31 December 2021) mainly consists of:

- Goodwill following the acquisition of DOS in 2020, an amount of EUR 29,0 million
- Goodwill following the acquisition of Formica in 2019, an amount of EUR 151,2 million
- Goodwill following the acquisition of Westag in 2018, an amount of EUR 23,2 million

Given the synergies that have been identified, caused by all the acquisitions within Broadview Industries B.V., Broadview management concluded that all Material Technology companies will benefit from this. Consequently, it was decided to monitor the goodwill related to the acquisitions of Formica, Westag and DOS at the level of Broadview Industries B.V. consolidated.

In 2022 the increase of goodwill related to Material Technology is fully related to exchange differences.

### Energy

Goodwill of EUR 10,9 million as per 31 December 2022 (EUR 10,9 million per 31 December 2021) fully consists of goodwill following the acquisition of DMT in 2021.

This goodwill is monitored separately from the goodwill of Material Technology.

### Annual impairment test 2022 Material Technology

The recoverable amount of the Material Technology CGUs has been determined based on the value in use using discounted cash flow projections covering a five-year period. The key assumptions used in the value in use calculation are as follows:

	2022	2021
Average increase in revenues	5,1%	5,3%
Pre-tax discount rate	12,3%	10,4%
Growth rate beyond year five	0,0%	0,0%

Average revenue growth is based on the 5 year plans of the operating companies reflecting the expected strategy execution including amongst others the effect of expected commercial synergies and takes into account the various economic risks.

The discount rate applied takes into consideration the time value of money and represents the weighted average of the cost of capital (WACC) derived from the cost of debt and the cost of equity. The calculation is based on the specific circumstances of the Group and reflects market interest rates and expected returns with similar risk profiles to the Group and the risks specific to the Material Technology CGUs. The estimation of the expected returns for market risks are derived from similar expected returns within a designated peer group of companies.

The WACC is evaluated annually based on publicly available market data. An adjustment to the discount rate is made for the tax impact on cost of debt in order to reflect a pre-tax discount rate.

The growth rate after the 5-year forecast period of 0,0% is based on the long-term growth expectations implied by current risk-free rates.

As the recoverable amount determined in the impairment test is higher than the carrying amount no impairment was identified.

The valuation models include certain assumptions with respect to the revenue growth, margin development, discount rates and termination growth rates. A negative development of 1% in these assumptions as reasonably possible change would result in a potential impairment charge on goodwill for Material Technology of:

<u>In EUR million</u>	<u>2022</u>
1% lower increase in revenue	19,8
1% increase in the discount rate	13,7
1% lower gross margin	24,8

In 2021 these reasonably possible changes to the key assumptions did not lead to a potential impairment charge on goodwill.

An increase in the growth rate beyond year five with 0,5% results in an increase of the recoverable amount of approximately EUR 35,0 million (2021: EUR 85,1 million).

#### **Annual impairment test 2022 Energy**

The recoverable amount of the Energy CGU DMT has been determined based on the value in use using discounted cash flow projections covering a five-year period. The key assumptions used in the value in use calculation are as follows:

	<u>2022</u>	<u>2021</u>
Average increase in revenues	21,8%	14,6%
Pre-tax discount rate	13,8%	16,6%
Growth rate beyond year five	0,0%	0,5%

The discount rate applied takes into consideration the time value of money and represents the weighted average of the cost of capital (WACC) derived from the cost of debt and the cost of equity. The calculation is based on the specific circumstances of the Group and reflects market interest rates and expected returns with similar risk profiles to the Group and the risks specific to the Energy CGU. The estimation of the expected returns for market risks are derived from similar expected returns within a designated peer group of companies.

The WACC is evaluated annually based on publicly available market data. An adjustment to the discount rate is made for the tax impact on cost of debt in order to reflect a pre-tax discount rate.

As the recoverable amount determined in the impairment test is higher than the carrying amount no impairment was identified.

The recoverable amount is mainly sensitive for the discount rate and the growth rate beyond year five. Reasonably possible changes of an increase of the discount rate with 1% would result in a decrease of the recoverable amount of EUR 0,8 million (2021: EUR 0,8 million) and a decrease of 1% results in an increase of the recoverable amount of EUR 0,9 million (2021: EUR 0,8 million). An increase in the growth rate beyond year five with 0,5% results in an increase of the recoverable amount of approximately EUR 0,4 million (2021: EUR 0,4 million). These changes to the key assumptions would not lead to an impairment per 31 December 2022 nor per 31 December 2021.

## 14 Deferred taxes

The movement in the deferred tax assets and liabilities in the period is set out below:

In EUR 1.000	Carry forward losses	PP&E	Intangibles	Inventories	Provisions	Other	Total
Assets	6.955	2.114	4.286	4.799	12.060	9.247	39.461
Liabilities	—	(24.775)	(64.062)	(210)	(168)	(15.177)	(104.392)
<b>Net book value at 1 January 2021</b>	<b>6.955</b>	<b>(22.661)</b>	<b>(59.776)</b>	<b>4.589</b>	<b>11.892</b>	<b>(5.930)</b>	<b>(64.931)</b>
Consolidation (acquisitions)	2.239	—	—	—	—	(131)	2.108
Credited / (charged) to P&L	(1.514)	6.787	3.993	(456)	247	1.532	10.589
Tax rate differences	(133)	17	—	4	(19)	—	(131)
Credited / (charged) to OCI	—	—	—	—	(1.142)	(45)	(1.187)
Exchange rate differences	(272)	(1.171)	(3.208)	93	152	12	(4.394)
Other movements	—	—	—	—	—	(20)	(20)
Assets	7.275	5.699	4.123	4.460	11.356	11.204	44.117
Liabilities	—	(22.727)	(63.114)	(230)	(226)	(15.786)	(102.083)
<b>Net book value at 31 December 2021</b>	<b>7.275</b>	<b>(17.028)</b>	<b>(58.991)</b>	<b>4.230</b>	<b>11.130</b>	<b>(4.582)</b>	<b>(57.966)</b>
Consolidation (acquisitions)	324	(1.833)	—	(30)	134	220	(1.185)
Credited / (charged) to P&L	(2.665)	1.308	5.868	1.263	106	982	6.862
Tax rate differences	(56)	(53)	(514)	(11)	(21)	36	(619)
Credited / (charged) to OCI	—	—	—	—	(3.225)	—	(3.225)
Exchange rate differences	281	222	(1.732)	(68)	16	70	(1.211)
Other movements	25	(45)	63	—	—	(41)	2
Assets	5.184	5.338	5.210	5.397	8.193	13.296	42.618
Liabilities	—	(22.767)	(60.516)	(13)	(53)	(16.611)	(99.960)
<b>Net book value at 31 December 2022</b>	<b>5.184</b>	<b>(17.429)</b>	<b>(55.306)</b>	<b>5.384</b>	<b>8.140</b>	<b>(3.315)</b>	<b>(57.342)</b>

The portion of deferred tax assets that is expected to be recovered within 12 months amounts to EUR 13,2 million (2021: EUR 13,1 million), the portion of deferred tax liabilities expected to be used within 12 months amounts to EUR 9,8 million (2021: EUR 8,6 million).



Unused tax losses for which deferred tax assets have not been recognised are as follows:

In EUR 1.000	31 December 2022	31 December 2021
<i>Expiration</i>		
Within 1 year	3.016	1.909
Between 1 and 5 years	20.509	12.093
After 5 years	18.652	24.255
No expiration date	390.756	364.079
<b>Total</b>	<b>432.933</b>	<b>402.336</b>

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The unused tax losses without expiration date as per 31 December 2022 primarily relate to Formica Europe and the Arpa subsidiary Formica Spain.

There are no income tax consequences attached to the payment of dividends in 2021 by the Group to its shareholders. In 2022 there was no dividend payment.

## 15 Financial assets and liabilities

### 15.1 Financial assets

In EUR 1.000	31 December 2022	31 December 2021
<b>Equity Instruments at fair value through profit or loss</b>		
Non-listed equity investments	140	140
<b>Debt instruments at amortised cost</b>		
Trade receivables	119.391	119.945
Loans to employees	46	75
Other financial assets	4.106	2.681
Short-term intercompany receivables	2.232	52
<b>Other financial assets at amortised cost</b>		
Cash and cash equivalents	129.731	152.770
<b>Total Financial assets</b>	<b>255.646</b>	<b>275.663</b>
Total current	255.364	275.153
Total non-current	282	510

*Equity instruments at fair value through profit or loss* include investments in non-listed equity shares. Fair values of these equity shares are determined using Level 3 valuation techniques.

*Debt instruments at amortised cost* include trade receivables and receivables from related parties.

## 15.2 Financial liabilities

### 15.2.1 Debt and other financial liabilities

The table below provides an overview of the non-current and current debt and other financial liabilities:

In EUR 1.000	31 December 2022	31 December 2021
Non-current shareholder loans	394.734	393.740
Current shareholder loans	106.421	103.223
<b>Shareholder loans</b>	<b>501.155</b>	<b>496.963</b>
<b>Non-current interest-bearing loans and borrowings</b>		
Loans from credit institutions	14.492	5.802
Mortgage loans	11.192	18.548
Private Placements	219.705	215.527
<b>Total non-current interest-bearing loans and borrowings</b>	<b>245.389</b>	<b>239.877</b>
<b>Current interest-bearing loans and borrowings</b>		
Loans from credit institutions	18.903	13.181
Mortgage loans	7.139	2.519
Private Placements	379	23.348
Other	—	57
<b>Total current interest-bearing loans and borrowings</b>	<b>26.421</b>	<b>39.105</b>
<b>Total interest-bearing loans and borrowings</b>	<b>772.965</b>	<b>775.945</b>

#### Shareholder loans

Non-current shareholder loans consist of the following:

- A loan regarding the acquisition of Formica with a principal and outstanding amount of EUR 292,5 million with a repayment date of 31 December 2029 and an interest rate of 6,0% (2021: 6,0%). This loan is subordinated to any and all obligations of Broadview Holding B.V. and its subsidiaries towards any other financial institution as well as the obligations of any other loan entered into by Broadview Holding B.V. Upon first written request of the lender, Broadview Holding B.V. is obliged to pledge its Broadview Industries B.V. shares as security for the repayment of the loan.
- Two loans with a total outstanding amount of EUR 102,2 million including accrued interest (2021: EUR 101,2 million) with repayment date 31 December 2024 and an interest rate of 0,982% (2021: 0,982%). The loans are unsecured.

Current shareholder loans consist of the following:

- Bridge loan payable to HAL Investments B.V. with an outstanding amount as per end 2022 of EUR 75,3 million (including accrued interest) with repayment date 28 February 2023 and an interest rate of the 3-months Euribor plus a margin of 0,6%. In 2023, the repayment date has been extended to 31 May 2023.  
Bridge loan payable to HAL Investments B.V. with an outstanding amount as per end 2022 of EUR 31,1 million (including accrued interest) (USD 33,3 million) with repayment date 28 February 2023. In 2023, the repayment date has been extended to 31 May 2023. The interest rate on this bridge loan payable is the 3-months USD LIBOR plus a margin of 0,6%.

### Mortgage loans

The Group has two mortgage loans payable by Arpa Industriale S.p.A. with an outstanding balance as per end of 2022 of EUR 13,3 million (2021: EUR 15,3 million). These loans are repayable in 26 quarterly annuity payments. The loan bears a variable interest rate of EURIBOR plus a mark-up of 1,25%. Both loans are secured by a first charge over the land and buildings of Arpa with a book value of EUR 9,0 million (2021: EUR 13,8 million).

At Direct Online Services the Group has two mortgage loans payable, containing covenants, with an outstanding balance as per end of 2022 of EUR 5,0 million (2021: EUR 5,8 million). One of the loans is repayable in 2031. Repayments for the coming three years will amount to EUR 0,3 million a year. In 2025 EUR 2,2 million of the other loan is repayable. The remainder is repayable in annual payments of EUR 0,2 million. The loans are secured by a first charge over the land and buildings of Direct Online Services with a book value of EUR 7,7 million (2021: EUR 8,3 million).

As per end 2022 Direct Online Services breached the covenants of the loan agreements. The company received a waiver from the bank, in which the bank waived its right to call for repayment as a result of this breach. As the company did not meet the covenants per 31 December 2022 and the waiver was received in 2023, the two loans are classified as current mortgage loan payables.

### Private placement loans

As a result of the acquisition of the Formica Group in 2019, Broadview Industries B.V. issued loans ('Schuldschein Loan agreements') nominated in Euro for a total amount of EUR 110,5 million and nominated in USD for a total amount of USD 66 million. The loans were arranged by HSBC Trinkaus & Burkhardt AG and Landesbank Baden-Württemberg. The outstanding amount of the loans including accrued interest and fees amounts to EUR 153,5 million as per 31 December 2022 (2021: EUR 168,3 million).

The loans include the following Schuldschein Loan agreements:

- A loan agreement with an outstanding amount as per end 2022 of EUR 75,0 million with repayment date 28 June 2024 and a 5-years floating interest rate of 6-months EURIBOR + 1,4%
- A loan agreement with an outstanding amount as per end 2022 of EUR 20,1 million with repayment date 28 June 2024 and a 5-years fixed interest rate of 1,4%
- A loan agreement with an outstanding amount as per end 2022 of EUR 15,1 million with repayment date 29 June 2026 and a 7-years fixed interest rate of 1,4%
- A loan agreement with an outstanding amount as per end 2022 of EUR 0,5 million with repayment date 28 June 2029 and a 10-years floating interest rate of 6-months EURIBOR + 1,6%
- A loan agreement with an outstanding amount as per end 2022 of USD 46,0 million with repayment date 28 June 2024 and a 5-years floating interest rate of 3-months LIBOR + 1,6%

Trespa International B.V. also issued loans ('Schuldschein Loan agreements') in 2019 for a total amount of EUR 65,0 million arranged by HSBC Trinkaus & Burkhardt AG, and Landesbank Baden-Württemberg. The outstanding amount of the loans including accrued interest and fees amounts to EUR 65,2 million as per 31 December 2022 (2021: EUR 64,9 million).

This include the following Schuldschein Loan agreements:

- A loan agreement with an outstanding amount as per end 2022 of EUR 30,0 million with repayment date 28 June 2024 and a 5-years fixed interest rate of 1,4%
- A loan agreement with an outstanding amount as per end 2022 of EUR 25,0 million with repayment date 28 June 2024 and a 5- years floating interest rate of 6-months EURIBOR + 1,4%
- A loan agreement with an outstanding amount as per end 2022 of EUR 10,0 million with repayment date 29 June 2026 and a 7-years fixed interest rate of 1,4%

The loan agreements are not secured except for guarantees provided by Broadview Industries B.V., Trespa B.V., Formica Asia B.V. and Formica North America LLC and do not contain financial covenants.

The interest rates for the above mentioned private placement loans of both Broadview Industries B.V. as well as Trespa International B.V. will increase with 0,4% if total net debt of Broadview Industries consolidated exceeds the 3,0-fold of normalised EBITDA, which is not applicable as at 2022.

As a result of the acquisition of Hartson-Kennedy in 2022, Formica North America LLC obtained two new loans for a total amount of USD 1,5 million. The loan agreements with an outstanding amount as per end 2022 of USD 1,5 million, including accrued interest with repayment date 27 October 2024 holds a fixed interest rate of 6,0%.

#### Loans from credit institutions

The loans from credit institutions mainly consist of:

- Several loans payable by Arpa Industriale S.p.A. with outstanding balances as per end of 2022 of EUR 19,5 million (2021: EUR 10,3 million). The loans are repayable in quarterly installments of EUR 1,5 million. Two new loans of in total EUR 15,0 million have fixed interest rates of 1,6% and 1,75%. The remaining loans bear a variable interest rate of EURIBOR plus a mark-up between 0,0% and 2,5%
- A loan payable by Barents NaturGass A.S. with an outstanding balance as per end of 2022 of EUR 1,2 million (2021: EUR 1,4 million). This balance is repayable in quarterly installments of EUR 0,1 million (NOK 1,0 million). The loans payable by Barents NaturGass A.S. bear a variable interest rate of NORIBOR plus a mark-up of 1,75%. The loans are secured with a pledge on operating equipment and accounts receivable of Barents NaturGass A.S. The conditions of the loan and associated credit facility contain covenants, which were all complied with at the balance sheet date
- 7 credit facility loans payable by Formica Asia with outstanding balances as per end of 2022 of EUR 12,6 million (2021: EUR 7,2 million). All loans are repayable in 2023.

#### Undrawn credit facilities

Per 31 December 2022 the total amount of undrawn credit facilities for the Group amounted EUR 38,2 million (2021: EUR 25,0 million).

### 15.2.2 *Other financial liabilities*

The table below provides an overview of the other financial liabilities at amortised cost, other than specified above:

In EUR 1.000	31 December 2022	31 December 2021
<b>Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings</b>		
Trade payables	108.022	110.384
Other financial liabilities	3.230	4.058
<b>Total other financial liabilities</b>	<b>111.252</b>	<b>114.442</b>
Total current	108.352	111.097
Total non-current	2.900	3.345

*Other financial liabilities at amortised cost* (non-current and current) mainly relate to long-term incentive plans.

### 15.3 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments:

In EUR 1.000	Fair value level	31 December 2022		31 December 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Non-listed equity instruments	3	140	140	140	140
Loans to employees	2	46	46	75	75
<b>Total</b>		<b>186</b>	<b>186</b>	<b>215</b>	<b>215</b>
<b>Financial liabilities</b>					
Other non-current financial liabilities	2	2.900	2.900	3.345	3.345
Other current financial liabilities	2	330	330	713	713
<b>Total</b>		<b>3.230</b>	<b>3.230</b>	<b>4.058</b>	<b>4.058</b>

Management assessed that the fair values of cash and short-term deposits, trade receivables, other financial assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- When available, the Group uses quoted market (bid) prices in active markets to determine the fair value of its investments in equity securities (level 1). Fair values for unquoted shares are estimated using valuation techniques such as discounted cash flow analysis, using expected future cash flows and a market-related discount rate, or a market multiples approach (level 2).
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates of the borrower (level 2). Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.
- The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period (level 2). The own non-performance risk was assessed to be immaterial.
- Where quoted market prices (level 1) are not available for the valuation of derivatives, other valuation techniques and corroborating broker quotes are used that maximize the use of observable inputs. These valuation techniques include option pricing or discounted cash flow analysis, using expected future cash flows and a market-related discount rate. The models used incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, expected volatility and interest rate curves (generally level 2).
- Measurement of the fair value of non-current assets is generally categorized as level 3 in the fair value hierarchy as measurement is not based on observable market data.

There were no transfers between the levels 1,2 and 3 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the beginning of the period.

## 16 Financial risk management

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. The Group also holds investments in equity instruments and can enter into derivative transactions if and when the business risks require mitigation.

The Group is exposed to credit risk, liquidity risk and market risk. Market risk primarily relates to movements in exchange rates, interest rates and the market value of investments in equity securities. Financial risk management activities are carried out both on a central level and on the level of individual subsidiaries. The Group's Board oversees the management of these risks.

For managing credit risk, liquidity risk and market risk, both derivative and non-derivative financial instruments can be used.

### 16.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 15.1.

#### Trade receivables

Credit risk on trade receivables is generally monitored and managed on the level of each subsidiary. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security. The Group assesses the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed on the level of the subsidiary and generally monitored by the Group. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

## 16.2 Liquidity risk

Liquidity risk is the risk that the financial obligations associated with financial instruments cannot be met. The group monitors its liquidity risk using a liquidity planning tool. Liquidity risk is generally monitored and managed on the level of each subsidiary. The approach to managing liquidity at the level of the Group is to ensure, as far as possible, that there will be sufficient liquidity to meet liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risk damaging to the Group's reputation.

The Group seeks to mitigate liquidity risk through its cash reserves and committed credit facilities (see note 15.2 and note 20).

The following tables categorise the consolidated, contractual undiscounted cash flows of non-derivative financial liabilities into relevant maturity groupings based on the remaining lifetime of the contract at the end of the reporting periods.

In EUR 1.000	31 December 2022			Total
	< 1 year	1-5 years	> 5 years	
<i>Non-derivative liabilities</i>				
Redemption of shareholder debt	106.421	102.198	292.536	501.155
Redemption of debt to credit institutions	26.421	241.779	3.610	271.810
Interest payments to shareholder	22.169	71.212	35.104	128.485
Interest payments to credit institutions	9.487	10.445	136	20.068
Payments on lease liabilities	14.499	24.261	5.967	44.727
Redemption of other financial liabilities	330	2.900	—	3.230
Trade payables	108.022	—	—	108.022
<b>Total undiscounted financial liabilities</b>	<b>287.349</b>	<b>452.795</b>	<b>337.353</b>	<b>1.077.497</b>

In EUR 1.000	31 December 2021			Total
	< 1 year	1-5 years	> 5 years	
<i>Non-derivative liabilities</i>				
Redemption of shareholder debt	103.223	101.204	292.536	496.963
Redemption of debt to credit institutions	39.105	232.908	6.969	278.982
Interest payments to shareholder	19.214	72.196	52.656	144.066
Interest payments to credit institutions	4.276	7.987	154	12.417
Payments on lease liabilities	12.869	24.096	2.390	39.355
Redemption of other financial liabilities	713	3.345	—	4.058
Trade payables	110.384	—	—	110.384
<b>Total undiscounted financial liabilities</b>	<b>289.784</b>	<b>441.736</b>	<b>354.705</b>	<b>1.086.225</b>

The movement in the net debt position (excluding shareholder loans) is as follows:

In EUR 1.000	Cash and cash equivalents	Loans from credit institutions	Mortgage loans	Private Placements	Other loans	Net debt
<b>Balance on 1 January 2021</b>	<b>189.027</b>	<b>(33.486)</b>	<b>(22.593)</b>	<b>(233.876)</b>	<b>(289)</b>	<b>(101.217)</b>
Cash flows including FX adjustments	(36.257)	14.947	1.870	2.200	1.065	(16.175)
Other non-cash movements	—	(444)	(344)	(6.972)	(1.060)	(8.820)
<b>Balance on 31 December 2021</b>	<b>152.770</b>	<b>(18.983)</b>	<b>(21.067)</b>	<b>(238.648)</b>	<b>(284)</b>	<b>(126.212)</b>
Cash flows including FX adjustments	(23.039)	(13.813)	3.231	25.121	—	(8.500)
Other non-cash movements	—	(599)	(495)	(6.557)	284	(7.367)
<b>Balance on 31 December 2022</b>	<b>129.731</b>	<b>(33.395)</b>	<b>(18.331)</b>	<b>(220.084)</b>	<b>—</b>	<b>(142.079)</b>

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders or will be repaid.

### 16.3 Market risk – General

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and equity investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2022 and 2021. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations, provisions, and the non-financial assets and liabilities of foreign operations.

When calculating the sensitivity analyses it is assumed that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021.



## 16.4 Market risk – foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The group mainly hedges its currency risk for large transactions denominated in foreign currency, e.g. considerations to be paid for the acquisition of subsidiaries denominated in foreign currency. It is not Group policy to hedge currency risk on revenues and expenses denominated in foreign currency.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The table below shows the net assets per currency, taking into account debt instruments denominated in foreign currency. The main currency exposures relate to investments in foreign operations, which the Company does not hedge.

In EUR 1.000	31 December 2022	31 December 2021
US dollar	158.981	140.228
UK pound sterling	77.333	88.311
Swedish krona	914	953
Singapore dollar	8.455	8.390
Hong-Kong dollar	83.988	76.872
Norwegian krone	20.006	11.561
Mexican peso	1.101	53
Indian rupee	4.859	4.511
Chinese yuan renminbi	96.852	100.495
Canadian dollar	108.611	103.590
South African rand	2.688	2.255
Taiwan dollar	37.061	39.428
Thai Baht	35.476	34.137
Turkish lira	4.561	7.245
Other currencies	3.827	4.468
<b>Total</b>	<b>644.713</b>	<b>622.497</b>
Euro	(335.827)	(316.497)
<b>Equity attributable to owners of the parent</b>	<b>308.886</b>	<b>306.000</b>

An average change in value of these currencies by 10% would have a pre-tax effect on equity of EUR 64,5 million (2021: EUR 62,2 million).

## 16.5 Market risk – interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At 31 December 2022 approximately 37% of the Group's borrowings (excl. shareholders loans) are at a fixed rate of interest (2021: 32%).

The weighted average interest rate on total debt (excluding shareholders loans) was 3,5% (2021: 1,7%).

### Sensitivity of profit and equity to financial instruments, with respect to interest rate changes

If variable interest rates on debt, excluding shareholder loans, in 2022 and 2021 had decreased/increased by 25%, the impact on the consolidated statement of profit and loss for the year would have been immaterial.

## 16.6 Market risk – price risk

At the end of 2022, the Group had no material investments in equity securities (2021: nil), based on quoted market prices at the balance sheet date.

The Group has not identified additional financial risk exposures in 2022 compared to the previous year, and its approach to financial risk management remained unchanged.

## 17 Inventories

In EUR 1.000	31 December 2022	31 December 2021
Raw materials (at cost)	75.475	69.034
Work in progress (at cost)	42.321	43.505
Finished goods (at lower of cost and net realisable value)	120.952	111.963
Spare parts (at cost)	19.230	17.302
<b>Total inventories</b>	<b>257.978</b>	<b>241.804</b>

Inventories increased mainly as a result of cost price increases of materials.

No inventories have been encumbered with silent pledges as security for bank facilities. Inventories include a provision for obsolescence of EUR 36,7 million (2021: EUR 34,2 million).

During 2022, EUR 2,3 million was recognised as an expense for inventories obsolescence and net realisable value adjustments (2021: EUR 1,4 million). This is recognised in the lines change in stock of finished goods and work in progress.

## 18 Trade receivables

In EUR 1.000	31 December 2022	31 December 2021
Receivables from third party customers	128.747	126.030
Allowance for expected credit losses	(9.356)	(6.085)
<b>Total trade receivables</b>	<b>119.391</b>	<b>119.945</b>

Trade receivables are non-interest bearing and fall due within one year. Receivables with a carrying amount of EUR 1,0 million (2021: EUR 1,0 million) have been encumbered with silent pledges as security for bank facilities.

The aging analysis of trade receivables that are not impaired is as follows:

In EUR 1.000	31 December 2022	31 December 2021
Not past due	101.820	106.662
Up to 3 months	15.623	10.431
Between 3 and 6 months	1.583	2.056
Between 6 and 9 months	365	759
Over 9 months	—	37
<b>Total trade receivables</b>	<b>119.391</b>	<b>119.945</b>

Set out below is the movement in the allowance for expected credit losses of trade receivables:

In EUR 1.000	2022	2021
<b>As at 1 January</b>	<b>(6.085)</b>	<b>(6.924)</b>
Provision for expected credit losses	(2.259)	(1.036)
Write-off	163	670
Release	496	984
Consolidation (acquisitions)	(542)	—
Other movements	(1.129)	221
<b>As at 31 December</b>	<b>(9.356)</b>	<b>(6.085)</b>

The information on credit exposures is disclosed in note 16.1.

The provision (including any release) for expected credit losses is included in other operating expenses in the statement of profit and loss.

Other movements mainly relates to a reclass of a provision previously recorded under contract liabilities and payables in the balance sheet.

## 19 Other non-financial assets

The other non-financial assets consist of:

<b>In EUR 1.000</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Prepayments	13.857	13.177
VAT and other tax receivables	7.994	7.913
Contract assets and receivables	488	—
Other non-financial assets	3.744	5.579
<b>Total</b>	<b>26.083</b>	<b>26.669</b>
Total current	24.059	24.868
Total non-current	2.024	1.801

## 20 Cash and cash equivalents

Cash and cash equivalents consist of:

<b>In EUR 1.000</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash	127.348	152.126
Cash equivalents	2.383	644
<b>Total cash and cash equivalents</b>	<b>129.731</b>	<b>152.770</b>

Cash equivalents include time deposits with a maturity of less than three months.

Of cash and cash equivalents, EUR 2,9 million (2021: EUR 3,3 million) is not at the Group's free disposal due to guarantees granted.

## 21 Issued capital and reserves

### 21.1 Issued share capital

The issued and paid in share capital amounts to EUR 179,6 million (2021: EUR 179,6 million) and consists of 636.864 ordinary shares with a nominal value of EUR 282 (2021: EUR 282) each.

The company does not have a limited amount of authorised capital.

## 21.2 Other reserves

The other reserves consist of:

In EUR 1.000	Cash flow hedge reserve	Currency translation reserve	Other	Total
<b>Balance on 1 January 2021</b>	(112)	(29.380)	(29.044)	(58.536)
Effective portion of hedging instruments	149	—	—	149
Income tax related to hedging instruments	(37)	—	—	(37)
Translation of foreign subsidiaries	—	30.892	—	30.892
<b>Balance on 31 December 2021</b>	<b>—</b>	<b>1.512</b>	<b>(29.044)</b>	<b>(27.532)</b>
Translation of foreign subsidiaries	—	(3.088)	—	(3.088)
<b>Balance on 31 December 2022</b>	<b>—</b>	<b>(1.576)</b>	<b>(29.044)</b>	<b>(30.620)</b>

The cash flow hedge reserve contained the effective part of the accumulated change in the fair value of cash flow hedges in respect of which the hedged future transaction had not yet taken place.

The cumulative currency translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities.

'Other' other reserves relate to the conversion of other reserves (EUR 29,0 million) into share capital in 2018.

## 22 Employee benefit obligations

The Group operates funded and unfunded pension and post-retirement plans in several countries of which the pension plans in Formica Europe are most significant for the Group.

The net benefit liability consists of:

In EUR 1.000	31 December 2022	31 December 2021
Present value funded obligations	(107.554)	(164.922)
Fair value of plan assets	125.523	188.824
Effect of asset ceiling	(19.475)	(26.366)
Surplus/ (deficit) of funded obligations	(1.506)	(2.464)
Present value unfunded obligations	(34.485)	(45.218)
<b>Net asset /(liability)</b>	<b>(35.991)</b>	<b>(47.682)</b>

The defined benefit obligations (DBO) are mainly represented by the Formica Group (81%) and Westag (16%) at year end 2022 (See table below). The other defined benefit obligations relate to Arpa, Trespa and Barents NaturGass.

In EUR 1.000	Formica Europe	Formica N.America	Formica Asia	Westag	Arpa	Other	Total
Present value funded obligations	(93.140)	(5.471)	(8.505)	—	—	(438)	(107.554)
Fair value of plan assets	109.533	8.553	7.124	—	—	313	125.523
Effect of asset ceiling	(16.393)	(3.082)	—	—	—	—	(19.475)
Surplus/ (deficit) of funded obligations	—	—	(1.381)	—	—	(125)	(1.506)
Present value unfunded obligations	(3.398)	(2.958)	(1.275)	(22.405)	(2.635)	(1.814)	(34.485)
<b>Net asset /(liability)</b>	<b>(3.398)</b>	<b>(2.958)</b>	<b>(2.656)</b>	<b>(22.405)</b>	<b>(2.635)</b>	<b>(1.939)</b>	<b>(35.991)</b>

## 22.1 Pension plans

### Pension benefit liabilities Formica Europe

- United Kingdom Pension Plans

In the United Kingdom two (funded) defined benefit plans are applicable:

- UK Formica Pension Plan;
- UK Perstorp Pension plan.

The present value of the funded obligations and the plan assets as per 31 December 2022 are shown in the table below.

In EUR 1.000	UK Formica Pension Plan	UK Perstorp Pension Plan	Total
Present value funded obligations	(54.680)	(37.077)	(91.757)
Fair value of plan assets	65.382	42.769	108.151
Surplus/ (deficit) of funded obligations	10.702	5.692	16.394
Effect of asset ceiling	(10.702)	(5.692)	(16.394)
<b>Net asset /(liability)</b>	<b>—</b>	<b>—</b>	<b>—</b>

Both plans are closed for new entrants and the future benefit accrual has been frozen with effect of 31 August 2018. Both plans were based on final salary. The pensions are held by separate Pension Trustees. These trustees are deciding upon the asset strategy. As of October 2003, a defined contribution plan (Formica Limited Stakeholder Pension Plan) was introduced.

The contributions to the UK Pension Plans are driven by the financial position of the Plans which are fully funded based on Technical Provision assumptions. The UK Pension Plans operate under the regulatory framework of the Pensions Act 2004, as overseen by The Pensions Regulator (TPR).

Under the UK's specific scheme funding regime contributions are payable in line with the schedule of contributions from the most recent formal triannual actuarial valuation. For the UK Formica Pension Plan the latest valuation was effective 5 April 2020 and for the UK Perstorp Pension Plan this was 31 March 2021. For both plans the valuation on 31 December 2022 was based upon a roll-forward from the most recent triennial valuation.

At 31 December 2022 the Plans' Assets exceeded the defined benefit obligations for a total amount of EUR 16,4 million, or GBP 14,5 million (2021: EUR 23,0 million, GBP 19,3 million). The surplus in both pension plans has not been recognised since it is not possible to recognise any economic benefit from reductions in future contributions (in accordance with IFRIC 14).

During Q4 2022, the Perstorp Pension Plan completed a circa EUR 26 million (£23m) bulk annuity transaction with Aviva Life & Pensions UK Limited ("Aviva"), which covered all current pensioner and dependant members of the Plan other than some pensioner members who took part in a trivial commutation exercise in November 2022.

According to a UK High Court ruling released on 25 October 2018 most of UK defined benefit plans shall be required to provide additional benefits to some of their membership regarding Guaranteed Minimum Pensions (GMP). This will only have impact on the UK Formica Pension plan. For this reason, the defined benefit obligation includes an (uncertain) estimated 1,5% allowance for the possible impact of GMP equalisation.

The most significant risks relating to the UK Pension Plans are asset volatility, change in bond yields, inflation risk and life expectancy.

- Other plans Formica Europe  
Furthermore, the Group has a (funded) pension plan in the Netherlands based upon a final salary benefit formula (defined benefit obligation of EUR 1,4 million), an open (unfunded) pension plan in France also based upon a final salary benefit formula (defined benefit obligation of EUR 0,8 million) and two unfunded closed pension plans in Germany based upon a final salary benefit formula for which the final salary base was frozen (total defined benefit obligation of EUR 2,7 million).

#### **Pension benefit liabilities Formica North America**

- Formica Canada Pension plan  
In Canada a funded pension plan is applicable with a total defined benefit obligation of EUR 5,5 million that is closed for new entrants since 1 January 2001 and unionized member's benefits were frozen as of 1 January 2012. There is no inflationary adjustment. The plan pays a flat dollar benefit per year for union participants and a salary-based benefit for salaried participants. The plan is funded by the employer and the contribution rate is adjusted on a tri-annual basis. The Group has control over how pension assets are invested. At 31 December 2022 the plan is fully funded. Although the plan is closed for new employees the plan remains exposed to risks of which most significant: asset volatility, change in bond yields and life expectancy.

In 2021, the pension plan arranged for a partial buy-out of the liabilities of retirees. The amount of assets transferred to the insurance company was EUR 12,7 million and the liability released was EUR 12,2 million as a result of the buy-out.

- Other  
This relates to an unfunded - partially open - post-retirement medical and life insurance plan in Canada (defined benefit obligation of EUR 0,4 million) and an unfunded closed post-retirement medical and life insurance plan in the USA (defined benefit obligation of EUR 2,5 million).

### **Pension benefit liabilities Formica Asia**

- **Formica Taiwan Pension plan (defined benefit obligation of EUR 6,5 million)**

In Taiwan, a funded pension plan is applicable based upon a final salary benefit formula that is closed for new entrants. For new employees, a defined contribution plan is in place. Employer contributions may fluctuate from year to year based upon a labour retirement regulation in Taiwan that requires employers to have sufficient plan assets to meet the total benefit payments for those who are eligible to retire during the next year (at each calendar year-end). In case of a shortfall additional payments should be made before 31 March of the following year. The company does not arrange any additional funding before 31 March 2023 because the plan assets account balance as of the measurement date was higher than the minimum funding requirements. The plan is no post-retirement plan, benefits from the plan are done by lump sum payments at the retirement date. The pension plan is not fully funded by the end of 2022 (funding ratio 78%).

- **Other**

This relates to an unfunded pension plan in Thailand (defined benefit obligation of EUR 1,3 million) based upon a final salary benefit formula and a funded pension plan in Hong Kong that is closed for new entrants and is also based upon a final salary benefit formula (defined benefit obligation of EUR 2,0 million). The Hong Kong Pension plan is overfunded by the end of 2022 (funding ratio 103%).

### **Pension benefit liabilities Westag**

The defined benefit liability of Westag amounts to EUR 22,4 million. Plan participants are insured against the consequences of old age, disability and death. New employees will not participate in the pension scheme as it has been closed. The defined benefit liability is calculated based on salary-independent monthly old-age and disability pension payments per full year of staff membership in the company. In addition, there are individual pension commitments which comprise benefit claims as fixed amounts.

The Westag pension plan operates under the German Pension Reform Act and is overseen by the Federal Financial Supervisory Authority BaFin.

The actuarial risks related to the pension plan consist of demographic risks (primarily life expectancy) and financial risks (primarily discount rates and inflation risk) and are reviewed regularly by the Board of Westag.

As the defined benefit liability of Westag is unfunded, pension payments are made from Westag's operating cash flow. Investing free cash flow in Westag should secure adequate interest income on the capital employed in the medium and long term to cover uncovered pension risks.

### **Defined benefit liabilities Arpa**

Under Italian legislation, all employees of Italian corporations are entitled to an Employee severance indemnity ("TFR"), which is a liquidation payment on leaving service for any reason (resignation, termination, permanent disablement, age limit and death). In particular, this liability is calculated annually as a portion of the employee's annual salary. The prior year amount is indexed for inflation in accordance with Italian rules.

The Italian law related to TFR has changed in 2006 so that the new accruals to this liability will not be retained by the Company and will be contributed into external pension funds. As a result, the TFR liability will only decrease over the next years in relation to payments made to employees leaving the Company.



The employees' leaving entitlement is considered a defined benefit plan. Accordingly, the liability has been discounted to present value and its calculation is based on actuarial assumptions and amounts to EUR 2,5 million at year end 2022.

The actuarial risks related the defined benefit plan consist of demographic risks (primarily life expectancy) and financial risks (primarily discount rates and inflation risk) and are reviewed regularly by the Board of Arpa.

### **Collective defined contribution plan Trespa**

Employees of Trespa participate in the new defined contribution plan of Trespa through 'Stichting Pensioenfonds PGB'. In 2022, the board of the Trespa Pension fund, together with the company and the workers council, agreed on a new DC plan with the Stichting Pensioenfonds PGB as well as to transfer the obligations of the existing plan. The latter will take place in 2023. Trespa only has an obligation to pay the pension premiums agreed under the pension scheme and does not have an obligation to make additional contributions in case the pension fund is underfunded.

## **22.2 Financial information employee benefits**

Movements in the net defined benefit obligation for both funded and unfunded plans and plan assets are specified below:

In EUR 1.000	Defined benefit obligation	Plan Assets	Effect of asset ceiling	Total
<b>Balance on 1 January 2022</b>	<b>(210.140)</b>	<b>188.824</b>	<b>(26.366)</b>	<b>(47.682)</b>
Service costs	(1.241)	—	—	(1.241)
Interest expenses	(3.215)	—	—	(3.215)
Interest income	—	3.173	(497)	2.676
<b>Subtotal included in profit or loss</b>	<b>(4.456)</b>	<b>3.173</b>	<b>(497)</b>	<b>(1.780)</b>
<b>Remeasurements gains/ (losses) in OCI related to:</b>				
- Return on plan assets	—	(51.155)	—	(51.155)
- Experience adjustments (OCI)	(2.496)	—	—	(2.496)
- Change in financial assumptions (OCI)	57.579	—	—	57.579
- Change in demographic assumptions (OCI)	1.360	—	—	1.360
- Change in effect of asset ceiling (OCI)	—	—	6.225	6.225
<b>Subtotal OCI movements</b>	<b>56.443</b>	<b>(51.155)</b>	<b>6.225</b>	<b>11.513</b>
Employer and employee contributions	(33)	389	—	356
Benefits paid	8.970	(7.072)	—	1.898
Exchange differences and other	7.177	(8.636)	1.163	(296)
<b>Subtotal other movements</b>	<b>16.114</b>	<b>(15.319)</b>	<b>1.163</b>	<b>1.958</b>
<b>Balance on 31 December 2022</b>	<b>(142.039)</b>	<b>125.523</b>	<b>(19.475)</b>	<b>(35.991)</b>

In EUR 1.000	Defined benefit obligation	Plan Assets	Effect of asset ceiling	Total
<b>Balance on 1 January 2021</b>	<b>(227.022)</b>	<b>196.437</b>	<b>(22.101)</b>	<b>(52.686)</b>
Service costs	(1.171)	—	—	(1.171)
Interest expenses	(2.946)	—	—	(2.946)
Interest income	—	2.982	(375)	2.607
Plan amendments, settlements and curtailment	12.930	(12.922)	—	8
<b>Subtotal included in profit or loss</b>	<b>8.813</b>	<b>(9.940)</b>	<b>(375)</b>	<b>(1.502)</b>
<b>Remeasurements gains/ (losses) in OCI related to:</b>				
- Return on plan assets	—	(3.313)	—	(3.313)
- Experience adjustments (OCI)	3.162	—	—	3.162
- Change in financial assumptions (OCI)	2.471	—	—	2.471
- Change in demographic assumptions (OCI)	4.326	—	—	4.326
- Change in effect of asset ceiling (OCI)	—	—	(2.302)	(2.302)
<b>Subtotal OCI movements</b>	<b>9.959</b>	<b>(3.313)</b>	<b>(2.302)</b>	<b>4.344</b>
Employer and employee contributions	(33)	941	—	908
Benefits paid	10.521	(8.837)	—	1.684
Exchange differences and other	(12.378)	13.536	(1.588)	(430)
<b>Subtotal other movements</b>	<b>(1.890)</b>	<b>5.640</b>	<b>(1.588)</b>	<b>2.162</b>
<b>Balance on 31 December 2021</b>	<b>(210.140)</b>	<b>188.824</b>	<b>(26.366)</b>	<b>(47.682)</b>

During 2022 both the Defined benefit obligation and Plan assets significantly reduced as a result of the increase of interest rates. The impact is included in the Change in financial assumptions and Return on plan assets respectively.

Benefits paid for unfunded plans amount to EUR 2,0 million (2021: EUR 1,8 million). The company expects to contribute EUR 2,4 million to defined benefit plans in 2023.

The amounts recognised in the consolidated statement of profit and loss are as follows:

In EUR 1.000	2022	2021
Current service costs	1.241	1.171
Interest expense / (income)	539	339
Plan amendments, settlements and curtailment	—	(8)
Administrative costs	140	158
<b>Total defined benefit costs</b>	<b>1.920</b>	<b>1.660</b>
Premiums on defined contribution plans	9.511	8.704
<b>Total pension costs</b>	<b>11.431</b>	<b>10.364</b>

The interest expense relates to the net interest on the defined benefit liability.

The expected maturity analysis of undiscounted cash flows is as follows:

In EUR 1.000	31 December 2022	31 December 2021
Less than 1 year	9.086	8.481
1-2 years	10.230	8.841
2-5 years	27.326	27.914
> 5 years	207.783	233.581
	<b>254.425</b>	<b>278.817</b>

The principal weighted-average assumptions used were:

	31 December 2022	31 December 2021
Discount rate / return on assets	4,26%	1,61%
Future inflation rate	2,35%	2,53%
Future salary increases	0,66%	0,29%
Life expectancy in years:		
Age 65 for men	21	21
Age 65 for women	24	24
Age 65 in 20 years for men	23	23
Age 65 in 20 years for women	26	26

The latest available mortality rates were used. The discount rates used in the determination of defined benefit obligations and pension charges are based on high quality corporate bonds (AA-rated), with a duration matching the duration of the pension liabilities.

Plan assets as of 31 December 2022 include:

In EUR 1.000	Level 1	Level 2	Level 3	Total
Equities	1.544	13.981	—	15.525
Bonds	480	34.080	119	34.679
Cash & cash equivalents	1.268	—	—	1.268
Other	—	6.725	67.326	74.051
<b>Total</b>	<b>3.292</b>	<b>54.786</b>	<b>67.445</b>	<b>125.523</b>

The decrease of level 2 plan assets in 2022 is caused by the return on plan assets and by decisions to reduce the equity risk on plan assets.

Plan assets as of 31 December 2021 include:

In EUR 1.000	Level 1	Level 2	Level 3	Total
Equities	1.663	25.394	—	27.057
Bonds	444	84.288	67	84.799
Cash & cash equivalents	3.538	—	—	3.538
Other	4.817	2.075	66.538	73.430
<b>Total</b>	<b>10.462</b>	<b>111.757</b>	<b>66.605</b>	<b>188.824</b>

The level 3 assets mainly relate to the pension buy in within Formica Europe as done in 2021.

The sensitivity of the defined benefit obligation to changes in the weighted-average principal assumptions are as follows:

In EUR 1.000	Change	Impact on obligation	
		Increase	Decrease
Discount rate / return on assets	1,00%	(15.890)	19.538
Future inflation rate	1,00%	9.965	(9.511)
Future salary increases	0,25%	177	(171)
Life expectancy	1 year	6.408	N/A

The sensitivity analyses above have been determined based on a method that extrapolates the impact in the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The majority of the plans' obligations are to provide benefits for the lifetime of the members, therefore increases in life expectancy will result in an increase in the plans' liabilities.

## 23 Provisions

The breakdown and movement in provisions is as follows:

In EUR 1.000	Restructuring	Employee related	Warranties	Other	Total
<b>Balance on 1 January 2021</b>	<b>3.228</b>	<b>2.576</b>	<b>2.595</b>	<b>4.022</b>	<b>12.421</b>
Additions to provisions	1.956	411	3.205	510	6.082
Consolidation (acquisitions)	—	—	171	—	171
Utilization during the year	(3.052)	(280)	(3.341)	(601)	(7.274)
Exchange differences	26	(84)	—	(20)	(78)
Release of provision (no utilization)	(319)	(146)	—	(413)	(878)
Reclassifications and other movements	(22)	(61)	(3)	7	(79)
<b>Balance on 31 December 2021</b>	<b>1.817</b>	<b>2.416</b>	<b>2.627</b>	<b>3.505</b>	<b>10.365</b>
Additions to provisions	3.024	119	3.288	2.382	8.813
Utilization during the year	(1.981)	(217)	(2.711)	(2.538)	(7.447)
Exchange differences	(10)	(5)	13	(20)	(22)
Release of provision (no utilization)	(60)	(50)	(234)	(458)	(802)
Reclassifications and other movements	—	(129)	—	—	(129)
<b>Balance on 31 December 2022</b>	<b>2.790</b>	<b>2.134</b>	<b>2.983</b>	<b>2.871</b>	<b>10.778</b>
Total current	2.790	129	1.310	712	4.941
Total non-current	—	2.005	1.673	2.159	5.837

### Restructuring provision

The restructuring provision is intended to cover costs directly related to reorganisations in progress. The restructuring provision is recognised at the moment a detailed plan to reorganise is formalised and communicated to those affected. The restructurings are expected to be completed in 2023.

### Employee related provisions

Employee related provisions mainly relate to the jubilee provisions and incentive plans. Jubilee benefit plans qualify as a defined benefit plans and the projected unit credit method is applied to calculate jubilee benefit obligations. Unlike under pension plans, remeasurements (actuarial gains and losses, etc.) are recognised directly in profit and loss. Utilisation of the jubilee benefit provisions are expected to be approximately EUR 0,1 million in 2023.

### Warranties provision

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred for around EUR 1,3 million in the next financial year and for EUR 1,7 million in the years after. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

### Other provisions

The other provisions mainly relate to environmental provisions and asset retirement obligations. It is expected that these costs will be incurred for around EUR 0,7 million in the next financial year and for EUR 2,2 million in the years thereafter.

## 24 Trade and other liabilities

Trade and other liabilities consist of:

In EUR 1.000	31 December 2022	31 December 2021
Trade payables	108.022	110.384
<i>Accrued expenses and other payables</i>		
Customer prepayments & rebates	35.233	35.012
Accrued expenses - Taxes and social securities	18.396	20.356
Accrued expenses - Employee related accruals	35.813	35.648
Accrued expenses - Other	32.794	33.354
Short-term intercompany payables	24	966
	<u>122.260</u>	<u>125.336</u>
Contract liabilities	7.475	3.028
<b>Total trade and other liabilities</b>	<b><u>237.757</u></b>	<b><u>238.748</u></b>
Total current	237.066	238.298
Total non-current	691	450

Customer prepayments and rebates relate to customer rebates of EUR 23,0 million (2021: EUR 25,0 million) and customer prepayments of EUR 12,3 million (2021: EUR 10,0 million). Customer prepayments relate to sales orders for which no revenue is recognised on balance sheet date and for which revenue is expected to be fully recognised in future periods.

Contract liabilities relate to amounts due for work in progress.

## 25 Commitment and contingent liabilities

### Capital commitments

On 31 December 2022 capital commitments in respects of property, plant and equipment amounted to EUR 1,7 million which are expected to fall due within one year (2021: EUR 3,0 million).

### Short-term and low value lease commitments

Future minimum lease payable for short term leases and low value assets leases (recognised on a straight-line basis as an expense in profit and loss) are specified below:

In EUR 1.000	31 December 2022	31 December 2021
No later than 1 year	505	573
Later than 1 year and no later than 5 years	31	16
Later than 5 years	—	—
	<b>536</b>	<b>589</b>

### Other financial commitments

Future minimal payables for purchase commitments are as follows:

In EUR 1.000	31 December 2022	31 December 2021
No later than 1 year	1.760	4.750
Later than 1 year and no later than 5 years	2.689	155
Later than 5 years	—	—
	<b>4.449</b>	<b>4.905</b>

### Guarantees

As at the balance sheet date, guarantees have been issued to the amount of EUR 29,9 million (2021: EUR 30,1 million).

### Fiscal unity

Broadview Holding B.V. is part of a fiscal unity for corporation tax purposes with HAL Investments Nederland B.V. In accordance with standard conditions, Broadview Holding B.V. along with the companies that are part of the fiscal unity, is jointly and severally liable for taxation payable by the fiscal unity.

Broadview Holding B.V., Broadview Industries B.V., Broadview Investments B.V., Broadview Energy Solutions B.V., Cryogenic Container Solutions B.V. and Aritas Europe B.V. are part of a fiscal unity for value added tax purposes with Trespa International B.V. In accordance with standard conditions, Broadview Holding B.V. along with the other companies are jointly and severally liable for value added taxes payable by the unity.

The corporate income tax position is settled with HAL Investments Nederland B.V. on a regular basis.

## 26 Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

In EUR 1.000	2022	2021
<b>Revenue by line of business</b>		
Trespa	212.154	186.870
Arpa	208.514	190.643
Westag	222.091	209.401
Formica Group	597.873	526.729
Direct Online Services	45.311	54.696
Total Material Technology	<b>1.285.943</b>	<b>1.168.339</b>
Energy	77.821	46.259
<b>Total revenue from contracts with customers</b>	<b>1.363.764</b>	<b>1.214.598</b>
<b>Timing of revenue recognition</b>		
<b>Material Technology</b>		
Goods transferred at a point in time	1.285.943	1.168.339
Services transferred over time	—	—
	<b>1.285.943</b>	<b>1.168.339</b>
<b>Energy</b>		
Goods transferred at a point in time	75.231	44.190
Services transferred over time	2.590	2.069
	<b>77.821</b>	<b>46.259</b>
<b>Total revenue from contracts with customers</b>	<b>1.363.764</b>	<b>1.214.598</b>
In EUR 1.000	2022	2021
<b>Material Technology - Geographical markets</b>		
Germany	233.821	219.161
France	62.048	54.758
Italy	61.521	56.521
Netherlands	46.697	43.983
United Kingdom	86.738	96.763
Belgium	29.468	30.574
Spain	47.870	39.896
Europe - other	147.391	144.490
Total Europe	715.554	686.146
USA & Canada	332.987	261.484
North America - other	14.843	12.514
Latin America	2.146	887
Asia	208.228	196.581
Rest of the World	12.185	10.727
	<b>1.285.943</b>	<b>1.168.339</b>
<b>Energy - Geographical markets</b>		
Europe	70.325	40.100
USA & Canada	7.409	5.292
Asia	21	867
Rest of the World	66	—
	<b>77.821</b>	<b>46.259</b>
<b>Total revenue from contracts with customers</b>	<b>1.363.764</b>	<b>1.214.598</b>

The revenue increase is mainly explained by price increases driven by inflation and the positive currency effect of the USD.

## 27 Employee expenses

Employee expenses include the following:

In EUR 1.000	2022	2021
Wages & salaries	263.739	255.989
Social security expenses	35.477	36.117
Pension expenses	11.431	10.364
Other	51.286	46.187
<b>Total employee expenses</b>	<b>361.933</b>	<b>348.657</b>

Government grants in the amount of EUR 0,5 million are deducted from the employee expenses in 2022 (2021: EUR 1,0 million).

The average number of persons employed by the Group during 2022 for continuing operations was 6.126 (2021: 6.161) on a full-time equivalent basis for the period that the companies were part of the Group.

## 28 Other operating expenses

Other operating expenses include the following:

In EUR 1.000	2022	2021
Professional fees	19.182	14.902
Maintenance	24.303	25.060
Energy expenses	5.073	3.546
Marketing and publicity expenses	36.174	35.791
Travel and entertainment	9.170	5.519
Leasing expenses	1.626	2.213
Housing expenses	4.697	4.778
Insurance	9.789	9.443
IT and robotics	12.271	11.630
Communication	9.718	9.176
External R&D expenses	2.084	1.232
Factory supplies	4.203	4.167
Other	27.014	21.148
<b>Total other operating expenses</b>	<b>165.304</b>	<b>148.605</b>

Research and development costs expensed for continuing operations, included in employee expenses and other operating expenses amounted to EUR 10,1 million (2021: EUR 8,1 million).

Leasing expenses include:

In EUR 1.000	2022	2021
Lease expenses - related to short-term leases	1.192	1.283
Lease expenses - related to low-value leases	239	751
Lease expenses - variable payments	195	179
	<b>1.626</b>	<b>2.213</b>



## 29 Financial income and expense

Financial income and expense include:

In EUR 1.000	2022	2021
Financial expense	(28.276)	(28.708)
Financial income	13.747	7.989
<b>Net financing costs</b>	<b>(14.529)</b>	<b>(20.719)</b>

Financial expense includes:

In EUR 1.000	2022	2021
Interest expense on external debt	(5.674)	(4.705)
Interest expense on shareholder debt	(19.970)	(19.246)
Interest expense on lease liabilities	(938)	(748)
Exchange differences	(1.075)	(3.164)
Other	(619)	(845)
<b>Total financial expense</b>	<b>(28.276)</b>	<b>(28.708)</b>

Financial income includes:

In EUR 1.000	2022	2021
Exchange differences	13.286	7.813
Interest income on cash & cash equivalents	113	154
Other	348	22
<b>Total financial income</b>	<b>13.747</b>	<b>7.989</b>

## 30 Income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

In EUR 1.000	2022	2021
Current income tax charge	(12.712)	(14.115)
Deferred tax charge	6.242	10.458
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(6.470)</b>	<b>(3.657)</b>

In EUR 1.000	2022	2021
Net (gain)/ loss on cash flow hedges	—	(37)
Remeasurement (gain) / loss on actuarial gains and losses	(3.225)	(1.150)
<b>Income tax income / (expense) reported in OCI</b>	<b>(3.225)</b>	<b>(1.187)</b>

Reconciliation of tax expense and the accounting profit multiplied by the Group's weighted-average tax rate for 2022 and 2021:

In EUR 1.000	2022	2021
<b>Accounting profit before income tax</b>	<b>5.648</b>	<b>8.718</b>
Weighted average statutory tax rate of 33,6% (2021: 18,9%)	1.900	1.644
Prior year adjustments	(409)	(274)
Exempted from tax	(4.887)	(8.882)
Unrecognised tax losses	6.289	3.780
Reversal of losses previously recognised	2.482	11
Non-deductible expenses for tax purposes	1.193	1.600
Rate changes and other effects	(98)	5.778
<b>At the effective income tax rate of 114,6% (2021: 41,9%)</b>	<b>6.470</b>	<b>3.657</b>

The increase in the weighted average statutory tax rate compared to 2021 is mainly resulting from an increase of losses in countries with relative lower statutory tax rates and higher profits in countries with relative higher statutory tax rates. On a nominal basis the weighted average statutory tax rate for 2022 would be 23,5% compared to 23,5% in 2021.

### 31 Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

In EUR 1.000	31 December 2022	31 December 2021
<b>Sales to related parties</b>		
Pontmeyer Handelsbedrijven B.V.	5.121	5.822
Jongeneel B.V.	7.799	8.268
Hillegersbergsche Gevelproducten	452	542
<b>Amounts owed by related parties</b>		
HAL Investments Nederland B.V.	2.091	—
Pontmeyer Handelsbedrijven B.V.	52	58
Hillegersbergsche Gevelproducten	—	15
Jongeneel B.V.	89	—
<b>Amounts owed to related parties</b>		
HAL Investments Nederland B.V.	—	966
Ahrend Nederland B.V.	24	—
Jongeneel B.V.	—	21
<b>Loans from related parties</b>		
Loan from HAL Investments Nederland B.V. (shareholder)	394.734	393.740
Loan from HAL Investments B.V. (shareholder)	106.421	103.223
Interest expense	19.970	19.246

### Terms and conditions of transactions with related parties

Pontmeyer Handelsbedrijven B.V., Jongeneel B.V., Hillegersbergsche Gevelproducten and Ahrend Nederland B.V. are part of the HAL Group. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group did not recognise a provision for expected credit losses (2021: nil).

### Transactions with shareholders

For the terms and conditions of the loans from HAL Investments Nederland B.V. and HAL Investments B.V., reference is made to note 15.2.1.

### Compensation of key management personnel within the Group

In EUR 1.000	2022	2021
Short term employee benefits	6.526	6.395
Post-employment benefits	200	182
Other benefits	502	810
<b>Total compensation excluding long-term</b>	<b>7.228</b>	<b>7.387</b>
Additions to the accrual for long-term incentive plans	428	927

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel employed in the respective reporting period. The Chief Executive Officer, Chief Financial Officer and Legal Counsel of the Group as well as the Chief Executive Officers of the subsidiaries are considered key management personnel.

The remuneration system for the key management personnel aims to compensate them appropriately in accordance with their duties and responsibilities. The short-term employee benefits consist of fixed cash payments payable in equal monthly installments as well as variable components. The variable component consists of an annual component that depends on the extent to which the targets, set by the Company for the respective fiscal year, are met.

Next to the short-term employee benefits some key management employees also participate in a long-term variable compensation program (long-term incentive program or LTIP). The LTIP typically covers a period of 3 to 5 years and is primarily based on the cash flow generated over that period. A key condition for a pay-out under the LTIP scheme is continued employment throughout this period. The LTIP accrual for the key management personnel amounted EUR 2,7 million per the end of 2022 (2021: EUR 2,7 million).

The fixed remuneration for the Supervisory Directors of Broadview Holding B.V. was EUR 0,2 million (2021: EUR 0,2 million).

## 32 Average number of employees

During the year 2022, the average number of employees based on full-time equivalents (as if the respective group had been part of the Broadview group the full year), was as follows:

*Trespa Group:*

661 (2021: 641). Of these employees, 546 were employed in The Netherlands (2021: 524) and the remaining abroad.

*Arpa Group:*

858 (2021: 847). Of these employees, 8 were employed in The Netherlands (2021: 8) and the remaining abroad.

*Westag Group:*

1.092 (2021: 1.161). Of these employees, 0 were employed in The Netherlands.

*Formica Group:*

3.128 (2021: 2.847). Of these employees, 8 (2021: 9) were employed in The Netherlands and the remaining abroad. The increase is due to the acquisition of Hartson-Kennedy.

*DOS Group:*

281 (2021: 325). Of these employees, 0 were employed in The Netherlands.

*Broadview Energy Solutions Group:*

334 (2021: 341). Of these employees, 59 were employed in The Netherlands (2021: 61) and the remaining abroad.

*Broadview Holding (including Broadview Industries B.V.):*

23 (2021: 23). All employees were employed in The Netherlands.

## 33 Subsequent event

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

***Company financial statements***



## Company balance sheet

(Before profit appropriation)

In EUR 1.000	Note	31 December 2022	31 December 2021
<b>Non-current assets</b>			
Property, plant & equipment		15	10
Right-of-use assets		285	418
Investments in subsidiaries	36	695.515	690.338
Deferred tax assets		74	109
		<u>695.889</u>	<u>690.875</u>
<b>Current assets</b>			
Receivables on group companies	37	6.481	5.057
Other current assets		265	256
Cash and cash equivalents	38	1.767	4.225
		<u>8.513</u>	<u>9.538</u>
<b>Total assets</b>		<b><u>704.402</u></b>	<b><u>700.413</u></b>

In EUR 1.000	Note	31 December 2022	31 December 2021
<b>Equity</b>			
Issued share capital	39	179.596	179.596
Legal reserves	40	(1.576)	1.512
Other reserves	40	(29.044)	(29.044)
Retained earnings	40	160.880	147.982
Result for the year		(970)	5.954
<b>Total equity</b>		<u>308.886</u>	<u>306.000</u>
<b>Non-current liabilities</b>			
Shareholder loans	41	394.734	393.740
Lease liabilities		143	281
Deferred tax liabilities		74	108
		<u>394.951</u>	<u>394.129</u>
<b>Current liabilities</b>			
Accounts payable		11	101
Accrued expenses and other payables		409	43
Lease liabilities		145	140
		<u>565</u>	<u>284</u>
<b>Total equity and liabilities</b>		<b><u>704.402</u></b>	<b><u>700.413</u></b>

## Company statement of profit and loss

In EUR 1.000	Note	2022	2021
Result from group companies after tax	36	14.321	21.058
Other results after tax		(15.291)	(15.104)
<b>Result for the year</b>		<b>(970)</b>	<b>5.954</b>

## Notes to the Company financial statements

### 34 General information

The company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the notes to the consolidated financial statements. The company presents a condensed statement of profit and loss, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

### 35 Significant accounting policies

#### 35.1 Investments in subsidiaries

Investments in subsidiaries include subsidiaries in which the Company exercises significant influence, generally accompanying a shareholding of 20% or more of the voting rights, and are stated at net equity value. Net equity value is calculated using the accounting policies applied in these financial statements.

The statement of profit or loss reflects the Company's share of the results of operations of the Group companies.

#### 35.2 Other accounting policies

For all other accounting policies, reference is made to the note 2 Significant accounting policies as included in the consolidated financial statements.

### 36 Investments in subsidiaries

The movements in the investments in subsidiaries and other associates are as follows:

In EUR 1.000	2022	2021
<b>Balance on 1 January</b>	<b>690.338</b>	<b>655.648</b>
Capital contribution	39.098	—
Repayment share premium	(13.000)	(20.000)
Share of results	14.321	21.058
Dividends	(39.098)	—
Exchange differences	(3.088)	30.892
Other movements	6.944	2.740
<b>Balance on 31 December</b>	<b>695.515</b>	<b>690.338</b>



Broadview Holding B.V. has direct interests in the following associates:

<b>Name, registered office</b>	<b>Share in equity (%)</b>
Broadview Industries B.V., 's-Hertogenbosch, The Netherlands	100%
Broadview Energy Solutions B.V., 's-Hertogenbosch, The Netherlands	100%
Broadview Investments B.V., 's-Hertogenbosch, The Netherlands	100%

### **37 Receivables on group companies**

Receivables on group companies as per 31 December 2022 mainly relate to receivables from Broadview Industries B.V. regarding corporate income tax.

The receivable is due within one year. No interest is charged over the outstanding balance.

### **38 Cash and cash equivalents**

Of cash and cash equivalents, EUR 0,1 million (2021: EUR 0,1 million) is not at the Company's free disposal due to guarantees granted.

### **39 Issued share capital**

The issued and paid in share capital amounts to EUR 179,6 million (2021: EUR 179,6 million) and consists of 636.864 ordinary shares with a nominal value of EUR 282 (2021: EUR 282) each.

As per 31 December 2022 the liability capital, which includes the Company's equity and subordinated shareholder loan, amounts to EUR 601.4 million (2021: EUR 598,5 million).

The company does not have a limited amount of authorised capital.

In accordance with article 17 of the articles of association the profit is at free disposal of the General Meeting.

### **40 Legal reserves, other reserves and retained earnings**

Broadview Holding B.V. recognised fair value changes on an interest rate swap in its statement of profit and loss in the Company financial statements (2022: EUR nil million net of taxes, 2021: EUR 0,1 million). In the Company financial statements hedge accounting could not be applied because the hedged items related to long term debts of subsidiaries. This explained the difference between the consolidated result attributable to owners of the parent of EUR 5,8 million and the company result of Broadview Holding B.V. of EUR 6,0 million in 2021. The hedge ended in 2021 and as such has had no impact in 2022.

The movements in equity are as follows:

In EUR 1.000	Issued share capital	Legal reserves		Retained Earnings	Result for the year	Total
		Currency translation reserve	Other reserves			
<b>Balance on 1 January 2021</b>	<b>179.596</b>	<b>(29.380)</b>	<b>(29.044)</b>	<b>145.276</b>	<b>5.065</b>	<b>271.513</b>
Allocation of result prior year	—	—	—	5.065	(5.065)	—
Result for the year	—	—	—	—	5.954	5.954
Translation of foreign subsidiaries	—	30.892	—	—	—	30.892
Other movements	—	—	—	2.741	—	2.741
Dividend paid	—	—	—	(5.100)	—	(5.100)
<b>Balance on 31 December 2021</b>	<b>179.596</b>	<b>1.512</b>	<b>(29.044)</b>	<b>147.982</b>	<b>5.954</b>	<b>306.000</b>
Allocation of result prior year	—	—	—	5.954	(5.954)	—
Result for the year	—	—	—	—	(970)	(970)
Translation of foreign subsidiaries	—	(3.088)	—	—	—	(3.088)
Other movements	—	—	—	6.944	—	6.944
<b>Balance on 31 December 2022</b>	<b>179.596</b>	<b>(1.576)</b>	<b>(29.044)</b>	<b>160.880</b>	<b>(970)</b>	<b>308.886</b>

Other reserves relate to the conversion of other reserves (EUR 29,0 million) into share capital in 2018.

The loss for the year amounts to EUR 1,0 million. During the year, an amount of EUR 0,0 million interim dividend has been paid to the shareholders. The Executive Board proposes to deduct the difference of EUR 1,0 million to the retained earnings.

The result appropriation is not reflected in these financial statements.

## 41 Shareholder loans

Shareholder loans consists of the following:

- Two loans with an outstanding amount of EUR 102,2 million (including accrued interest) (2021: EUR 101,2 million) with repayment date 31 December 2024 and an interest rate of 0,982% (2021: 0,982%). The loans are unsecured.
- A loan regarding the acquisition of Formica with a principal and outstanding amount of EUR 292,5 million with a repayment date of 31 December 2029 and an interest rate of 6,0% (2021: 6,0%). This loan is subordinated to any and all obligations of Broadview Holding B.V. and its subsidiaries towards any other financial institution as well as the obligations of any other loan entered into by Broadview Holding B.V. Upon first written request of the lender, Broadview Holding B.V. is obliged to pledge its Broadview Industries B.V. shares with a book value of EUR 649,3 million (2021: EUR 593,3 million) as security for the repayment of the loan.

## 42 Derivatives

Broadview Holding B.V. held an interest rate swap for a portion of floating-interest loans of Arpa Industriale S.p.A. and Trespa International B.V. The loan of Trespa was repaid in 2019.

The nominal amount of the cash flows hedged at inception of the swap amounted to EUR 61,4 million and amounted to EUR 23,3 million per 31 December 2020. The interest rate swap ended 30 June 2021.

Until the end of the contract, the Company received floating interest and paid fixed interest at a rate of 0,76%.

The interest rate swap was measured based on fair value, using a discounted cash flow model, taking into account the terms of the contract and relevant market interest rates. The accumulated changes in the fair value of the interest rate swap amounts to negative EUR 0,1 million in 2021. resulting in a gain in 2021 of EUR 0,1 million recorded in the statement of profit and loss.

## 43 Commitments and contingencies not included in the balance sheet

### Fiscal unity

Broadview Holding B.V. is part of a fiscal unity for corporation tax purposes with HAL Investments Nederland B.V. In accordance with standard conditions, Broadview Holding B.V. along with the companies that are part of the fiscal unity, is jointly and severally liable for taxation payable by the fiscal unity.

Broadview Holding B.V., Broadview Industries B.V., Broadview Investments B.V., Broadview Energy Solutions B.V., Cryogenic Container Solutions B.V. and Aritas Europe B.V. are part of a fiscal unity for value added tax purposes with Trespa International B.V. In accordance with standard conditions, Broadview Holding B.V. along with the other companies are jointly and severally liable for value added taxes payable by the unity.

The corporate income tax position is settled with HAL Investments Nederland B.V. on a regular basis.

## 44 Average number of employees

During the year 2022, the Company had 1 employee (2021: 1). The Company had nil employees working outside The Netherlands (2021: nil). In the statement of profit and loss, wages and salary expenses are not separately disclosed in accordance with the exemption in article 2:383 of DCC.

## 45 Independent auditor's fee

PricewaterhouseCoopers Accountants N.V. and other PricewaterhouseCoopers lines of service charged the following fees pursuant to Section 382a(3) of Book 2 of the Dutch Civil Code to Broadview Holding B.V. and its subsidiaries:

In EUR 1.000	2022			2021		
	PwC The Netherlands	PwC International	Total	PwC The Netherlands	PwC International	Total
Financial statements audit	544	2.723	3.267	534	2.295	2.829
Other audit work	—	1	1	—	1	1
Tax services	—	28	28	—	5	5
Other non-audit related services	—	36	36	—	—	—
	<b>544</b>	<b>2.788</b>	<b>3.332</b>	<b>534</b>	<b>2.301</b>	<b>2.835</b>

## 46 Subsequent event

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

Broadview Holding B.V.  
's-Hertogenbosch, 24 March 2023

The Executive Board

M.J. Schoten

Board of Supervisory Directors:

M.F.J.P. Vrijzen  
(Chairman)

J.C. Hoogerbrugge

A.E. ter Laak

W.M.J. Pijbes

J. Zuidam

***Other information***



## Articles of association governing profit appropriation

Article 17 of the articles of association states the following regarding profit appropriation:

- The profits as determined through the adoption of the annual accounts shall be at the disposal of the General Meeting. The General Meeting may decide to make a distribution, to the extent that the shareholders' equity exceeds the reserves that must be maintained by law.
- A resolution to make a distribution shall not take effect as long as the Executive Board has not given its approval. The Executive Board may only withhold such approval if it knows or should reasonably foresee that, following the distribution, the Company will be unable to continue paying its due and payable debts.
- For the purposes of calculating any distribution, shares held by the Company in its own capital shall not be included.
- For the purposes of calculating the amount to be distributed on each share, only the amount of the mandatory payments towards the nominal value of the shares shall be taken into account. The preceding sentence may be derogated from with the consent of all Shareholders.

## Independent Auditor's report



## *Independent auditor's report*

To: the general meeting and the Board of Supervisory Directors of Broadview Holding B.V.

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### *Report on the financial statements 2022*

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#### *Our opinion*

In our opinion:

- the consolidated financial statements of Broadview Holding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Broadview Holding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2022 of Broadview Holding B.V., Den Bosch. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022;
- the following statements for 2022: the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022;
- the company statement of profit and loss for the year then ended;
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

7PUQMAUJFMR7-1533714684-671

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### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' 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 are independent of Broadview Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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### *Information in support of our opinion*

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach on fraud risk and the audit approach on going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### *Audit approach fraud risks*

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the Board of Supervisory Directors exercised oversight, as well as the outcomes. We refer to section 'Financial reporting risk' of the Report of the Executive Board for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We incorporated an element of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations.

We asked the CEO and CFO of the Company, including the CEO and CFO of all in scope components and members of various finance departments within the group and the Board of Supervisory Directors whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.



As part of our process of identifying fraud risks, we, evaluated fraud risk factors with respect to fraudulent financial reporting, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

<b>Identified fraud risks</b>	<b>Our audit work and observations</b>
<p><i>The risk of fraud through management override of controls</i></p> <p>As in all our audits, we address the risk of management override of controls. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>That is why, in all our audits, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none"><li>- the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;</li><li>- estimates;</li><li>- significant transactions, if any, outside the normal course of business for the entity.</li></ul> <p>We pay particular attention to tendencies due to possible interests of management.</p>	<p>Where relevant to our audit, we evaluated the design and implementation of relevant internal controls in the process of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system (where applicable) and the possibility that these lead to violations of the segregation of duties.</p> <p>We selected journal entries based on the risk criteria and conducted specific audit activities for these entries. We also paid particular attention to consolidation and elimination entries.</p> <p>There were no significant transactions outside the normal course of business.</p> <p>We also performed specific audit procedures related to important estimates of management, including (but not limited to) impairment of non-financial assets including goodwill, inventory valuation and provision for expected credit losses of trade receivables. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>We assessed the appropriateness and accurate application of accounting policies in accordance with EU-IFRS.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicion of fraud with respect to management override of violations of the internal controls.</p>
<p><i>Risk of fraud in revenue recognition</i></p> <p>As in all of our audits, we addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive to intentionally misrepresent revenues. We concluded that this risk is related to the occurrence of revenue transactions.</p>	<p>We instructed our components to perform procedures over this risk, where relevant to the audit, including evaluation of the design and implementation of relevant controls, tracing a sample of revenue transactions to the supporting documents and validating unusual transactions.</p> <p>We reviewed the audit procedures performed by each of our component teams. We instructed the local teams to review unexpected account combinations.</p> <p>We assessed the appropriateness and accurate application of accounting policies in accordance with EU-IFRS. Our audit procedures did not lead to specific indications of fraud or suspicion of fraud with respect to revenue recognition.</p>



### *Audit approach going concern*

The Executive Board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate management's going concern assessment included, amongst others:

- considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit, inquired with management regarding management's most important assumptions underlying their going concern assessment;
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- performing inquiries of management as to their knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

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### *Report on the other information included in the financial statements*

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The financial statements contain other information. This includes all information in the financial statements in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the Report of the Executive Board and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Report of the Executive Board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.



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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the Executive Board and the Board of Supervisory Directors for the financial statements***

The Executive Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going-concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Executive Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Board of Supervisory Directors is responsible for overseeing the Company's financial reporting process.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 24 March 2023  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by I.J.C. Lefebure RA



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## ***Appendix to our auditor's report on the financial statements 2022 of Broadview Holding B.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Board of Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.