20231023003562

Styrelsen för

Britax Nordiska Barn AB

Org nr 556356-9465

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2022

Innehåll: **sida**

Förvaltningsberättelse	**2**
Resultaträkning	**4**
Balansräkning	**5**
Kassaflödesanalys	**7**
Noter med redovisningsprinciper och bokslutskommentarer	**8**
Underskrifter	**14**

Fastställelseintyg

Undertecknad styrelseledamot i Britax Nordiska Barn AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 19/10 -2023
Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Malmö, den 19.10.2023

Moritz Walther

20231023003633

Förvaltningsberättelse

Allmänt om verksamheten

Företagets huvudsakliga aktiviteter är import och grossistförsäljning av premiummärkes bilbarnstolar, barnvagnar och baby-produkter med ledande positioner hos större återförsäljare och specialbutiker för barn. Företaget säljer till svenska, norska, finska och isländska marknader.

Företagets redovisningsvaluta: svenska kronor (SEK).

Företaget har åtagit sig att begränsa sin miljöpåverkan och öka sina ansträngningar för att uppnå detta mål.

Väsentliga händelser under räkenskapsåret

Det har inte skett några väsentliga förändringar i bolagets huvudsakliga verksamhet under redovisningsåret.
Bolagets styrelseledamöter känner vid datumet för denna rapport inte till några större förändringar i bolagets verksamhet nästa år.
Under 2022 har Britax behållit sin ledande position på bilbarnstolsmarknaden och nya produkter lanserades under perioden.
Försäljningen var lägre 2022 jämfört med 2021 men företaget är optimistiskt inför att nya produktlanseringar kommer att resultera i ökad försäljning.

Utveckling av företagets verksamhet, resultat och ställning

Ekonomisk översikt	*2022*	*2021*	*2020*	*2019*
Nettoomsättning	260 320 217	274 252 287	279 216 508	259 740 262
Resultat efter finansiella poster	-2 010 276	3 475 634	8 043 128	4 946 634
Årets resultat	-2 010 276	2 445 187	8 422 603	5 113 384
Balansomslutning	100 242 898	141 488 460	112 425 993	98 959 151

Definitioner: se not 20

Förväntad framtida utveckling

För 2023 har vi planerat att fortsätta utöka vår verksamhet i norra Europa, där Britax Nordiska Barn ingår.
Över hela EMEA har Britax fortsatt sina FoU- och marknadsföringsinvesteringar och flera viktiga nya produktlanseringar inom både bilbarnstolar och vagnar kommer att tillverkas 2023.
Produktsäkerhet, barnkomfort och konsumentbehov fortsätter att vara viktiga fokusområden.
Ledningen övervakar verksamheten genom olika nyckeltal såsom bruttomarginal, försäljning och marginal per nyckelprodukt och kunder, rörelsekapital, kvalitet, effektivitet och medarbetarutveckling.

Företaget hanterar konkurrenshot mot sin verksamhet genom att ha pågående produktinnovation tillsammans med ett kraftfullt varumärke som är synonymt med kvalitet och högsta säkerhetsstandard.
Detta stöds av en bred distribution baserad på mycket starka kundrelationer förbättrad genom löpande support och utbildning.

Företaget är föremål för fluktuationer i råvarupriserna. Dessa hanteras genom leverantörsrelationer och strategiska inköp.

20231023003064

Eget kapital

2022-12-31	Bundet eget kapital		Fritt eget kapital	
	Aktiekapital	*Reservfond*	*Bal.res. inkl årets resultat*	*Summa eget kapital*
Ingående balans	100 000	20 000	10 214 509	10 334 509
Årets resultat			-2 010 276	-2 010 276
Vid årets utgång	100 000	20 000	8 204 233	8 324 233

Totalt erhållit ovillkorat aktieägartillskott är 60 000 000 kr, 2022 erhålls 0 kr (fg.år 0 kr)

Förslag till disposition av företagets vinst eller förlust
Styrelsen föreslår att fritt eget kapital, kronor 8 204 233, disponeras enligt följande:

Balanserat resultat	10 214 509
Årets resultat	-2 010 276
Summa	8 204 233

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

Balanseras i ny räkning	8 204 233
Summa	8 204 233

Vad beträffar resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Britax Nordiska Barn AB
Org nr 556356-9465

20231023003365

Resultaträkning

Belopp i kr	*Not*	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Nettoomsättning	2	260 320 217	274 252 287
		260 320 217	274 252 287
Rörelsens kostnader			
Handelsvaror		-205 346 381	-203 279 996
Övriga externa kostnader	3	-45 057 457	-54 546 637
Personalkostnader	4	-11 016 472	-13 090 373
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	5	-460 575	-77 335
Rörelseresultat	6	-1 560 668	3 257 946
Resultat från finansiella poster			
Ränteintäkter och liknande resultatposter	7	–	427 480
Räntekostnader och liknande resultatposter	8	-449 608	-209 793
Resultat efter finansiella poster		-2 010 276	3 475 634
Resultat före skatt		-2 010 276	3 475 634
Skatt på årets resultat	9	–	-1 030 447
Årets resultat		-2 010 276	2 445 187

20231023003366

Balansräkning

Belopp i kr	*Not*	*2022-12-31*	*2021-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	10	2 506 324	1 492
		2 506 324	1 492
Finansiella anläggningstillgångar			
Andelar i koncernföretag	11	8 738 755	8 738 755
Uppskjuten skattefordran	12	5 815 778	5 815 778
		14 554 533	14 554 533
Summa anläggningstillgångar		17 060 857	14 556 025
Omsättningstillgångar			
Varulager m m			
Färdiga varor och handelsvaror		41 658 020	28 907 686
		41 658 020	28 907 686
Kortfristiga fordringar			
Kundfordringar		21 391 331	25 433 900
Fordringar hos koncernföretag		443 614	9 584 675
Övriga fordringar		6 539 464	301 509
Förutbetalda kostnader och upplupna intäkter	13	240 717	1 022 541
		28 615 126	36 342 625
Kassa och bank			
Kassa och bank		12 908 894	61 682 123
		12 908 894	61 682 123
Summa omsättningstillgångar		83 182 041	126 932 434
SUMMA TILLGÅNGAR		100 242 898	141 488 460

Britax Nordiska Barn AB
Org nr 556356-9465

20231023003367

Balansräkning

Belopp i kr	*Not*	*2022-12-31*	*2021-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital	14		
Bundet eget kapital			
Aktiekapital		100 000	100 000
Reservfond		20 000	20 000
		120 000	120 000
Fritt eget kapital			
Balanserat resultat		10 214 509	7 769 321
Årets resultat		-2 010 276	2 445 187
		8 204 233	10 214 509
		8 324 233	10 334 509
Kortfristiga skulder			
Leverantörsskulder		4 922 082	973 785
Skulder till koncernföretag		71 271 272	81 450 178
Övriga skulder		8 661 452	7 209 279
Upplupna kostnader och förutbetalda intäkter	15	7 063 859	41 520 710
		91 918 666	131 153 951
SUMMA EGET KAPITAL OCH SKULDER		100 242 898	141 488 460

Britax Nordiska Barn AB
Org nr 556356-9465

20231023003368

Kassaflödesanalys

Belopp i kr	*Not*	2022-01-01 - 2022-12-31	2021-01-01 - 2021-12-31
Den löpande verksamheten			
Resultat efter finansiella poster	16	-2 010 276	3 475 634
Justering för poster som inte ingår i kassaflödet	18	460 575	-39 398 369
		-1 549 701	-35 922 735
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		-1 549 701	-35 922 735
Förändringar i rörelsekapital			
Ökning(-)/Minskning(+) av varulager		-12 750 334	-7 457 394
Ökning(-)/Minskning(+) av rörelsefordringar		7 727 499	2 313 971
Ökning(+)/Minskning(-) av rörelseskulder		-39 235 285	66 092 984
Kassaflöde från den löpande verksamheten		-45 807 821	25 026 826
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-2 965 407	–
Kassaflöde från investeringsverksamheten		-2 965 407	–
Årets kassaflöde		-48 773 228	25 026 826
Likvida medel vid årets början		61 682 123	36 655 298
Kursdifferens i likvida medel			
Likvida medel vid årets slut	17	12 908 895	61 682 123

20231023003369

Noter

Belopp i kr om inget annat anges

Not 1 Redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med tidigare år.

Värderingsprinciper m.m

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Redovisning av intäkter

Som inkomst redovisar bolaget det verkliga värdet av vad som erhållits eller kommer att erhållas. Bolaget redovisar därför inkomst till nominellt värde (fakturabelopp) om bolaget får ersättning i likvida medel direkt vid leverans. Avdrag görs för lämnade rabatter. Inkomster från bolagets försäljning av varor redovisas som intäkt när följande villkor är uppfyllda; de väsentliga risker och förmåner som är förknippade med varornas ägande har överförts till köparen, bolaget behåller inte något engagemang i den löpande förvaltningen och utövar inte heller någon reell kontroll över de varor som sålts, inkomsten kan beräknas på ett tillförlitligt sätt, det är sannolikt att de ekonomiska fördelar som bolaget ska få av transaktionen kommer att tillfalla bolaget, och de utgifter som uppkommit eller som förväntas uppkomma till följd av transaktionen kan beräknas på ett tillförlitligt sätt.
Ränta, royalty och utdelning redovisas som intäkt när det är sannolikt att bolaget kommer att få de ekonomiska fördelarna som är förknippade med transaktionen.

Avskrivningsprinciper för anläggningstillgångar

Avskrivning enligt plan baseras på ursprungligt anskaffningsvärde. Avskrivning sker över tillgångens nyttjandeperiod ner till beräknat restvärde.

	Nyttjandeperiod
Materiella anläggningstillgångar	
Inventarier, verktyg och installationer	3-5 år
Immateriella anläggningstillgångar	
Licenser	5 år

Varulager

Varulagret är upptaget till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet. Därvid har inkuransrisk beaktats. Anskaffningsvärdet beräknas enligt först in- först ut- principen.

Fordringar

Fordringar har efter individuell värdering upptagits till belopp varmed de beräknas inflyta.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta har omräknats till balansdagskurs.
Kursdifferenser på rörelsefordringar och rörelseskulder ingår i rörelseresultatet, medan differenser på finansiella fordringar och skulder redovisas bland finansiella poster.
I den mån fordringar och skulder i utländsk valuta har terminssäkrats omräknas de till terminskurs.

Säkringsredovisning

Säkringsredovisning tillämpas endast då det finns en ekonomisk relation mellan säkringsinstrumentet och den säkrade posten som överensstämmer med företagets mål för riskhantering. Dessutom krävs att säkringsförhållandet förväntas vara mycket effektivt under den period för vilken säkringen har identifierats samt att säkringsförhållandet och företagets mål för riskhantering och riskhanteringsstrategi avseende säkringen är dokumenterade senast när säkringen ingås.

20231023003370

För säkring av fordran eller skuld mot valutakursrisk används valutaterminer. För skydd mot valutarisk tillämpas inte säkringsredovisning eftersom en ekonomisk säkring avspeglas i redovisningen genom att både den underliggande fordran eller skulden och säkringsinstrumentet redovisas till balansdagens valutakurs och valutakursförändringarna redovisas i årets resultat. Valutakursförändringar avseende rörelserelaterade fordringar och skulder redovisas i rörelseresultatet medan valutakursförändringar avseende finansiella fordringar och skulder redovisas i finansnettot.

Skatt
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekt redovisas i eget kapital. Aktuell skatt är skatt som skall betalas eller erhållas avseende aktuellt år. Hit hör även justering av aktuell skatt hänförlig till tidigare perioder. Uppskjuten skatt beräknas enligt balansräkningsmetoden med utgångspunkt i temporära skillnader mellan redovisade och skattemässiga värden på tillgångar och skulder. Beloppen beräknas baserade på hur de temporära skillnaderna förväntas bli utjämnade och med tillämpning av de skattesatser och skatteregler som är beslutade eller aviserade per balansdagen. *Temporära skillnader i form av obeskattade reserver redovisas inklusive uppskjuten* skatteskuld under rubriken Obeskattade reserver.
Uppskjutna skattefordringar i avdragsgilla temporära skillnader och underskottsavdrag redovisas endast i den mån det är sannolikt att dessa kommer att medföra lägre skatteutbetalningar i framtiden.

Avsättningar
En avsättning redovisas i balansräkningen när företaget har en legal eller informell förpliktelse till följd av en inträffad händelse och det är sannolikt att ett utflöde av resurser krävs för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppet kan göras.

Vid första redovisningstillfället värderas avsättningar till den bästa uppskattningen av det belopp som kommer att krävas för att reglera förpliktelsen på balansdagen. Avsättningarna omprövas varje balansdag.

Avsättningen redovisas till nuvärdet av de framtida betalningar som krävs för att reglera förpliktelsen.

Aktieägartillskott
Aktieägartillskott förs direkt mot eget kapital hos mottagaren och aktiveras i aktier och andelar hos givaren, i den mån nedskrivning ej erfordras.

Not 2 Nettoomsättning per rörelsegren och geografisk marknad

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Nettoomsättning per geografisk marknad		
Sverige	182 192 746	204 775 188
Norge	73 246 165	66 363 428
Finland	4 881 306	3 113 671
	260 320 217	274 252 287

Not 3 Arvode och kostnadsersättning till revisorer

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Grant Thornton		
Revisionsuppdrag	447 914	311 912

20231023003711

Not 4 Anställda, personalkostnader och arvoden till styrelse

Medelantalet anställda

	2022-01-01 - 2022-12-31	*varav män*	*2021-01-01 - 2021-12-31*	*varav män*
Sverige	13	46%	13	50%
Totalt	13	46%	13	50%

Redovisning av könsfördelning i företagsledningar

	2022-12-31 *Andel kvinnor*	*2021-12-31* *Andel kvinnor*
Styrelsen	0%	0%

Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Löner och ersättningar	*7 002 985*	*8 092 293*
Sociala kostnader	*3 869 311*	*4 935 670*
(varav pensionskostnad) 1)	*(1 269 690)*	*(1 899 141)*

1) Av företagets pensionskostnader avser 0 kr (f.å. 0 kr) företagets styrelse.

Löner och andra ersättningar fördelade mellan styrelseledamöter m.fl. och övriga anställda

	2022-01-01 - 2022-12-31		*2021-01-01 - 2021-12-31*	
	Styrelse	*Övriga anställda*	*Styrelse*	*Övriga anställda*
Löner och andra ersättningar	–	7 002 985	–	8 092 293
(varav tantiem o.d.)	(–)		(–)	

Not 5 Av- och nedskrivningar av materiella och immateriella anläggningstillgångar

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Avskrivningar enligt plan fördelade per tillgång		
Inventarier, verktyg och installationer	-460 575	-77 335
	-460 575	-77 335

20231023003772

Not 6 Operationell leasing

Leasingavtal där företaget är leasetagare

Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal	*2022-12-31*	*2021-12-31*
Inom ett år	1 342 092	1 697 880
Mellan ett och fem år	183 749	1 745 917
Senare än fem år	–	–
	1 525 841	3 443 797

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Räkenskapsårets kostnadsförda leasingavgifter	1 351 005	1 215 874

Not 7 Ränteintäkter och liknande resultatposter

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Ränteintäkter, övriga	–	427 480
	–	427 480

Not 8 Räntekostnader och liknande resultatposter

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Räntekostnader, koncernföretag	-196 120	-178 321
Räntekostnader, övriga	-253 488	-31 472
	-449 608	-209 793

Not 9 Skatt på årets resultat

	2022-01-01 - 2022-12-31	*2021-01-01 - 2021-12-31*
Förändring uppskjuten skatt	–	-1 030 447
	–	-1 030 447

Avstämning av effektiv skatt

	2022-01-01 - 2022-12-31		*2021-01-01 - 2021-12-31*	
	Procent	*Belopp*	*Procent*	*Belopp*
Resultat före skatt		-2 010 276		3 475 634
Skatt enligt gällande skattesats	20,6%	414 117	20,6%	-715 981
Ej avdragsgilla kostnader		-61 800		-63 090
Upplösning av uppskjuten skatt		–		-251 376
		352 317		-1 030 447
Uppskjuten skatt		–		-251 376
Utnyttjande av underskott		–		-779 071
Redovisad effektiv skatt	0,0%	-	30,0%	-1 030 447

20231023003733

Not 10 Inventarier, verktyg och installationer

	2022-12-31	2021-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	255 600	255 600
Nyanskaffningar	2 965 407	–
Avyttringar och utrangeringar	–	–
Vid årets slut	3 221 007	255 600
Ackumulerade avskrivningar		
Vid årets början	-254 108	-176 772
Återförda avskrivningar på avyttringar och utrangeringar	–	–
Årets avskrivning på anskaffningsvärden	-460 575	-77 335
Vid årets slut	-714 683	-254 108
Redovisat värde vid årets slut	2 506 324	1 492

Not 11 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	8 738 755	8 738 755
Vid årets slut	8 738 755	8 738 755

Spec av företagets innehav av andelar i koncernföretag

			2022-12-31	2021-12-31
Dotterföretag / Org nr / Säte	*Antal andelar*	*Andel i % i)*	*Redovisat värde*	*Redovisat värde*
OY Britax Pohjolan Lapset / 0860491-7 / Helsingfors	40	100,0	6 521 638	6 521 638
Britax Norway A/S / 915 840 469 / Rolvsöj	100	100,0	2 217 117	2 217 117
			8 738 755	8 738 755

i) Ägarandelen av kapitalet avses, vilket även överensstämmer med andelen av rösterna för totalt antal aktier.

Not 12 Uppskjuten skatt

	2022-12-31 Skattemässigt värde
Väsentliga temporära skillnader hänförliga till uppskluten skattefordran	
Skattemässigt underskott FY22	5 815 778

Resultatmässiga underskottet uppgår till 27,1 Mkr
Skattemässiga underskottsavdrag uppgår 2022-12-31 till 5,8 Mkr.

	2021-12-31 Skattemässigt värde
Skattemässigt underskott FY21	5 815 778

Skattemässiga underskottsavdrag uppgår 2021-12-31 till 5,8 Mkr.

20231023003374

Not 13 Förutbetalda kostnader och upplupna intäkter

	2022-12-31	*2021-12-31*
Förutbetalda kostnader	240 717	1 022 541
	240 717	1 022 541

Not 14 Antal aktier och kvotvärde

	2022-12-31	*2021-12-31*
A-aktier		
antal aktier	1 000	1 000
kvotvärde	100	100

Not 15 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	*2021-12-31*
Personalrelaterade poster	1 903 107	2 242 472
Övriga poster	5 160 753	39 278 237
	7 063 859	41 520 710

Not 16 Betalda räntor och erhållen utdelning

	2022-12-31	*2021-12-31*
Erhållen ränta	–	427 480
Erlagd ränta	-449 608	-209 793
	-449 608	217 688

Not 17 Likvida medel

	2022-12-31	*2021-12-31*
Följande delkomponenter ingår i likvida medel:		
Banktillgodohavanden	12 908 895	61 682 123
	12 908 895	61 682 123

Not 18 Övriga upplysningar till kassaflödesanalysen
Justeringar för poster som inte ingår i kassaflödet m m

	2022-12-31	*2021-12-31*
Avskrivningar	460 575	77 335
Ej utbetald utdelning	–	-39 475 704
	460 575	-39 398 369

Not 19 Väsentliga händelser efter räkenskapsårets slut

Det yttre sammanhanget är fortfarande utmanande 2023. Utfallet från covid-pandemin fortsätter att påverka konsumenternas beteende och kriget i Ukraina fortsätter att orsaka problem för många företag, inklusive vårt eget.

I slutet av maj minskade vår försäljning jämfört med föregående period, men vårt rörelseresultat är det samma som för motsvarande period förra året. Detta återspeglar förbättrad produktmix och prissättning som infördes under föregående år. Ytterligare förbättringar kommer att eftersträvas under innevarande period i takt med att fler nya produkter lanseras.

Not 20 Disposition av vinst eller förlust

Styrelsen föreslår att fritt eget kapital, kronor 8 204 233, disponeras enligt följande:

Balanseras i ny räkning	8 204 233
Summa	8 204 233

Britax Nordiska Barn AB
Org nr 556356-9465

20231023003375

Not 21 Koncernuppgifter

Företaget som utgör moderföretag för en koncern med dotterföretag enl not 12, upprättar ej koncernredovisning, enligt ÅRL 7 kap 2 §, då företaget och dess samtliga dotterföretag omfattas av en koncern-redovisning som upprättas av Britax Group Limited level (org.nr 07467954), med säte i Andover, Storbritannien.Britax Nordiska Barn AB äger till 100% Oy Britax Pohjolan Lapset, 100% Britax Norway A/S .

Det utländska moderföretagets koncernredovisning kommer att finnas tillgänglig hos Britax Group (Reg 07467954) efter avlämnandet av sin årsredovisningen.

Inköp och försäljning inom koncernen
Av företagets totala inköp och försäljning mätt i kronor avser 79 (98) % av inköpen och 1 (1) % av försäljningen andra företag inom hela den företagsgrupp som företaget tillhör.

Not 22 Nyckeltalsdefinitioner

Balansomslutning: Totala tillgångar

Malmö, den 12.10.2023

Moritz Walther

Vår revisionsberättelse har lämnats 2023-10-19
Grant Thornton Sweden AB

Petter Rankell
Auktoriserad revisor

20231023005576

Revisionsberättelse

Till bolagsstämman i Britax Nordiska Barn Aktiebolag

Org.nr. 556356 - 9465

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Britax Nordiska Barn Aktiebolag för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Britax Nordiska Barn Aktiebolags finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Britax Nordiska Barn Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Britax Nordiska Barn Aktiebolag för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Britax Nordiska Barn Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

20231023003777

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt aktiebolagslagen 7 kap 10 §, hålla bolagsstämma inom sex månader efter räkenskapsårets utgång.

Malmö den 19 oktober 2023,
Grant Thornton Sweden AB

Petter Rankell
Auktoriserad revisor

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Britax Group Limited

Annual report and consolidated financial statements

Registered number 07467954

Year ended 31 December 2022

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Contents

Strategic report	1
Directors' report	5
Directors' responsibilities statement	9
Independent auditor's report to the members of Britax Group Limited	10
Consolidated statement of profit and loss account and other comprehensive income	14
Consolidated balance sheet	15
Consolidated statement in changes in equity	17
Consolidated statement of cash flows	18
Reconciliation of debt	19
Notes	20
Company balance sheet	70
Company statement of change in equity	71
Notes	72

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Strategic report

Business review and principal activities

The company acts as a holding company. The Group consists of the holding company and its 100% owned subsidiaries as listed in note 29.

The Group's principal activities are the design, manufacture and sale of premium branded children's car seats & wheeled goods with its core markets in Europe, the U.S., Australia and China.

There have been no significant changes in the Group's principal activities during the year. The directors are not aware at the date of this report of any major changes in the company's trading activities in the next year.

The Company's functional currency and Group's presentational currency is the Euro. A significant proportion of the Group's activities takes place outside the Eurozone and are therefore transacted in foreign currencies.

The Group is implementing a strategic turnaround initiative with a focus on its product portfolio, operational strategy and human resource investments. In 2022 the Group's UK manufacturing site was closed as part of the restructuring of its European business. Through this initiative, the Group is planning to drive sustainable growth, margin improvement and improved operating cash flows.

The Group has continued its regular investment in research and development with new product launches in both its car seats and wheeled goods categories. Continuous product updates are an essential element to its growth ambitions.

The Group manages its operations on a regional basis with a common set of performance indicators as well as specific indicators as appropriate for the size and position of each business. These indicators track key revenue, profit and growth drivers within the business across such areas as new product development, product vitality rates, delivery performance and return rates.

The Group's key KPIs are revenue, adjusted EBITDA and adjusted operating profit. In 2022, revenue was €282,988,000 (2021; €312,814,000) and adjusted EBITDA was €18,357,000 *(2021: €28,532,000).* Adjusted operating profit was €781,000 (*2021: €9,902,000*). Reconciliations of operating loss to adjusted operating profit and adjusted EBITDA are shown in note 2. The Group's loss before tax for the year was €35,463,000 (*2021:loss €21,271,000*).

The Group's results in 2022 were affected by the worsening global macroeconomic conditions following the commencement of the conflict in Ukraine, as increases in interest rates, energy costs and other inflation caused a large fall in consumer spending in the second half of the year, especially in Europe. The first half of 2022 was broadly in line with 2021 results, but as the macroeconomic impacts increased, the second half of the year saw sales fall by €25.5m and adjusted EBITDA fell by €8.9m compared to 2021. In the first quarter of 2023 adjusted EBITDA has significantly increased over the previous quarter, and is above the Group's budget for the period.

In 2022 the Group invested heavily in new product development, spending €14,337,000 (*2021: €7,688,000*) including expenditure on tooling (note 10) and capitalisation of internal development costs (note 12) with the expenditure spread across all regions across all key product areas. As a result there will be many new product launches in 2023 which are expected to boost sales and profitability. In addition the Group continues to refine its structures and tightly control its operating costs. The UK manufacturing facility was closed and the Group secured an amendment to the lease of its site in the USA to substantially reduce rent over a three year period. This change resulted in a net reduction in right to use assets of €6,422,000 and a net reduction in lease liabilities of €8,408,000.

The Group's cash position was impacted by a number of factors in 2022 – lower trading inflows, higher capital spend on investing in the Group's product portfolio and the working capital impact of the reduced trading late in the year combined with a number of working capital outflows which are not expected to repeat in 2023. The Group expects to increase its cash balance in 2023.

The consolidated balance sheet on page 15 of the financial statements shows the Group's financial position as of 31 December 2022. The debt structure of the Group is shown in note 18.Trading results are shown on the statement of comprehensive income on page 14 of the financial statements.

Principal risks and uncertainties

The following risks and uncertainties are the principal risks and uncertainties which could adversely affect the Group's business, operations, financial position, future financial performance and the accuracy of any forward looking statements contained in the strategic report, directors' report, the financial statements and the notes to the financial statements. This information should be read in conjunction with the other parts of the strategic report, the directors' report, the financial statements and the notes to the financial statements.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Strategic report *(continued)*

Supply Chain

Whilst the impact of COVID-19 has significantly reduced in 2022, a recurrence could impact the Group's sources of supply and would presents a risk to the Group's ability to manufacture and ship products. To mitigate this risk and the impacts of other risks, the Group constantly works with its suppliers to understand their operating environment, continues to diversify its sources of supply and works to establish safety stock for key components and finished goods.

Political and Macroeconomic Risks

The conflict in Ukraine has resulted in reductions in the Group's sales to both Ukraine and Russia totalling approximately €3m. These lost sales represent around 1% of total Group sales and do not present a material risk to the Group's financials or covenants. Sales to Russia of child safety products continue as they are not subject to sanctions.

The Group follows its values when considering the impact of key decisions. The Group is setting the course for long term value creation through accelerated growth and stronger profitability with a simplified and leaner company structure. The group directly and indirectly experienced pressure in the year due to increased energy costs, high inflation on material costs, labour cost increases and interest rates. Most of the pressure came from retailers' cutting down on inventory levels and ongoing cost increasess. However, consumer demand for Britax products has remained high. During the year the Group was able to pass on some of the cost increases to its customers through price increases. However the economic downturn could lead to the failure of some retail customers.

During 2022 the Group experienced challenges on ocean container availability and pricing. The Group works with freight forwarders to ensure an adequate number of containers to maintain its inbound supply of products. Containers availability and costs have started to stabilise. The Group expects to improve on margin with lower cost and new products launches in the market.

Market share

The Group manages competitive threats to its business by having on-going product innovation with a portfolio of world class brands which are synonymous with quality and the very highest standards of safety. Competitive risks are further mitigated by a broad distribution base and strong customer relationships.

Climate change

The Group's story is about protecting what matters most. Based on this, the Group's mission is to provide safe, comfortable, sustainable and easy to use child mobility solutions. Just like we care for children and their safety around the globe, we very much care for the world they grow up in, taking multiple steps into a more sustainable future. The Group has taken several initiatives in this direction. For example it started the "Green Sense" collection - a new line of sustainably manufactured car seats with fabric covers made from 100% recycled plastic bottles. It produced the first carbon neutral care seat - the KIDFIX i-Size. The seat is packed in plant-based bags as well as recycled cartons from responsible sources. The Group has started switching from paper user manuals to digital manuals to save tons of paper every year. The Group has a responsibility to comply with ethical and legal standards while protecting the environment and benefitting society.

Diversity, Equality and Inclusion

The Group's goal is to create a global business that reflects the diversity of the world and build a culture where everyone belongs. The Group's policy aims to describe its commitment to DEI, including specifying ambitions and approach as well as focus areas. The Group's aspiration is anchored in three pillars which guide our approach and support the integration of DEI into our core people processes where relevant and possible. These three pillars are: Diverse Talent Base, Inclusive Leadership, and Equal Opportunities.

FX and price fluctuations

The Group is subject to the risk of FX and other price fluctuations in raw material and finished goods prices. These risks are effectively managed through hedging using forward exchange contracts, strong long-term supplier relationships and by using contracts which price the goods in each Britax company's local currency.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Strategic report *(continued)*

Strategic plan execution

The Group's current commercial strategy is focused on market share and revenue growth, simplifying its business and product portfolio and reducing costs. There is a risk that the strategy may be unsuccessful or may only be partially successful. This risk and its potential impact on the Group's business are managed and mitigated by setting strategic plans which are reasonable and sustainable, ensuring the availability of necessary expertise and resources to support execution, prudent financial forecasting with appropriate sensitivities and periodic reviews to closely monitor and manage execution and performance and, if issues are identified, promptly initiate necessary remedial actions.

IT Infrastructure

The Group is operationally reliant on IT systems and networks. A substantial cyber attack or a failure of one of its key systems or networks could adversely impact the Group's operations. The Group uses experienced professionals and third-party service providers, suppliers and products to ensure that its IT infrastructure is proactively managed, key systems, networks and data are adequately secured and key data is regularly backed-up and available in the event of an attack or systems failure.

Employees

Due to the spread of the Group's constituent businesses, responsibility has been devolved to the local management of the operating subsidiaries who are accountable for employment arrangements and the implementation of the Group's overall policies. Within this framework, the management of each subsidiary is responsible for:

(a) the development of employee involvement and communication policies which are appropriate to their own particular needs and in line with accepted practices in its country of operation;

(b) ensuring that no employee or potential employee receives less favourable treatment on the grounds of sex, marital status, colour, race, sexual orientation, nationality, religious beliefs or disability;

(c) selection and promotion being based on the suitability of an individual's skills, aptitude and experience for the job; and

(d) fully and fairly considering applications for employment from disabled persons having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that suitable training for employment with the Group or elsewhere is given.

UK Manufacturing

In 2022 the Group completed the closure of its UK manufacturing operations as part of the restructuring of its European activities.

Section 172 Report

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2016 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.'

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Strategic report *(continued)*

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the company secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day to day decision making to management and employees of the Company.

The following paragraphs summarise how the Directors fulfil their duties;

Risk Management
We provide safety critical products to our customers, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management as detailed in the Group's Strategic Report.

Our People
The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring that we operate as efficiently as possible. The Directors' engagement with the employees include formal and informal meetings and Town hall meetings to keep the employees up to date with business developments and financial and economic factors affecting the Company's performance.

Business Relationships
Our strategy prioritises organic growth, primarily driven by selling child safety products featuring the latest safety innovations. To do this, we need to develop and maintain strong customer, supplier and distributor relationships. We value all of our customers and suppliers and have long term relationships with our key partners.

People, Community and Environment
The Company's approach is to use our position of strength to create positive change for the people, communities and environment with which we interact. We have created a sustainability task force with a purpose to evaluate options that would reduce our carbon footprint. The Group requires each operating subsidiary to maintain its own health, safety and environmental policies and to implement good working practices and procedures so as to ensure that its operations and products comply with the appropriate law, regulations and standards.

Shareholders
The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing regular effective dialogue. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised are properly considered.

By order of the board

M Pacharis
Director

Building A
Riverside Way
Watchmoor Park
Camberley
Surrey
GU15 3YL

19th May 2023

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Directors' report

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

Under S424C(11) of the Companies Act 2006 some of the matters normally included in the Directors' Report are included in the Strategic report and the notes to the financial statements, these are: Future business developments, Risk Management and engagement with employees (covered within S172 statement).

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company and the Group up to 31st December 2024, and considered the going concern assumption for the period to 31st May 2024, a period of at least 12 months from the date of signing the accounts. The Directors are not aware of any events after that date which would impact the going concern assumption. These considerations included the outlook of the global premium branded children's car seats and wheeled goods, the Group's liquidity position, ongoing support from the Group's equity shareholders by giving reassurance to the Directors, borrowing facilities and the risk mitigation options that are within the control of the Directors. Despite the background of higher inflation and the macro economic environment, our outlook for the global premium branded children's car seats and wheeled goods section is stable. Our financial outlook reflects a mature market, with innovation through new products providing the core stability and growth. If growth falls short of expectations, then earnings risk can be mitigated through a control of costs and capital investment to preserve liquidity.

The financial statements are prepared on a going concern basis. The Group has reported a loss before tax of €35,463,000 for the year to 31 December 2022 (2021: loss €21,271,000), has net current assets of €55,206,000 (2021: €66,782,000) and net liabilities of €47,772,000 (2021: net liabilities €13,353,000).

As of 31 December 2022, the Group had existing debt of €193,384,000 issued as part of the Group' restructuring in January 2020. The debt is repayable in 2024 and 2025 (note 18). The annual debt servicing requirements will average around €1.3m until maturity.

The Group's Senior Debt of €136.3m, which was implemented during the restructuring on 8th January 2020, consisted of the majority being held by the Group's equity shareholders. The debt has a maturity date of 31 March 2024, and the Group's majority equity shareholders have expressed their ongoing support by giving reassurance to the Directors that, to the extent required to ensure that the Group remains a going concern during the relevant going concern period, (i) they will extend, amend, or refinance their commitments (approximately 96.47% of the Senior Debt) before the maturity date and/or will not otherwise demand repayment of or withdraw their commitments before 1st June 2024 , and (ii) in the event of the Company's breach of the adjusted EBITDA covenant in the Facilities agreement, a waiver and/or amendment thereof.

Business Outlook and Sensitised Cash Flow Projection

The Directors have prepared base and sensitised projected cash flow information for the Group for the period ending 31st December 2024 and considered the going concern assumption for the period to 31st May 2024. The analysis represents the directors' reasonable estimate of the likely range of impacts on the revenue and profits of the business. When assessing going concern, the Directors evaluate whether the Group's cash on hand and cash generated by operations are sufficient to cover day-to-day working capital requirements and that there is no shortfall of liquidity during the going concern period.

The Group's results for 2022 were lower than 2021 which saw a rebound in revenue from the impact of COVID-19 in 2020. Increased costs and ocean container availability during 2022 presented challenges, although these were in part mitigated by increases in customer pricing along with general market trends, and reduced costs in the business through a more simplified company structure.

Whilst inflationary impacts continue, consumer demand for Britax products is strong and the Group remains fairly resilient as a global supplier of child safety products, which is a legal requirement in many countries, a valued product by consumers, and accessible through online channels.

Cash on hand as of 31 December 2022 was €31.3m versus a 31 December 2021 balance of €63.6m. The reduction was due to the lower profitability and increased working capital, together with an increase in investment for new products.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Directors' report *(continued)*

Going concern *(continued)*

The base analysis assumes 2023 net sales of €310.8m, an increase of 6.6% from 2022, as the Group builds on sales of new products in the second half of the year, and experiences a full run rate from both operational savings completed in December 2022, and additional price increases during the previous year.

The key assumptions used for sensitised analysis were to eliminate revenue volume growth and to model a flat gross margin on the basis that the new product launches may be delayed, although recognising the run rate of operational savings from the initiatives completed in 2022. Under the sensitised analysis, EBITDA decreases by €3.7m in full year 2023 and €16m in full year 2024.

To offset the earnings impact from above sensitivities, the Directors are confident further costs can be reduced in other overhead costs and advertising and promotional spend (by using more strategic online capabilities), and further cuts to capital expenditure in the case of any further drop in net sales beyond the amounts assumed in the sensitised analysis.

In respect of the Senior Debt, the Directors have reassurances from the equity shareholders and based on these reassurances no material payments are or will be required in principal or interest through the period ending 31st May 2024. In respect of the junior debt, no material payments are required in principal or interest through the period ending 31st May 2024. In addition, the Group's majority equity shareholders have given assurances that, to the extent required to ensure that the Group remains a going concern during the relevant going concern period, they will extend, amend, or refinance their commitments (approximately 96.47% of the Senior Debt) before the maturity date and/or will not otherwise demand repayment of or withdraw their commitments before 1st June 2024. Based upon a review of the Group's and the Company's base and sensitised cash flow forecasts for the period ending 31st December 2024, the Directors expect that the Group and the Company have sufficient financial resources to cover the Group's and the Company's operational commitments during that period.

In the first quarter of 2023 sales performance was lower than forecast but profit performance is higher than forecast due to higher gross margin and control over SG&A spend. The Directors continue to monitor performance with plans to mitigate against future adverse impacts and expect the full year performance to remain as forecast.

Covenant: The Group anticipates it will meet all its financial covenants under the Senior and Junior debt facilities throughout the forecast period. Separately, the Group's majority equity shareholders (whose commitments as lenders account for approximately 96.47% of the debt under the Senior debt facilities) have given assurances that, to the extent required to ensure that the Group remains a going concern during the relevant period, they will, in the event of issues with compliance with the Group's Adjusted EBITDA covenant in the Senior debt facilities agreement, amend or issue a waiver thereof. There is no EBITDA covenant in the Junior debt facilities agreement.

Based upon a review of the Group's and the Company's base and sensitised cash flow forecasts for the period ending 31st December 2024, the Directors expect that the Group and the Company have sufficient financial resources to cover the Group's and the Company's operational commitments during that period.

Based on the above, the Directors expect that the Group and the Company will continue in operational existence for at least the next twelve months after the date of their approval of these financial statements. As a result, the Directors continue to adopt the assumption of going concern basis of accounting in preparing the Company's and the Group's financial statements for the year ended 31st December 2022.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Directors' report *(continued)*

Foreign exchange and treasury policy

The Group has significant operations outside the Eurozone and as such is exposed to movements in exchange rates. To protect cash flows against the high level of exchange rate risk, where possible the Group uses contracts which price the goods in the Britax company's native currency. Otherwise the Group enters into forward exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments where considered appropriate.

Proposed dividend

The directors do not recommend the payment of a dividend *(2021: €nil)*.

Policy and practice on payment of creditors

The Group's policy in relation to the payment of all suppliers is that payment should be made within the credit terms agreed with the supplier, provided that the supplier is also complying with all relevant terms and conditions of supply.

Directors

The directors who held office during the period were as follows:

Mr A Milgram
Mr M Pacharis
Mr M Ioakimides

The directors of the Company are entitled to be indemnified by the Company, limited to the extent permitted by applicable law and the Company's articles of association, in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities. At the date on which this directors' report is approved, there is in force, for the benefit of one of the directors of the Company, a deed of indemnity given by the Company's U.S. parent entity, Persimmon Midco LLC. This indemnity does not provide cover for matters arising from gross negligence, wilful default, wilful misconduct, fraud, criminal conduct or any matters prohibited by applicable law. In addition, during the financial year to which this directors' report relates, the Company's U.S. parent entity, Persimmon Midco LLC, maintained directors' and officers' liability insurance which provides cover for the directors of the Company and such cover remains in force as at the date on which this directors' report is approved.

Political and charitable contributions

The Company made political and charitable contributions during the year of €Nil *(2021: €nil)*.

Indemnities

There were no qualifying third party indemnities.

Financial Risk Management

The Group's financial risks and the steps taken to manage those risks are described in note 23.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Additional reporting requirements

A number of additional reporting requirements for large private companies were introduced under the Companies (Miscellaneous Reporting) Regulations 2018. These requirements do not apply to Britax Group as the UK based companies in the Group or the Group as a whole do not meet the thresholds to be defined as "large companies". The requirements that do not apply relate to Corporate Governance arrangements, the ratio of the CEO's remuneration to other employees' and the impact of share prices on executive pay.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

By order of the board

M Pacharis
Director

Building A
Riverside Way
Watchmoor Park
Camberley
Surrey
GU15 3YL

19th May 2022

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Independent auditor's report to the members of Britax Group Limited

Opinion

We have audited the financial statements of Britax Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated statement of profit and loss account and other comprehensive income, Consolidated balance sheet, Consolidated statement in changes in equity, Consolidated statement of cash flows, Company balance sheet, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss and the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit, Covid-19, the crisis in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,[1] other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

<u>The engagement team's understanding of the legal and regulatory framework and which laws and regulations the engagement team identified as being significant in the context of the entity</u>

The group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. To understand these:

- We enquired of management, legal counsel and those charged with governance, concerning the group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, legal counsel and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud.
- We utilised our own specialists to assist us in identifying fraud risks based on discussions of the circumstances of the group.
- We corroborated our enquiries through our review of board minutes, and correspondence received from the group's advisors and regulatory bodies.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework, being applicable law and International Financial Reporting Standards as adopted by the United Kingdom, FRS 101 and the UK Companies Act..
- In addition, we concluded that there are certain significant laws and regulations, such as local childseat safety legislation, Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters, environmental matters, data protection, and bribery and corruption practices.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. This included communication from the component audit teams of relevant fraud risks identified at the group level and requests to component audit teams to report to the group audit team any instances of fraud that could give rise to a material misstatement.

<u>The engagement team's assessment of the susceptibility of the group's financial statements to material misstatement, including how fraud might occur</u>

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and
  - potential management bias in determining estimates and judgements, particularly in relation to assessing the impairment of intangible assets and calculating the fair value of certain financial liabilities.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing; with a focus on material manual journals, including those with unusual account combinations and those posted directly to cash, debtors' and creditors' control accounts;
  - utilising a valuation specialist to review valuation models and assessments prepared by management in respect of determining the fair value of certain financial liabilities; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

<u>The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations</u>

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team and component auditors included consideration of the engagement team's and component auditor's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the group operates; and
  - understanding of the legal and regulatory requirements specific to the group.

<u>Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team.</u>

- We communicated identified laws and regulations throughout the engagement team, including component auditors, and remained alert to indications of non-compliance and the potential for fraud.
- We did not identify any matters relating to non-compliance with laws and regulations.

Use of our report

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

Grant Thornton UK LLP

Norman Armstrong BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 19th May 2023

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Consolidated statement of profit and loss and other comprehensive income

for the year ended 31 December 2022

	Note	**2022**	2021
		€000	€000
Revenue	*3*	**282,988**	312,814
Cost of sales		**(218,404)**	(229,501)
Gross profit		**64,584**	83,313
Distribution costs		**(25,014)**	(28,020)
Administrative expenses		**(44,411)**	(41,274)
Other expenses	*4*	**(3,567)**	(15,118)
Operating loss		**(8,408)**	(1,099)
Finance income	*7*	**218**	2,751
Finance costs	*8*	**(27,273)**	(22,923)
Net financing cost		**(27,055)**	(20,172)
Loss before tax		**(35,463)**	(21,271)
Taxation	*9*	**(1,292)**	(4,771)
Loss for the year		**(36,755)**	(26,042)
Other comprehensive income			
Items that are or may be recycled to profit and loss			
Foreign currency translation differences		**(411)**	(5,193)
Items that will never be recycled to profit or loss:			
Actuarial gains / (losses) on defined benefit pension plans	*9*	**1,636**	(2,806)
Income tax on items that will not be recycled to profit or loss	*9*	**(475)**	301
Other comprehensive profit / (loss) for the year, net of income tax		**750**	(7,698)
Total comprehensive loss for the year		**(36,005)**	(33,740)

All amounts relate to continuing operations.

The accompanying notes beginning on page 20 form an integral part of the financial statements.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Consolidated balance sheet
at 31 December 2022

	Note	**2022**	2021
		€000	€000
Non-current assets			
Property, plant and equipment – Owned	*10*	**21,986**	20,599
Property, plant and equipment – Right to use	*11*	**33,168**	36,129
Intangible assets and goodwill	*12*	**80,092**	79,692
Employee benefits	*20*	**2,449**	3,364
Deferred tax assets	*16*	**3,365**	4,269
Total non-current assets		**141,060**	144,053
Current assets			
Inventory	*13*	**40,703**	41,222
Trade and other receivables	*14*	**32,000**	32,793
Derivatives	*23*	**238**	751
Current tax assets		**402**	432
Prepayments		**2,592**	3,430
Cash and cash equivalents	*15*	**31,312**	63,644
Total current assets		**107,247**	142,272
Total assets		**248,307**	286,325
Current liabilities			
Current tax liabilities		**1,879**	4,847
Derivatives	*23*	**-**	-
Leasing liabilities	*19*	**963**	2,173
Trade payables	*22*	**49,199**	68,470
Total current liabilities		**52,041**	75,490
Non-current liabilities			
Bank loans and other borrowing due after one year	*18*	**193,384**	166,805
Leasing liabilities	*19*	**35,558**	37,460
Employee Benefits	*20*	**5,202**	7,363
Other payables		**561**	712
Provisions	*21*	**4,000**	6,349
Deferred tax liabilities	*16*	**5,333**	5,499
Total non-current liabilities		**244,038**	224,188
Total liabilities		**296,079**	299,678

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Consolidated balance sheet *(continued)*
at 31 December 2022

		2022	2021
Equity		**€000**	€000
Share capital	*17*	**1,021**	1,021
Share premium		**305,503**	305,503
Capital reserve		**108,586**	107,000
Translation reserve		**1,124**	1,535
Retained earnings		**(464,006)**	(428,412)
Equity attributable to the owners of the company		**(47,772)**	(13,353)
Total equity and liabilities		**248,307**	286,325

The accompanying notes beginning on page 20 form an integral part of the financial statements.

These financial statements were approved by the directors and signed on their behalf on 19th May 2023 by:

M Pacharis
Director
Registered company number: 07467954

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Consolidated statement in changes in equity

	Share capital €000	Share premium €000	Capital reserve €000	Translation reserve €000	Retained earnings €000	Total Equity €000
At 1 January 2021	1,021	305,503	107,000	6,728	(399,865)	20,387
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(26,042)	(26,042)
Other comprehensive loss	-	-	-	(5,193)	(2,505)	(7,698)
Total other comprehensive income	-	-	-	(5,193)	(28,547)	(33,740)
At 31 December 2021	1,021	305,503	107,000	1,535	(428,412)	(13,353)
At 1 January 2022	**1,021**	**305,503**	**107,000**	**1,535**	**(428,412)**	**(13,353)**
Transactions with owners of the company						
Share based payments	-	-	**1,586**	-	-	**1,586**
Total Comprehensive income for the year						
Loss for the year	-	-	-	-	**(36,755)**	**(36,755)**
Other comprehensive loss	-	-	-	**(411)**	**1,161**	**750**
Total other comprehensive loss	-	-	-	**(411)**	**(35,594)**	**(36,005)**
At 31 December 2022	**1,021**	**305,503**	**108,586**	**1,124**	**(464,006)**	**(47,772)**

Of the Capital reserve balance, €107,000,000 relates to the debt for equity swap which took place upon the Group's change of ownership in 2020, and €1,586,000 relates to share based payments where membership units in the Group's ultimate parent undertaking were issued to employees of the Group.

The accompanying notes beginning on page 20 form an integral part of the financial statements.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Consolidated statement of cash flows
for the year ended 31 December 2022

	2022	2021
	€000	€000
Cash flows from operating activities		
Loss for the year	**(36,755)**	(26,042)
Adjustments for:		
Depreciation	**11,168**	10,080
Amortisation of intangible assets	**7,334**	6,819
Share based payment expense	**1,586**	-
Impairment of intangible assets	**-**	2,599
Net finance costs	**27,055**	20,172
Foreign exchange losses / (gains)	**3,807**	(4,482)
(Gain) / loss on disposal of fixed assets	**(793)**	6,501
Taxation expense	**1,292**	4,771
	14,694	20,418
Decrease in inventories	**1,248**	845
Decrease in trade and other receivables	**1,675**	4,837
(Decrease) / increase in trade and other payables	**(19,399)**	1,988
(Decrease) / increase in provisions	**(2,368)**	3,372
Net receipts / (payments) into pension scheme	**213**	(108)
	(3,937)	31,352
Tax paid	**(4,113)**	(2,969)
Net cash from operating activities	**(8,050)**	28,383
Cash flows from investing activities		
Acquisition of property plant, equipment and intangible assets	**(18,013)**	(10,322)
Proceeds from sale of property, plant and equipment	**-**	-
Net cash used in investment activities	**(18,013)**	(10,322)
Cash flows from financing activities		
Payment of lease liabilities	**(5,147)**	(5,371)
Interest received	**158**	343
Interest paid	**(1,739)**	(1,791)
Repayment of long term loans due within one year	**-**	(62)
Net cash generated from financing activities	**(6,728)**	(6,881)
Net (decrease) / increase in cash and cash equivalents	**(32,791)**	11,180
Cash and cash equivalents at 1 January	**63,644**	50,855
Effect of exchange rate fluctuations on cash held	**459**	1,609
Cash and cash equivalents at 31 December	**31,312**	63,644

The accompanying notes beginning on page 20 form an integral part of the financial statements.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Reconciliation of Group Net Debt

	2021	PIK Interest	Amortisation of costs	Cash movements	Changes in leases	Interest	Foreign Exchange	**2022**
	€000	€000	€000	€000	€000	€000	€000	**€000**
Cash	63,644	-	-	(32,791)	-	-	459	**31,312**
Short term receivables and prepayments	36,223	-	-	(1,675)	-	-	44	**34,592**
Secured loans	(169,034)	(20,709)	-	-	-	-	(5,079)	**(194,822)**
Issue Discount	2,229	-	(791)	-	-	-	-	**1,438**
Lease obligations	(39,633)	-	-	5,147	2,008	(3,332)	(711)	**(36,521)**
Short term payables	(68,470)	-	-	19,399	-		(128)	**(49,199)**
						-		
	(175,041)	(20,709)	(791)	(9,920)	2,008	(3,332)	(5,415)	**(213,200)**

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes
(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Reporting entity

Britax Group Limited is a private company limited by shares and domiciled in England. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The parent company financial statements present information about the company as a separate entity and not about its Group. The Group primarily is involved in the manufacture, design and distribution of children's car seats, wheeled goods and related accessories.

Basis of Preparation

Statement of compliance

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with FRS101 Reduced Disclosure Framework, these are presented on pages 70 to 78.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

Derivative financial instruments are measured at fair value:

The defined benefit asset is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company and the Group up to 31st December 2024 and considered the going concern assumption for the period to 31st May 2024, a period of at least 12 months from the date of signing the accounts. The Directors are not aware of any events after that date which would impact the going concern assumption. These considerations included the outlook of the global premium branded children's car seats and wheeled goods, the Group's liquidity position, ongoing support from the Group's equity shareholders by giving reassurance to the Directors, borrowing facilities and the risk mitigation options that are within the control of the Directors. Despite the background of higher inflation and the macro economic environment, our outlook for the global premium branded children's car seats and wheeled goods section is stable. Our financial outlook reflects a mature market, with innovation through new products providing the core stability and growth. If growth falls short of expectations, then earnings risk can be mitigated through a control of costs and capital investment to preserve liquidity.

The financial statements are prepared on a going concern basis. The Group has reported a loss before tax of €35,463,000 for the year to 31 December 2022 (2021: loss €21,271,000), has net current assets of €55,206,000 (2021: €66,782,000) and net liabilities of €47,772,000 (2021: net liabilities €13,353,000).

As of 31 December 2022, the Group had existing debt of €193,384,000 issued as part of the Group' restructuring in January 2020. The debt is repayable in 2024 and 2025 (note 18). The annual debt servicing requirements will average around €1.3m until maturity.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Going Concern *(continued)*

The Group's Senior Debt of €136.3m, which was implemented during the restructuring on 8th January 2020, consisted of the majority being held by the Group's equity shareholders. The debt has a maturity date of 31 March 2024, and the Group's majority equity shareholders have expressed their ongoing support by giving reassurance to the Directors that, to the extent required to ensure that the Group remains a going concern during the relevant going concern period, (i) they will extend, amend, or refinance their commitments (approximately 96.47% of the Senior Debt) before the maturity date and/or will not otherwise demand repayment of or withdraw their commitments before 1st June 2024 , and (ii) in the event of the Company's breach of the adjusted EBITDA covenant in the Facilities agreement, a waiver and/or amendment thereof.

Business Outlook and Sensitised Cash Flow Projection

The Directors have prepared base and sensitised projected cash flow information for the Group for the period ending 31st December 2024 and considered the going concern assumption for the period to 31st May 2024. The analysis represents the directors' reasonable estimate of the likely range of impacts on the revenue and profits of the business. When assessing going concern, the Directors evaluate whether the Group's cash on hand and cash generated by operations are sufficient to cover day-to-day working capital requirements and that there is no shortfall of liquidity during the going concern period.

The Group's results for 2022 were lower than 2021 which saw a rebound in revenue from the impact of COVID-19 in 2020. Increased costs and ocean container availability during 2022 presented challenges, although these were in part mitigated by increases in customer pricing along with general market trends, and reduced costs in the business through a more simplified company structure.

Whilst inflationary impacts continue, consumer demand for Britax products is strong and the Group remains fairly resilient as a global supplier of child safety products, which is a legal requirement in many countries, a valued product by consumers, and accessible through online channels.

Cash on hand as of 31 December 2022 was €31.3m versus a 31 December 2021 balance of €63.6m. The reduction was due to the lower profitability and increased working capital, together with an increase in investment for new products.

The base analysis assumes 2023 net sales of €310.8m, an increase of 6.6% from 2022, as the Group builds on sales of new products in the second half of the year, and experiences a full run rate from both operational savings completed in December 2022, and additional price increases during the previous year.

The key assumptions used for sensitised analysis were to eliminate revenue volume growth and to model a flat gross margin on the basis that the new product launches may be delayed, although recognising the run rate of operational savings from the initiatives completed in 2022. Under the sensitised analysis, EBITDA decreases by €3.7m in full year 2023 and €16m in full year 2024.

To offset the earnings impact from above sensitivities, the Directors are confident further costs can be reduced in other overhead costs and advertising and promotional spend (by using more strategic online capabilities), and further cuts to capital expenditure in the case of any further drop in net sales beyond the amounts assumed in the sensitised analysis.

In respect of the Senior Debt, the Directors have reassurances from the equity shareholders and based on these reassurances no material payments are or will be required in principal or interest through the period ending 31st May 2024. In respect of the junior debt, no material payments are required in principal or interest through the period ending 31st May 2024. In addition, the Group's majority equity shareholders have given assurances that, to the extent required to ensure that the Group remains a going concern during the relevant going concern period, they will extend, amend, or refinance their commitments (approximately 96.47% of the Senior Debt) before the maturity date and/or will not otherwise demand repayment of or withdraw their commitments before 1st June 2024. Based upon a review of the Group's and the Company's base and sensitised cash flow forecasts for the period ending 31st December 2024, the Directors expect that the Group and the Company have sufficient financial resources to cover the Group's and the Company's operational commitments during that period.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Going Concern *(continued)*

In the first quarter of 2023 sales performance was lower than forecast but profit performance is higher than forecast due to higher gross margin and control over SG&A spend. The Directors continue to monitor performance with plans to mitigate against future adverse impacts and expect the full year performance to remain as forecast.

Covenant: The Group anticipates it will meet all its financial covenants under the Senior and Junior debt facilities throughout the forecast period. Separately, the Group's majority equity shareholders (whose commitments as lenders account for approximately 96.47% of the debt under the Senior debt facilities) have given assurances that, to the extent required to ensure that the Group remains a going concern during the relevant period, they will, in the event of issues with compliance with the Group's Adjusted EBITDA covenant in the Senior debt facilities agreement, amend or issue a waiver thereof. There is no EBITDA covenant in the Junior debt facilities agreement.

Based upon a review of the Group's and the Company's base and sensitised cash flow forecasts for the period ending 31st December 2024, the Directors expect that the Group and the Company have sufficient financial resources to cover the Group's and the Company's operational commitments during that period.

Based on the above, the Directors expect that the Group and the Company will continue in operational existence for at least the next twelve months after the date of their approval of these financial statements. As a result, the Directors continue to adopt the assumption of going concern basis of accounting in preparing the Company's and the Group's financial statements for the year ended 31st December 2022.

Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand, except when otherwise indicated. The EUR:GBP exchange rates used are 0.884 (2021: 0.838) for the balance sheet, and 0.853 (2021: 0.860) for the statement of profit and loss.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains rising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities dominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. The 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantial play all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

At inception or on reassessment of a contract that contains a lease component, the Group allocates their consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal. If the group is reasonably certain to exercise an extension option, on penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the groups estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.
When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment'.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have the lease term of 12 months or less and leases of low-value assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Subsequent measurement and gains and losses

Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Derivative financial instruments and hedging

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as finance income or cost.

Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due, but that it may still be collectable.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligation are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Non-derivative financial liabilities

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the cash statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Freehold and long leasehold	50 years or the unexpired portions of the lease
Plant and equipment	3 to 10 years depending on asset type
Fixtures and fittings	5-10 years
Motor vehicles	4 years
Production tooling	Over the anticipated useful life of the product, not exceeding 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Goodwill

Initial measurement

Goodwill that arises on the acquisition of subsidiaries is presented in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Patents, trademarks and intellectual property	20 years or shorter if the Group's rights of use cover a shorter period
Computer software and development costs	3 to 5 years
New product development costs	Over the anticipated useful life of the product, not exceeding 8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Impairment – Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred.

Impairment – Non-financial assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises a pension surplus if it has an unconditional right to a refund of that surplus in accordance with IFRIC14.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share based payments

The Group provides benefits to selected employees (including Directors) of the Group in the form of awards of membership units in the Group's ultimate parent entity, Persimmon Midco LLC. These are equity-settled transactions, whereby employees render services in exchange for membership units. All grants of membership units are valued using a Monte Carlo model, with the fair value of each award being charged to the income statement over the vesting period of the share-based payment scheme with a corresponding increase in equity in the subsidiary companies which employ the recipients of the awards.

In the event of a recipient of an award leaving the Group, the costs previously charged to the income statement in respect of their award will be reversed.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties and guarantees

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical and anticipated warranty returns data and is reviewed regularly.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Employment related

A provision is recognised when employees have accrued benefits such as holiday pay or long service leave over a period of time.

Revenue

In accordance with IFRS15, the Group utilises the 5 step approach to recognition of revenue.

Identification of the contract with the customer

The Group assesses its contracts with customers to establish if the following conditions are met which make the contracts come under the scope of IFRS15.

- each party's rights in relation to the goods or services to be transferred can be identified
- the payment terms for the goods or services to be transferred can be identified
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

All these conditions are met in the Group's sale contracts, so they are within the scope of IFRS 15.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Revenue *(continued)*

Identification of the performance obligations in the contract

At the inception of the contract, the group assesses the goods or services that have been promised to the customer, and identify as a performance obligation:

- a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Group assesses whether the good or service is distinct if the following criteria are met:

- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The goods promised to the customer consist of physical products, each of which can be sold to and by the customer individually. The pattern of transfer is the same, other than the method of delivery, which is sometimes the responsibility of the Group (the promise is satisfied upon delivery to the customer), and sometimes the responsibility of the customer (the promise is satisfied upon collection by the customer). The goods are distinct because the customer can benefit from each good on its own, by selling it. Additionally the promise to transfer the goods to the customer is separately identifiable from other obligations in respect of delivery.

Determination of the transaction price

The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services.
Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.
Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.
Where revenue arising from licences of intellectual property. Such revenue is recognised only when the underlying sales or usage occur.

Allocation of the transaction price to the performance obligations in the contracts

The Group assesses each contract to learn whether a contract has multiple performance obligations. Each contract has a single performance obligation which is to hand over the goods to the customer, either by delivery or collection. Warranties given are in the nature of "assurance" warranties – the customer can not purchase a warranty separately and so they are treated in accordance with IAS37. There are no other performance obligations to which consideration could be allocated. Allowances are made for expected levels of returns. Invoices are raised when the goods change hands to the customer, payment terms vary by region and by customer but would typically be around 60-75 days. No significant financing arrangement exists.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Revenue *(continued)*

Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised as control is passed.
Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset; pledging the asset to secure a loan;
- and holding the asset.

Under its current contracts the Group satisfies its performance obligation at a point in time upon delivery to or collection by the customer. Revenue is therefore recognised when control is passed at that point in time. Factors that may indicate the point in time at which control passes include:

- the Group has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset;
- and the customer has accepted the asset.

Due to the "point in time" nature of the contracts for sales of goods, no asset or liability value for the sales of goods contracts need be recorded on the balance sheet. In respect of the royalty income contract, we are carrying the minimum royalty income for the remainder of the contract period as deferred income, as the full amount of minimum royalty for the contract period was paid in full before commencement of the contract period.

Finance income and finance costs

Finance income comprises interest income on funds, invested gains on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in Other Comprehensive Income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in Other Comprehensive Income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Tax

Tax expense comprises current and deferred tax, it is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies (continued)

Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Alternative performance measures (APM)

Management exercises judgement in determining adjustments to apply to IFRS measurements in order to derive suitable APMs which are used by management to provide addition useful information on the trends, performance and position of the company. These measures are used for performance analysis by the Board, are not defined by IFRS and not intended to be a substitute for IFRS measurements. They may not be directly comparable with other companies' APMs

Adjusted operating profit and EBITDA

Adjusted operating profit is a key measure used by management to monitor the underlying performance of the business and is calculated by removing the effects of non-recurring income and costs, exchange differences on external and intra group debt and amortisation of patents and trademarks from the operating profit shown on the profit and loss account.

Non-recurring items are those items of income and expenditure that by reference to the Group are material in size or unusual in nature or incidence, that in the judgement of the Directors, should be in the notes to the accounts to ensure both that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as non-recurring include, but are not limited to, gains on sales of property, debtor impairments relating to major customers and costs relating to relocation, recalls, restructuring, and redundancy costs.

Adjusted EBITDA is adjusted operating profit, adjusted for depreciation and amortisation charges, any impairments of intangible, owned or leased assets, and any profit or loss on disposal of those assets.

Details of adjusted operating profit and EBITDA are shown in note 2.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

Grant income and government assistance

Income arising from revenue-based grants or government assistance is accounted for in the period that the related costs are incurred.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The principal accounting estimates, assumptions and judgements employed in the preparation of these financial statements which could affect the carrying amounts of assets and liabilities at the balance sheet date are as follows:

Actuarial assumptions on pension obligations

In determining the valuation of the defined benefit pension deficit, certain assumptions about the scheme have been made, notably the expected return on assets, inflation, discount rates, mortality, salary increases and pension increases. The factors affecting these assumptions are largely outside the group's control (note 20).

Impairment of goodwill

The determination of whether goodwill should be impaired requires the estimation of future cash flows and growth factors adopted by each cash generating unit. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate. These factors are all affected by prevailing market and economic factors outside the group's control, in particular the economic and other impacts of COVID-19 and geopolitical events upon the Group's sales channels, the responses of national governments and their impact on the main economies in which the Group trades.

Deferred taxation assets in respect of losses

Deferred taxation assets have been estimated using the best information available, judgement was used over the recognition of assets relating to losses, and over future profitability in respect of the ability to utilise carried forward tax losses.

Capitalised new product development costs

Estimates of future sales and profitability of products are used to determine whether it is appropriate to impair the carrying value of capitalised new product development costs.

Share based payments - Management Incentive Plan

The value of membership units of the Group's ultimate parent entity is dependent upon a valuation of the equity issued. This includes estimates of future profits of the Group, an estimate of how many recipients of awards will leave the company and of the date when the equity awards may vest.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

Accounting policies *(continued)*

IFRSs adopted and mandatory

The Group has applied the following interpretations and amendments for the first time in these financial statements:

- Reference to Conceptual Framework – amendments to IFRS 3
- 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

The application of these new interpretations and amendments did not have a material impact on the financial statements.

IFRSs not yet applied

Certain new accounting standards and interpretations have been published that are not yet effective and have not been adopted by the Group.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

Forward exchange contracts and interest rate swaps

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

2 Alternative performance measures

Management consider the information in the table below to be useful:

	Note	**2022 €000**	2021 €000
Operating loss		**(8,408)**	(1,099)
Remove:-			
Non-recurring expenses	*4*	**3,567**	15,118
Operating expenses of parent undertaking		**96**	233
Exchange losses /(gains) on external and intra group debt	*5*	**3,807**	(4,482)
Share based payments expense	*27*	**1,586**	-
Amortisation of brand names	*12*	**133**	132
Adjusted operating profit		**781**	9,902

	Note	**2022 €000**	2021 €000
Adjusted operating profit		**781**	9,902
Depreciation of owned property, plant and equipment	*5*	**7,617**	6,956
Depreciation of leased property, plant and equipment	*5*	**3,551**	3,124
(Gain) / loss on disposal of property, plant and equipment		**(793)**	1,863
Amortisation of intangible assets (excluding brand names)	*12*	**7,201**	6,687
Adjusted EBITDA		**18,357**	28,532

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

3 Revenue from contracts with customers

All revenue relates to the sale of physical products from continuing operations, where products were transferred at a point in time.

Revenue analysed into primary geographical markets:

	2022	2021
	€000	€000
External revenue by destination		
United Kingdom	**5,983**	7,630
Europe	**109,801**	135,776
United States of America	**70,530**	76,245
Australia and Asia Pacific	**81,198**	77,348
Rest of the world	**15,476**	15,815
Consolidated revenue	**282,988**	312,814

The following receivables balances at the year end arose from contracts with customers.

	2022	2021
	€000	€000
Trade receivables	**23,960**	23,643

There are no contract assets or liabilities (*2021: none*).

4 Other expenses

	2022	2021
	€000	€000
Other expenses		
Costs of aborted refinancing	**620**	-
Business restructuring costs	**(85)**	8,356
Severance costs	**1,812**	1,445
Impairment of intangible assets	**-**	2,599
Settlement of legal claims	**1,126**	1,099
Disposal of assets	**-**	1,372
Others	**94**	247
Total other expenses	**3,567**	15,118

5 Expenses and auditor's remuneration

	2022	2021
	€000	€000
Operating (Loss) / Profit is stated after charging / (crediting)		
Amortisation of intangible assets	**7,334**	6,819
Depreciation and other amounts written off tangible fixed assets (all owned)	**7,617**	6,956
Depreciation and other amounts written off right-to-use assets	**3,551**	3,124
(Gain) / loss on disposal of fixed assets	**(793)**	6,501
Operating lease charges in respect of low value and short term leases:		
Plant and machinery	**128**	33
Land and buildings	**1**	10
Research and development expenditure	**5,914**	9,498
Foreign exchange losses / (gains)	**3,807**	(4,482)

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

5 Expenses and auditor's remuneration *(continued)*

	2022	2021
	€000	€000
Auditor's remuneration		
Audit of these financial statements	**326**	207
Audit of financial statements of subsidiaries pursuant to legislation	**601**	403
Tax compliance services	**62**	173
Tax advisory services	**-**	145
Accounts production	**2**	-

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2022	2021
	Number of employees	Number of employees
Production	**265**	376
Sales and distribution	**255**	284
Administration	**378**	370
	898	1,030

The aggregate payroll costs of these persons were as follows:

	2022	2021
	€000	€000
Wages and salaries	**49,999**	55,676
Share based payments	**1,586**	-
Social security costs	**7,352**	7,832
Other pension costs	**2,654**	2,666
	61,591	**66,174**

7 Finance income

	2022	2021
	€000	€000
Interest from related undertaking and cash balances	**158**	94
Gain upon repayment of springing debt	**-**	249
Net finance income on pension scheme surplus	**60**	82
Increase in fair value of interest rate and foreign currency swaps	**-**	2,326
Total finance income	**218**	2,751

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

8 Finance costs

	2022	2021
	€000	€000
Interest on financial liabilities	**22,189**	18,987
Interest charge on lease obligations	**3,332**	3,192
Amortisation of costs of raising debt finance	**791**	583
Finance cost on pension scheme deficit	**88**	73
Other finance costs	**348**	88
Reduction in fair value of interest rate and foreign currency swaps	**525**	-
Total finance cost	**27,273**	22,923

Finance costs capitalised as payment in kind (PIK) in the year were €20,709,000 *(2021: €17,541,000)* and are included in the debt balances in note 18.

9 Taxation

Recognised in the income statement

	2022	2021
	€000	€000
UK corporation tax		
Current tax credit /(expense)	**(147)**	(815)
Adjustments in respect of prior year	**2,159**	(1,446)
Total current tax credit / (expense)	**2,012**	(2,261)
Overseas tax		
Current tax expense	**(2,915)**	(3,318)
Adjustments in respect of prior year	**(150)**	2,431
Total overseas tax expense	**(3,065)**	(887)
Deferred taxation		
Current year expense	**(474)**	(699)
Adjustment in respect of prior year	**235**	(924)
Total deferred tax charge	**(239)**	(1,623)
Total tax expense	**(1,292)**	(4,771)

The rate of Corporation tax in the UK changed from 19% to 25% on 1 April 2023. Deferred tax balances relating to UK entities have been booked at 25% if they are expected to crystallise after the date of the change.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

9 Taxation *(continued)*

Tax recognised in other comprehensive income

	2022			2021		
	Before tax	**Tax**	**Net of tax**	Before tax	Tax	Net of tax
	€000	**€000**	**€000**	€000	€000	€000
Foreign exchange translation differences	**(411)**	**-**	**(411)**	(5,193)	-	(5,193)
Movements relating to defined benefit pension plans	**1,636**	**(475)**	**1,161**	(2,806)	301	(2,505)
	1,225	**(475)**	**750**	(7,999)	301	(7,698)

Reconciliation of effective tax rate

	2022	2021
	€000	€000
Total tax reconciliation		
(Loss) / profit before tax	**(35,463)**	(21,271)
Current tax at 19% *(2021: 19%)*	**6,738**	4,041
Effects of:		
Expenses not deductible for tax purposes	**(3,635)**	(5,084)
Other book to tax differences	**-**	(1,706)
Adjustment in respect of prior years	**2,009**	61
Losses utilised	**18**	869
Losses carried forward not recognised	**(6,584)**	(3,530)
Income not taxable	**121**	1,091
Amortisation of intangible assets not deductible	**-**	191
Group relief not paid for	**-**	(90)
Difference in overseas tax rates and bases	**41**	(673)
Other	**-**	59
Total tax expense	**(1,292)**	(4,771)

Unrecognised Deferred Tax Assets

At 31 December 2022, a deferred tax asset arising from losses amounting to approximately €11.6 million *(2021: €5 million)* has not been recognized as their use is uncertain. All such losses may be carried forward indefinitely.

Factors affecting the effective tax rate

The Group operates internationally and the effective tax rate is sensitive to the geographic mix of profits and losses. No tax credit has been taken in respect of losses arising in Germany, the UK and the USA as the use of such losses is uncertain. When profits arise in these territories in future years, the effective rate of tax will be nil while losses are being utilized and the Group's effective tax rate will be improved.

Expenses not deductible for tax purposes includes the effect of interest disallowances in the UK and non-deductible share scheme costs.

In the current year a favourable adjustment in respect of prior years has been recognized. This relates to increased certainty in relation to the UK filing position following agreement of past tax returns.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

10 Property, plant and equipment – Owned

	Land and buildings €000	Fixtures and fittings €000	Motor vehicles €000	Production tooling €000	Plant and equipment €000	Total €000
Cost or valuation						
At 1 January 2021	3,207	13,037	43	57,712	18,584	92,583
Additions	9	1,088	-	2,402	749	4,248
Disposals	(8)	(451)	-	(1,082)	(168)	(1,709)
Reclassifications	-	-	-	(64)	64	-
Effects of movements in foreign exchange	472	418	-	2,410	838	4,138
At 31 December 2021	3,680	14,092	43	61,378	20,067	99,260
At 1 January 2022	**3,680**	**14,092**	**43**	**61,378**	**20,067**	**99,260**
Additions	**20**	**553**	**-**	**8,851**	**1,433**	**10,857**
Disposals	**(56)**	**(2,234)**	**(9)**	**(533)**	**(609)**	**(3,441)**
Reclassifications	**41**	**(33)**	**-**	**(1,324)**	**(117)**	**(1,433)**
Effects of movements in foreign exchange	**(288)**	**89**	**-**	**1,196**	**322**	**1,319**
At 31 December 2022	**3,397**	**12,467**	**34**	**69,568**	**21,096**	**106,562**
Depreciation						
At 1 January 2021	(485)	(7,242)	(25)	(44,614)	(14,029)	(66,395)
Charge for the year	(138)	(1,054)	(4)	(4,595)	(1,165)	(6,956)
Disposals	8	431	-	737	154	1,330
Impairments	(2,565)	(267)	-	(61)	(271)	(3,164)
Effects of movements in foreign exchange	(332)	(360)	-	(2,055)	(729)	(3,476)
At 31 December 2021	(3,512)	(8,492)	(29)	(50,588)	(16,040)	(78,661)
At 1 January 2022	**(3,512)**	**(8,492)**	**(29)**	**(50,588)**	**(16,040)**	**(78,661)**
Charge for the year	**(147)**	**(1,139)**	**(6)**	**(4,738)**	**(1,587)**	**(7,617)**
Disposals	**50**	**2,234**	**9**	**-**	**476**	**2,769**
Reclassifications	**-**	**-**	**-**	**-**	**24**	**24**
Effects of movements in foreign exchange	**288**	**(81)**	**-**	**(1,021)**	**(277)**	**(1,091)**
At 31 December 2022	**(3,321)**	**(7,478)**	**(26)**	**(56,347)**	**(17,404)**	**(84,576)**
Net book value						
At 31 December 2021	168	5,600	14	10,790	4,027	20,599
At 31 December 2022	**76**	**4,989**	**8**	**13,221**	**3,692**	**21,986**

Impairments in 2021 relate to the UK manufacturing site which closed in 2022.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

11 Property, plant and equipment – Right to use

	Land and buildings €000	Fixtures and fittings €000	Motor vehicles €000	Plant and equipment €000	Total €000
Cost or valuation					
At 1 January 2021	41,728	257	1,366	28	43,379
Additions	441	-	309	-	750
Disposals	(237)	(18)	(340)	(22)	(617)
Effects of movements in foreign exchange	1,550	16	19	1	1,586
At 31 December 2021	43,482	255	1,354	7	45,098
At 1 January 2022	**43,482**	**255**	**1,354**	7	**45,098**
Additions	**6,068**	**142**	**219**	**-**	**6,429**
Additions - lease modifications	**6,701**	**-**	**-**	**-**	**6,701**
Disposals	**(547)**	**(57)**	**(389)**	**-**	**(993)**
Disposals – lease modifications	**(16,124)**	**-**	**-**	**-**	**(16,124)**
Effects of movements in foreign exchange	**732**	**(1)**	**(20)**	**-**	**711**
At 31 December 2022	**40,312**	**339**	**1,164**	7	**41,822**
Depreciation					
At 1 January 2021	(5,200)	(106)	(793)	(19)	(6,118)
Charge for the year	(2,686)	(66)	(367)	(5)	(3,124)
Disposals	164	18	307	22	511
Effects of movements in foreign exchange	(216)	(7)	(14)	(1)	(238)
At 31 December 2021	(7,938)	(161)	(867)	(3)	(8,969)
At 1 January 2022	**(7,938)**	**(161)**	**(867)**	**(3)**	**(8,969)**
Charge for the year	**(3,183)**	**(62)**	**(305)**	**(1)**	**(3,551)**
Disposals	**520**	**57**	**389**	**-**	**966**
Disposals – lease modifications	**3,001**	**-**	**-**	**-**	**3,001**
Effects of movements in foreign exchange	**(122)**	**3**	**18**	**-**	**(101)**
At 31 December 2022	**(7,722)**	**(163)**	**(765)**	**(4)**	**(8,654)**
Net book value					
At 31 December 2021	35,544	94	487	4	36,129
At 31 December 2022	**32,590**	**176**	**399**	**3**	**33,168**

Additions and disposals from lease modifications relates to the renegotiation of the lease of the US site. This has been accounted for as a disposal of the book value of the right-to-use asset, and a release of the related lease liability recorded under the previous lease terms. A gain of €1,986,000 has been recognised within administrative costs. Additions to right to use assets and lease liabilities have been booked in respect of the amended lease.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

12 Intangible fixed assets

	Goodwill	Patents, trade-marks and intellectual property	New product development costs	Computer software and development costs	Total
	€000	€000	€000	€000	€000
Cost or valuation					
At 1 January 2021	398,097	7,108	27,498	12,110	444,813
Additions	-	-	5,285	789	6,074
Disposals	-	-	(3,084)	(398)	(3,482)
Effects of movements in foreign exchange	16,432	549	268	744	17,993
At 31 December 2021	414,529	7,657	29,967	13,245	465,398
At 1 January 2022	**414,529**	**7,657**	**29,967**	**13,245**	**465,398**
Additions	**-**	**-**	**6,245**	**911**	**7,156**
Disposals	**-**	**-**	**(1,235)**	**(1,753)**	**(2,988)**
Reclassifications	**-**	**-**	**988**	**445**	**1,433**
Effects of movements in foreign exchange	**5,889**	**(401)**	**89**	**264**	**5,841**
At 31 December 2022	**420,418**	**7,256**	**36,054**	**13,112**	**476,840**
Amortisation and Impairments					
At 1 January 2021	(337,748)	(3,275)	(10,062)	(8,984)	(360,069)
Charge for the year	-	(132)	(5,367)	(1,320)	(6,819)
Disposals	-	-	618	-	618
Impairments	-	(2,599)	(102)	-	(2,701)
Effects of movements in foreign exchange	(15,624)	(324)	(93)	(694)	(16,735)
At 31 December 2021	(353,372)	(6,330)	(15,006)	(10,998)	(385,706)
At 1 January 2022	**(353,372)**	**(6,330)**	**(15,006)**	**(10,998)**	**(385,706)**
Charge for the year	**-**	**(133)**	**(5,836)**	**(1,365)**	**(7,334)**
Disposals	**-**	**-**	**712**	**1,752**	**2,464**
Reclassifications	**-**	**-**	**-**	**(24)**	**(24)**
Effects of movements in foreign exchange	**(6,151)**	**336**	**(66)**	**(267)**	**(6,148)**
At 31 December 2022	**(359,523)**	**(6,127)**	**(20,196)**	**(10,902)**	**(396,748)**
Net book value					
At 31 December 2021	61,157	1,327	14,961	2,247	79,692
At 31 December 2022	**60,895**	**1,129**	**15,858**	**2,210**	**80,092**

Amortisation costs are included within administrative expenses in the consolidated statement of profit and loss. Impairment of patents and trademarks in 2021 represents the reduction in carrying value of the BOB brand. The remaining 2021 impairments relate to the UK manufacturing site which closed in 2022.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

12 Intangible fixed assets *(continued)*

Intangible assets and goodwill

Impairment testing for cash generating units containing goodwill.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2022	2021
	€000	€000
Europe	**29,529**	29,529
Americas	**-**	-
Asia Pacific	**31,366**	31,628
	60,895	61,157

In each case, the impairment test was based on a calculation of cash flows based upon the Group's detailed five year strategic plans extrapolated using the long term growth rate for a further year at which point a terminal value was applied and discounted using a post-tax weighted average cost of capital on a value in use basis. The strategic plans are prepared taking into account past experience and the Group's overall strategic direction. The key assumptions applied in determining budgeted revenues are based on the CGUs' projected profile of new product launches and their estimates of the outlook for the respective economies. Budgeted costs are based upon the directors' past experience of the costs required to support those revenues. The long term growth rate of EBITDA is assumed to be 2.5% for the Europe CGU and 3.0% for Americas and Asia Pacific *(2021:Europe 2.5%, other CGUs 3.0%)* per year for the periods beyond the period covered by the strategic plan. The pre-tax discount rates used in the calculation were Europe 12.50%, Americas 13.10% and Asia Pacific 18.22%. The post tax discount rates were: Europe 12.50% (*2021:10.13%*), Americas 13.10% (*2021: 11.50%*), Asia Pacific 13.50% (*2021: 11.25%*). Based on this review, no impairments of goodwill were identified *(2021: none)*. The increase in the post-tax discount rate required to give rise to a potential impairment in the EMEA CGU is 1.13% and in the Asia Pacific CGU is 40.72%.

However, the Group did determine that there was a further impairment of other intangible assets in the USA CGU, but the amount of the impairment was not significant enough to require an adjustment to the carrying value of the assets. This impairment was largely due to forecasting less aggressive sales growth in the later years of the strategic plan period, and an increase in the post-tax discount rate from 11.5% in 2021 to 13.1% in 2022.

The Group is monitoring the value of its intangible assets on an ongoing basis and will continue to evaluate whether any further impairment is required.

Changes to the discount rate and discounted cash flows used in the model would have caused the following reductions in headroom. Only the changes in the Americas CGU may have led to a significant impairment in goodwill or other intangible assets in 2022. None would have caused any impairment in 2021.

	5% fall in cashflows 2022	**1% increase in post-tax discount rate 2022**	5% fall in cashflows 2021	1% increase in post-tax discount rate 2021
	€000	**€000**	€000	€000
Europe	**4,788**	**9,262**	6,340	15,807
Americas	**1,281**	**3,113**	2,274	6,012
Asia Pacific	**8,374**	**14,534**	9,429	21,217
	14,443	**23,796**	18,043	43,036

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

13 Inventories

	2022	2021
	€000	€000
Raw materials and consumables	**12,963**	11,391
Finished goods	**27,740**	29,831
	40,703	41,222

The value of inventory recognised as an expense during the year was €179,062,000 (*2021: €196,675,000*). Inventory written off during the year amounted to €1,239,000 (*2021: € 814,000*). No write-downs were reversed in 2022 or 2021.

14 Trade and other receivables

	2022	2021
	€000	€000
Trade receivables	**23,960**	23,643
Other receivables	**8,040**	9,150
	32,000	32,793

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 23.

15 Cash and cash equivalents

	2022	2021
	€000	€000
Cash	**31,312**	63,644
	31,312	63,644

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

16 Deferred tax

The elements of deferred tax assets/(liabilities) are as follows:

Movement in deferred tax balances during the previous year

	Balance at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange/ other	Balance at 31 December 2021
	€000	€000	€000	€000	€000
Property, plant and equipment	626	(631)	-	70	65
Timing differences	(2,688)	(557)	-	(107)	(3,352)
Derivatives	467	(696)	-	4	(225)
Employee benefits	1,068	(39)	301	(80)	1,250
Tax loss carry forwards	723	300	-	9	1,032
	196	(1,623)	301	(104)	(1,230)

Movement in deferred tax balances during the year

	Balance at 1 January 2022	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Foreign exchange/ other**	**Balance at 31 December 2022**
	€000	**€000**	**€000**	**€000**	**€000**
Property, plant and equipment	**65**	**(374)**	**-**	**(16)**	**(325)**
Timing differences	**(3,352)**	**(16)**	**-**	**(17)**	**(3,385)**
Derivatives	**(225)**	**158**	**-**	**(4)**	**(71)**
Employee benefits	**1,250**	**52**	**(475)**	**38**	**865**
Tax loss carry forwards	**1,032**	**(59)**	**-**	**(25)**	**948**
	(1,230)	**(239)**	**(475)**	**(24)**	**(1,968)**

17 Called up share capital

	2022	2021
	€000	€000
Allocated, called up and fully paid		
102,062,000 ordinary shares of €0.01 each	**1,021**	1,021

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

18 Loans and borrowings

	2022	2021
	€000	€000
Non current liabilities		
Secured loans	**193,384**	166,805
	193,384	166,805

Terms and repayment schedule

	Currency	**Nominal interest rate**	**2022 Year of maturity**	**€000**	Nominal interest rate	2021 Year of maturity	€000
A1 Senior loan from owners	EUR	**12%**	**2024**	**90,482**	12%	2024	81,081
A2 Senior loan from owners	USD	**12%**	**2024**	**32,884**	12%	2024	27,844
A3 Senior Loan from owners	USD	**12%**	**2024**	**12,902**	12%	2024	10,925
Junior Loan from owners	USD	**12%**	**2025**	**58,453**	12%	2025	49,089
Springing debt deed poll	USD	**0%**	**2030**	**101**	0%	2030	95
Unamortised costs of raising debt finance				**(1,438)**			(2,229)
				193,384			166,805

Interest payable on Senior loans A1 A2 and A3 is 1% payable in cash and 11% PIK. The interest on the Junior loan is 12% PIK, the Springing debt deed poll balance attracts no interest. None of the Group's current debt is linked to LIBOR.

Senior loans are due for repayment on 29th March 2024, the Junior loan is due on 29th March 2025.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

19 Leasing

Table of maturity of undiscounted cash flows

	2022	2021
	€000	€000
Less than one year	**3,923**	5,313
Between 1 and 5 years	**20,731**	17,629
After 5 years	**50,620**	65,090
Total undiscounted lease liabilities recognised at 31 December	**75,274**	88,032

Lease liabilities included in the statement of financial position

	2022	2021
	€000	€000
Current	**963**	2,173
Non-current	**35,558**	37,460
	36,521	39,633

Amounts recognised in profit and loss

	2022	2021
	€000	€000
Interest charge on lease obligations	**(3,332)**	(3,192)
Expenses relating to short term and low value leases	**(129)**	(43)

Amounts recognised in the statement of cash flows

	2022	2021
	€000	€000
Payment of lease liabilities	**(5,147)**	(5,371)

During the year the Company renegotiated the lease of its manufacturing site in the USA, giving a significant reduction in lease payments over a 3 year period ending in July 2025. The lease of the Group's site in Andover, UK was transferred to a third party in January 2023.

Real estate leases

The Group leases land and buildings for its office space and production and distribution facilities. The leases of production facilities are highly variable, and leases of offices are typically for three to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. One major lease provides for additional rent payments that are based on changes in local price indices. This amount is determined every three years.

Extension options

Some leases of office buildings contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The Group assesses at least commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)
Office and production buildings	35,912	-

Other leases

The Group leases vehicles and equipment, with lease terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases some IT equipment and vehicles with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right of use assets and lease liabilities for these leases. Costs relating to these leases are shown in note 5.

20 Employee benefits

UK Defined benefit schemes

In the UK, three closed defined benefit pension schemes (The Britax Childcare Limited Pension Fund, The Jessups Group of Companies Pension and Life Assurance Plan (1973) and the Lloyds Garage Pension Scheme) are managed under trust by Britax Childcare Pensions Trust Limited. The scheme assets are held and managed completely independently of the assets of the employer but are included within the accounts of either Britax Excelsior Limited or Britax Childcare Group Limited as those companies have ongoing responsibilities to fund the schemes. Full actuarial valuations of the Britax Childcare and Jessups schemes were conducted for the Trustee as at 31 March 2021 (Lloyd's Garage scheme as at 31st March 2018), and updated figures have been provided to the employer for the purposes of company accounting as at 31 December 2022. During 2021 the Group reduced its exposure to the risks of changes in actuarial assumptions because the Trustees purchased bulk annuity contracts to insure certain members of the schemes. For the Britax Childcare and Jessups schemes this represented a proportion of the liabilities. In 2022 the Trustees purchased bulk annuity contracts to insure all of the liabilities of the Lloyds Garage scheme. The main remaining economic risks relate to discount rate risk and inflation risk although experience could differ from that assumed in a number of areas including for demographic assumptions such as mortality. There are also expenses (including administrative costs and regulatory levies) and wider risks such as legislative and regulatory risks, which could affect the required level of funding into the scheme. During 2022 the Trustees actively monitored and managed the risks of all three schemes and liaised with the employer on the approach taken.

German Defined benefit scheme

In Germany, the group operates an unfunded defined benefit pension scheme. The Romer Kindersicherheit Plan was transferred into the Group as part of the acquisition. An actuarial valuation was carried out at 31 December 2022 by a qualified independent actuary.

	UK		**Germany**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
	€000	€000	**€000**	€000	**€000**	€000
Present value of defined benefit obligations	**(29,383)**	(47,271)	**(5,202)**	(7,363)	**(34,585)**	(54,634)
Fair value of plan assets	**31,832**	50,635	**-**	-	**31,832**	50,635
	2,449	3,364	**(5,202)**	(7,363)	**(2,753)**	(3,999)

The surplus on the UK schemes is shown within "non-current assets" on the consolidated balance sheet. The German scheme liability is shown within "non-current liabilities".

Following the purchase of bulk annuity contracts in the year, the assets and liabilities of the UK schemes in 2022 include €0 in respect of the Lloyds Garage scheme.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

20 Employee benefits *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2022 €000	2021 €000
Equities	**1,277**	8,637
Corporate bonds	**756**	2,388
Gilts	**8,767**	7,934
Other	**21,032**	31,676
	31,832	50,635
Actual return on plan assets	**(12,923)**	(3,757)

Movements in present value of defined benefit obligations

	UK		**Germany**		**Total**	
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
At beginning of year	**47,271**	46,488	**7,363**	7,916	**54,634**	54,404
Current service cost	**-**	-	**23**	27	**23**	27
Net return – other finance cost	**860**	623	**88**	73	**948**	696
Actuarial loss / (gain)	**(13,560)**	(1,386)	**(1,918)**	(270)	**(15,478)**	(1,656)
Benefits paid	**(2,299)**	(1,972)	**(354)**	(383)	**(2,653)**	(2,355)
Settlement of liabilities	**(989)**	-	**-**	-	**(989)**	
Exchange adjustments	**(1,900)**	3,518	**-**	-	**(1,900)**	3,518
At end of year	**29,383**	47,271	**5,202**	7,363	**34,585**	54,634

Movements in the fair value of plan assets

	UK		**Germany**		**Total**	
	2022 €000	2021 €000	**2022 €000**	2021 €000	**2022 €000**	2021 €000
At beginning of year	**50,635**	52,700	**-**	-	**50,635**	52,700
Employer contributions paid	**87**	-	**354**	383	**441**	383
Net return – other finance cost	**920**	705	**-**	-	**920**	705
Actuarial gain/(loss)	**(13,842)**	(4,462)	**-**	-	**(13,842)**	(4,462)
Benefits paid	**(2,299)**	(1,972)	**(354)**	(383)	**(2,653)**	(2,355)
Scheme expenses	**(632)**	(249)	**-**		**(632)**	(249)
Settlement of liabilities	**(989)**	-	**-**	-	**(989)**	-
Exchange adjustments	**(2,048)**	3,913	**-**	-	**(2,048)**	3,913
At end of year	**31,832**	50,635	**-**	-	**31,832**	50,635

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

20 Employee benefits *(continued)*

The income/(expense) is recognised in the following lines in the profit or loss:

	2022	2021
	€000	€000
Administrative expenses	**(655)**	(276)
Finance income	**60**	82
Finance costs	**(88)**	(73)
	(683)	(267)

The effect of changes in financial assumptions was to decrease the value of obligations by €16,531,000 *(2021: decrease €2,721,000)* The effect of change in demographic assumptions in 2022 was an decrease of €513,000 (*2021: increase €738,000)*. The effect of experience adjustments was a decrease of €1,566,000 *(2021: increase €327,000)*.

The expected contribution to the schemes in 2023 is €386,000. (*2021 expected payments in 2022:* €383,000)

Actuarial gains/(losses) and other movements recognised in other comprehensive income

	UK		**Germany**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
	€000	€000	**€000**	€000	**€000**	€000
At beginning of year	**303**	3,001	**(2,116)**	(2,309)	**(1,813)**	692
Recognised during the year (net of deferred tax)	**(212)**	(2,698)	**1,373**	193	**1,161**	(2,505)
At end of year	**91**	303	**(743)**	(2,116)	**(652)**	(1,813)

There have been no changes in methodology in the year.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	UK		**Germany**	
	2022	2021	**2022**	2021
	%	%	**%**	%
Weighted average assumptions to determine benefit obligations				
Discount rate	**4.70**	1.90	**4.14**	1.23
Rate of price inflation	**3.20**	4.00	**2.20**	2.00
Rate of pension increases before retirement	**2.93**	3.52	**2.20**	2.00
Rate of pension increases after retirement	**3.09**	3.27	**2.00**	2.00
Weighted average assumptions to determine net pension cost				
Discount rate	**4.70**	1.90	**1.23**	0.95
Rate of compensation increase	**-**	-	**2.50**	2.50
Rate of price inflation	**3.20**	4.00	**2.20**	2.00
Rate of pension increases	**-**	-	**2.00**	2.00

In valuing the liabilities of the pension fund at 31 December 2022, mortality assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

20 Employee benefits *(continued)*

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plans are as follows:

	UK		Germany	
	2022 Years	2021 Years	**2022 Years**	2021 Years
Longevity at age 65 for current pensioners				
Male	**21.8**	21.7	**22.3**	22.2
Female	**24.1**	24.1	**22.3**	22.2
Longevity at age 65 for current members age 45				
Male	**22.7**	22.7	**25.4**	25.3
Female	**25.3**	25.2	**25.4**	25.3

Sensitivity analysis

The following table gives an estimated value of the defined benefit obligation if the assumptions relating to discount rate and inflation were to be changed as follows:

	2022		
	UK €000	**Germany €000**	**Total €000**
Existing value of obligations	29,383	5,202	34,585
Discount rate – increase by 0.5%	27,914	4,954	32,868
– decrease by 0.5%	31,146	5,473	36,619
Inflation – increase by 0.5%	30,024	5,446	35,470
– decrease by 0.5%	28,601	4,975	33,576

21 Provisions

	Employment related €000	**Warranty/ guarantee €000**	**Restructuring costs €000**	**Legal Claims €000**	**Other €000**	**Total €000**
At beginning of year	636	1,721	2,617	1,148	227	6,349
Charged to profit and loss account	(3)	(462)	563	1,219	-	1,317
Cash paid	-	-	(2,520)	(1,030)	(92)	(3,642)
Non-cash utilisation	(43)	139	-	-	(139)	(43)
Exchange adjustment	(5)	10	(55)	64	5	19
At end of year	**585**	**1,408**	**605**	**1,401**	**1**	**4,000**

Employment related provisions are predominantly relating to long service leave and other employment benefits other than pensions. They are expected to fall due over a long period, mainly in excess of 5 years.

The restructuring costs provision is in respect of regional restructuring and will be fully utilised in 2023.

The legal claims provision relates to a claim which is expected to be settled in 2023.

Warranty and guarantee provisions are likely to be settled within a year.

Other provisions mainly relate to termination costs and are expected to be utilised within 1 year.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

22 Trade and other payables

	2022	2021
	€000	€000
Trade and other payables	**32,715**	39,907
Accruals	**16,484**	28,563
	49,199	68,470

23 Financial instruments

Financial risk management

Overview

The group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faces by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	€000	€000
Trade and other receivables	**32,000**	32,793
Cash and cash equivalents	**31,312**	63,644
Derivative assets	**238**	751
	63,550	97,188

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2022, approximately 15% *(2021: 17%)* of the Group's revenue was attributable to sales transactions with a single multinational customer. The Group's second biggest customer accounted for 14% *(2021: 12%)* of the Group's revenue. However, geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before each Group business' standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the regional President, these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

More than 85% of the Group's customers have been transacting with the Group for over four years, and only minimal impairment losses have been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether they are an independent or major multinational company, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are deemed as 'high risk' are placed on a restricted customer list and monitored by local management.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

Carrying amount

	2022	2021
	€000	€000
Europe	**8,122**	11,589
North America	**6,108**	5,732
Asia Pacific	**9,730**	6,322
	23,960	23,643

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Impairment losses

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was:

	Gross 2022 €000	**Impairment 2022 €000**	Gross 2021 €000	Impairment 2021 €000
Not past due	**20,363**	**(1,306)**	22,164	(948)
Past due 0-30 days	**4,238**	**(676)**	2,538	(119)
Past due 31-120 days	**1,470**	**(117)**	160	(158)
More than 120 days	**968**	**(980)**	1,412	(1,406)
	27,039	**(3,079)**	26,274	(2,631)

The movement in the allowances for impairment in respect of trade receivables during the year was as follows:

	Individual impairments €000	**Collective impairments €000**
At 1 January 2021	(1,429)	(1,126)
Impairment loss recognised	(159)	(363)
Amounts written off	(11)	457
At 31 December 2021	(1,599)	(1,032)
Impairment loss recognised	(1,173)	(26)
Amounts written off	501	92
At 31 December 2022	(2,271)	(966)

The Group believes that the unimpaired amounts that are past due by more than 60 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Amounts in the above table include all trade and other receivables at the reporting date that were not impaired. No trade and other receivables that were neither past due nor impaired are included in the higher risk category in the above table.

Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

These methods and assumptions have been consistently applied across both years.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Cash and cash equivalents

The Group held cash and cash equivalents of €31,312,000 at 31 December 2022, *(2021: €63,644,000)*, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA – based on rating agency ratings.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2022, no guarantees were outstanding *(2021: none)*.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Every week, each member of the Group submits a cash flow forecast which details the Group's cash position for the next 13 weeks. This is closely monitored by management and is used to identify possible funding requirements within this period. The Group ensures that any surplus cash is invested for periods that reflect its liquidity requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2022

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
	€000	€000	€000	€000	€000	€000
Non-derivative financial liabilities						
Secured loans	**194,822**	**234,053**	**1,311**	**156,501**	**76,140**	**101**
Trade payables	**49,199**	**49,199**	**49,199**	**-**	**-**	**-**
Forward exchange contracts used for hedging:						
(Inflow)	**(238)**	**(238)**	**(238)**	**-**	**-**	**-**
Outflow	**-**	**-**	**-**	**-**	**-**	**-**
	243,783	**283,014**	**50,272**	**156,501**	**76,140**	**101**

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

31 December 2021

	Carrying amount €000	Contractual cash flows €000	Within 1 year €000	1 to 2 years €000	2 to 5 years €000	More than 5 years €000
Non-derivative financial liabilities						
Secured loans	169,034	227,590	939	1,075	225,576	-
Trade payables	68,470	68,470	68,470	-	-	-
Forward exchange contracts used for hedging:						
(Inflow)	-	-	-	-	-	-
Outflow	(751)	(751)	(751)	-	-	-
	236,753	295,309	68,658	1,075	225,576	-

The gross (inflows)/outflows disclosed in the previous table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement, e.g. forward exchange contracts.

As disclosed in note 18, the Group has a secured bank loan which contains a debt covenant together with additional administrative covenants including some related to the audited financial statements. A breach of covenant may require the Group to repay the loan earlier than indicated in the above tables.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys derivatives in order to manage market risks.

The Group does not apply hedge accounting.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Currency risk

The Group is exposed to currency risk on the following transactions:-

- Sales and purchases by a Group company in a currency other than its functional currency.
- Flows arising from the servicing of the Group's debt under the terms of its Syndicated Facility Agreement.

The Group's policy in respect of its transactional currency risk is that a Group company must hedge at least 80% of the foreign currency exposures arising from sales and purchases in the following 3 months, unless otherwise agreed. The Group uses forward foreign exchange contracts to hedge its currency risk. None of the forward foreign exchange contracts in place at 31 December 2022 had a duration of more than 6 months.

Currency risk relating to the servicing of the Syndicated Facility Agreement is no longer hedged.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currency at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

31 December 2022

	USD €000	**GBP** €000	**AUD** €000	**Others** €000	**Total** €000
Trade receivables	**6,108**	**344**	**7,449**	**4,080**	**17,981**
Secured loans	**(104,340)**	**-**	**-**	**-**	**(104,340)**
Trade payables	**(20,734)**	**(1,273)**	**(1,321)**	**(832)**	**(24,160)**
Net statement of financial position exposure	**(118,966)**	**(929)**	**6,128**	**3,248**	**(110,519)**

31 December 2021

	USD €000	**GBP** €000	**AUD** €000	**Others** €000	**Total** €000
Trade receivables	5,732	325	5,717	3,004	14,778
Secured loans	(87,954)	-	-	-	(87,954)
Trade payables	(27,200)	(2,141)	(1,382)	(627)	(31,350)
Net statement of financial position exposure	(109,422)	(1,816)	4,335	2,377	(104,526)

Interest rate risk

As at 31 December 2022 all of the interest payable by the Group is payable on a fixed rate basis, so there is no interest rate risk.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	**2022**	2021
USD	**1.054**	1.183	**1.070**	1.133
GBP	**0.853**	0.860	**0.884**	0.838
AUD	**1.517**	1.575	**1.571**	1.558
SEK	**10.627**	10.147	**11.158**	10.239
HKD	**8.256**	9.195	**8.362**	8.832

Sensitivity analysis

A strengthening/(weakening) of the euro, as indicated below, against the USD, GBP and AUD at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2021.

31 December 2022

	Strengthening		**Weakening**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
	€000	**€000**	**€000**	**€000**
USD (5% movement)	**3,896**	**287**	**(4,306)**	**(317)**
GBP (5% movement)	**(2,565)**	**(212)**	**2,836**	**234**
AUD (5% movement)	**(2,147)**	**685**	**2,372**	**(757)**

31 December 2021

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
	€000	€000	€000	€000
USD (5% movement)	3,520	780	(3,890)	(862)
GBP (5% movement)	(201)	(2,682)	223	2,964
AUD (5% movement)	(2,085)	480	2,305	(530)

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2022 there were no variable rate instruments (2021: nil).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitor the return on capital to ordinary shareholders

	2022	2021
	€000	€000
Total liabilities	**296,079**	299,678
Less: Cash and cash equivalents	**(31,312)**	(63,644)
Net debt	**264,767**	236,034
Total equity	**(47,772)**	(13,353)
Less: Amounts accumulated in equity related to derivatives	**(238)**	(751)
Adjusted equity	**(48,010)**	(14,104)

There were no changes in the Group's approach to capital management during the year.

The net debt to adjusted equity ratio has not been calculated as it would not provide useful information and would distort the financial information being presented.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Net debt to adjusted equity ratio Notes *(continued)*

23 Financial instruments *(continued)*

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

31 December 2022

	Fair value - hedging instruments €000	**Amortised Cost €000**	**Other financial liabilities €000**	**Total carrying amount €000**	**Fair value €000**
Cash and cash equivalents	**-**	**31,312**	**-**	**31,312**	**31,312**
Trade and other receivables	**-**	**32,000**	**-**	**32,000**	**32,000**
Cross currency swaps used for hedging	**-**	**-**	**-**	**-**	**-**
Forward exchange contracts used for hedging	**238**	**-**	**-**	**238**	**238**
	238	**63,312**	**-**	**63,550**	**63,550**
Secured loans	**-**	**-**	**(194,822)**	**(194,822)**	**(194,822)**
Leasing liabilities	**-**	**-**	**(36,521)**	**(36,521)**	**(36,521)**
Trade and other payables	**-**	**-**	**(49,199)**	**(49,199)**	**(49,199)**
Forward exchange contracts used for hedging	**-**	**-**	**-**	**-**	**-**
	-	**-**	**(280,542)**	**(280,542)**	**(280,542)**

31 December 2021

	Fair value - hedging instruments €000	**Amortised Cost €000**	**Other financial liabilities €000**	**Total carrying amount €000**	**Fair value €000**
Cash and cash equivalents	-	63,644	-	63,644	63,644
Trade and other receivables	-	32,793	-	32,793	32,793
Cross currency swaps used for hedging	-	-	-	-	-
Forward exchange contracts used for hedging	751	-	-	751	751
	751	96,437	-	97,188	97,188
Secured bank loans	-	-	(169,034)	(169,034)	(169,034)
Leasing liabilities	-	-	(39,633)	(39,633)	(39,633)
Trade and other payables	-	-	(68,470)	(68,470)	(68,470)
Forward exchange contracts used for hedging	-	-	-	-	-
	-	-	(277,137)	(277,137)	(277,137)

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an appropriate credit spread, and were as follows:

	2022 %	2021 %
Loans and borrowings	Fixed rate 12.0	Fixed rate 12.0

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

23 Financial instruments *(continued)*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2	
	2022	2021
	€000	€000
Forward exchange contracts used for hedging - assets	**238**	751
Forward exchange contracts used for hedging – liabilities	**-**	-
	238	751

24 Capital commitments

Capital commitments outstanding at 31 December 2022 were €2,507,000 *(2021: €Nil)*.

25 Lease commitments

The Group anticipates making the following payments under operating leases:

	Plant and machinery		Land and buildings	
	2022	2021	**2022**	2021
	€000	€000	**€000**	€000
Within one year	**458**	284	**3,646**	4,991
Between one and two years	**246**	176	**3,481**	3,451
Between two and five years	**154**	113	**8,938**	7,335
After five years	**-**	-	**42,213**	43,386
	858	573	**58,278**	59,163

26 Contingent liabilities

At the balance sheet date the Group had a number of subsidiaries which were jointly and severally liable for guaranteeing the Group's senior and junior secured loans as set out in note 18.

At the balance sheet date a number of subsidiaries were party to a cross guarantee and debenture in favour of Alter Domus dated 8 January 2020.

The Group is from time to time involved in litigation and claims related to its products where the existence of obligations will only be confirmed by uncertain events not wholly within the control of the Group and therefore for which contingent liabilities exist. Where an outflow is probable a provision is recognised.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

27 Related parties

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers and contributes to defined contribution pension plans on their behalf. Key management personnel include the Group Chief Executive, Chief Financial Officer and the regional managing directors who together have responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised the following:

	2022	2021
	€000	€000
Key management emoluments	**2,488**	2,600
Compensation for loss of office	**241**	-
Share based payments	**1,461**	-
Company contributions to money purchase pension plans	**81**	76
	4,271	2,676

Directors' emoluments were paid by Britax Childcare Group Limited, a wholly owned subsidiary of the company. The aggregate of emoluments of the highest paid executive officer was €1,137,000 *(2021: €610,000)* including share based payments of €638,000 (*2021: nil*) and company pension contributions of €18,000 *(2021: €15,000)* made to a money purchase scheme on their behalf. Their emoluments included €nil in respect of compensation for loss of office. The number of executive officers for whom retirement benefits are accrued under money purchase schemes amounted to six *(2021: five)*.

Share Based Payments - Management Incentive Plan

In December 2021 a total of 8,220 non-voting membership units (representing 7.39% of the total units issued) in Persimmon Midco LLC were issued unconditionally and without consideration to key management personnel, and a further 935 (0.84%) units to other personnel. The total value of these units was €8,402,000. The valuation was prepared as at 31 December 2021 using an enterprise value of €305,000,000, an estimated exit date of December 2025, volatility of 40% and an employee exit rate of 5% per year. A Monte Carlo model was used in the valuation and run over 10,000 iterations.

The amount chargeable to profit and loss under IFRS2 was immaterial in 2021. In 2022 due to personnel leaving the Group 1,998 membership units were repurchased and cancelled for a nominal amount. One key person acquired a further 1,250 units in a transaction outside the scope of the management incentive plan plan as those units are not subject to the terms and conditions of the plan. At 31 December 2022 key management personnel own 7,769 units (7.11%) and other staff own 638 units (0.58%). Based on the membership units in issue at 31 December 2022, total costs expected to be expensed over the next three years total €4,536,000. The amount expensed in 2022 was €1,586,000.

Key management personnel transactions

At the balance sheet date the executive officers control 0.00% *(2021: 0.0%)* of the voting shares of the company.

At 31 December 2022 and 2021, there were no balances existed between the Group and its immediate and ultimate parent companies, Persimmon Midco LLC and Persimmon Newco LLC.

There are no bad or doubtful debts in respect of balances or transactions with the above entities and no balances have been written off in the year.

The Group deals with cash payments and receipts in respect of professional fees on behalf of Persimmon Newco LLC.

28 Post balance sheet events

In January 2023 the Group completed the assignment of the lease of its Andover, UK site to a third party. The Group expects to recognise a gain of approximately €4.2m.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

29 Group entities

Complete list of subsidiaries

Company	Principal place of business/ Registered office address	Registered number	Activity	Class of shares held	Ownership 2022	Ownership 2021
Aus Newco 1 PTY Limited	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	639 953 138	Dormant	Ordinary	**100**	100
Aus Newco 2 PTY Limited	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	639 957 109	Dormant	Ordinary	**100**	100
Britax Australia Holdings PTY Limited	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	147 910 549	Holding	Ordinary	**100**	100
Britax Child Safety Limited	Building A, Riverside Way, Watchmoor Park, Camberley, Surrey, GU15 3YL, United Kingdom	00261123	Dormant	Ordinary	**100**	100
Britax Child Safety Ltd	44 Chipman Hill, Suite 1000, P.O. Box Station "A", Saint John NB E2L 4S6, Canada	506797	Selling	Ordinary	**100**	100
Britax Child Safety, Inc.	4140 Pleasant Rd., Fort Mill SC 29708, United States	621625175	Design, Manufacture, sales	Ordinary	**100**	100
Britax Childcare (Zhongshan) Company Limited	Second Floor (Building 6), City Construction & Industrial Village Multi-function Building, East Jucheng Road, Xiaolan, Zhongshan, China	442000400023219	Selling, testing, quality	Ordinary	**100**	100
Britax Childcare German Holdings GmbH	Theodor-Heuss-Str. 9, 89340, Leipheim, Bavaria , Germany	HRB 17032	Holding	Ordinary	**100**	100
Britax Childcare Group Limited	Building A, Riverside Way, Watchmoor Park, Camberley, Surrey, GU15 3YL, United Kingdom	04940417	Admin-istration	Ordinary	**100**	100
Britax Childcare Holdings Limited	Building A, Riverside Way, Watchmoor Park, Camberley, Surrey, GU15 3YL, United Kingdom	05545515	Admin-istration	Ordinary	**100**	100
Britax Childcare Hong Kong Limited	Unit B, 11th Floor, Continental Electric Building, 17 Wang Chiu Road, Kowloon Bay, Hong Kong, SAR	810882	Selling, sourcing	Ordinary	**100**	100

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

29 Group entities (continued)

Complete list of subsidiaries (continued)

Company	Principal place of business/ Registered office address	Registered number	Activity	Class of shares held	Ownership 2022	Ownership 2021
Britax Childcare Investments Limited	Building A, Riverside Way, Watchmoor Park,Camberley, Surrey,GU153YL, United Kingdom	00759349	Holding	Ordinary	**100**	100
Britax Childcare Limited	Building A, Riverside Way, Watchmoor Park, Camberley, Surrey, GU153YL, United Kingdom	03929808	Holding	Ordinary	**100**	100
Britax Childcare Pensions Trust Limited	Building A, Riverside Way, Watchmoor Park,Camberley, Surrey, GU15 3YL, United Kingdom	05796904	Administration	Ordinary	**100**	100
Britax Childcare Pty. Ltd.	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	ACN006773600	Design, sales	Ordinary	**100**	100
Britax Do Brasil Administração E Participações LTDA	Rua Cardoso de Melo, 1.308, 6º Andar CEP 04548-004, São Paulo, SP, Brazil	35.228.181.461	Dormant	Ordinary	**100**	100
Britax Excelsior Limited	Building A, Riverside Way, Watchmoor Park,Camberley, Surrey, GU15 3YL, United Kingdom	00294545	Sales, manufacturing	Ordinary	100	100
Britax International Holdings Limited	Building A, Riverside Way, Watchmoor Park, Camberley, Surrey, GU15 3YL, United Kingdom	01082250	Holding	Ordinary	**100**	100
Britax Limited	Building A, Riverside Way, Watchmoor Park,Camberley, Surrey, GU15 3YL, United Kingdom	00361829	Dormant	Ordinary	**100**	100
Britax Childcare NZ Limited	Britax Childcare, NZ Britax Childcare NZ LTD, 101 Diana Drive, Glenfield, New Zealand	AK384777	Selling	Ordinary	**100**	100
Britax Nordiska Barn AB	Jörgen Kocksgatan 4,4:th floor, 21120 Malmö, Sweden	556356-9465	Selling	Ordinary	**100**	100
Britax Norway AS	PO Box 34, Rolvsøy,1662,Norway	915 840 469	Selling	Ordinary	**100**	100
Britax Pohjolan Lapset Oy	Kauppakartanonkatu 15 D, 00930 Helsinki, Finland	0860491-7	Selling	Ordinary	**100**	100

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

29 Group entities (continued)

Complete list of subsidiaries (continued)

Company	Principal place of business/ Registered office address	Registered number	Activity	Class of shares held	Ownership 2022	Ownership 2021
Britax Puériculture SARL	Espace European de l'Entreprise, 11 avenue de l'Europe, 67300, Schiltigheim, France	382 816 239	Selling	Ordinary	**100**	100
Britax Römer Kindersicherheit GmbH	Theodor-Heuss-Str. 9, 89340, Leipheim Bavaria, Germany	HRB 17004	Sales, design manufacturing	Ordinary	**100**	100
Britax Sp z.o.o.	Psarskie, Ul. Bzowa 27, 63-100 Srem, Wielkopolskie, Poland	0000417772	Selling	Ordinary	**100**	100
Britax US Holdings Inc	4140 Pleasant Rd., Fort Mill SC 29708, United States	45-101-5826	Holding company	Ordinary	**100**	100
CC4 (2011) Limited	Building A, Riverside Way, Camberley, Surrey GU15 3YL, United Kingdom	07435743	Holding company	Ordinary	**100**	100
Child Safety and Mobility De Mexico, S. De R.L. DE C.V.	Tabasco No. 304 Roma Sur Cuauhtemoc D.F. 06760, Mexico	CSM130205AW6	Dormant	Ordinary	**100**	100
Next Generation Nursery Products Pty Limited	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	ACN 113 490 949	Dormant	Ordinary	**100**	100
Nursery Elegance Pty Limited	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	122 443 387	Dormant	Ordinary	**100**	100
P.T. Britax Indonesia	JL Jend. Sudirman Kav 27, GD Bank Bali TO WER LT 6, Karet – Setiabudi, Jakarta Selatan, 12920, Indonesia	003045-0522	Dormant	Ordinary	**100**	100
Safe-N-Sound Pty. Ltd.	Level 4 650 Lorimer Street Port Melbourne VIC 3207 Australia	ACN 000 646 926	Dormant	Ordinary	**100**	100

The above companies are included in these consolidated financial statements.

30 Ultimate and immediate parent companies

The immediate parent undertaking is Persimmon Newco LLC. The ultimate controlling entity is Persimmon Midco LLC, an entity controlled by the lenders, with the majority interest held by Avenue Capital .

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Company balance sheet
at 31 December 2022

	Note	**2022 €000**	**2022 €000**	2021 €000	2021 €000
Fixed assets					
Investments	*32*		**-**		-
Current assets					
Debtors	*33*		**96,825**		94,453
Total assets			**96,825**		94,453
Creditors: Amounts falling due within one year	*34*		**135,092**		118,472
Total liabilities			**135,092**		118,472
Capital and reserves					
Called up share capital	*35*		**1,021**		1,021
Share premium			**305,503**		305,503
Retained earnings brought forward		**(330,543)**		(316,801)	
(Loss)/profit for the year		**(14,248)**		(13,742)	
Retained earnings			**(344,791)**		(330,543)
Equity shareholders' funds			**(38,267)**		(24,019)
Total equity and liabilities			**96,825**		94,453

The accompanying notes beginning on page 72 form an integral part of the financial statements

In accordance with the concession granted under Section 408 of the Companies Act 2006, the profit and loss account of Britax Group Limited has not been separately presented.

These financial statements were approved by the board of directors on 19th May 2023 and signed on its behalf by:

M Pacharis
Director

Company number 07467954

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Company statement of change in equity
for the year ended 31 December 2022

	Share capital €000	Share premium €000	Retained earnings €000	Total equity €000
At 1 January 2021	1,021	305,503	(316,801)	(10,277)
Total comprehensive income/expense for the year				
Loss for the year	-	-	(13,742)	(13,742)
At 31 December 2021	1,021	305,503	(330,543)	(24,019)
At 1 January 2022	1,021	305,503	(330,543)	(24,019)
Total comprehensive income/expense for the year				
Loss for the year	-	-	(14,248)	(14,248)
At 31 December 2022	**1,021**	**305,503**	**(344,791)**	**(38,267)**

The accompanying notes beginning on page 72 form an integral part of the financial statements

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes

31 Company accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

Reporting Entity

Britax Group Limited is a company domiciled in England and Wales.

Basis of measurement

The financial statements are prepared under historical cost accounting rules and in accordance with applicable accounting standards.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Going concern

Please refer to note 1 on page 20.

Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand, except where otherwise indicated.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

31 Company accounting policies *(continued)*

Investments in Subsidiaries

The company assesses investments for impairment whenever changes in circumstances indicate that the carrying value of an investment may not be recoverable. An impairment loss is recognised immediately in the profit and loss account.

Non-derivative financial instruments

(i) Recognition and initial measurement

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors and trade and other creditors. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially valued at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

31 Accounting policies *(continued)*

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Non-derivative financial assets and liabilities

The Group initially recognises both receivables and payables on the trade date which is the date that the Group becomes party to the contractual provisions of the instrument. The Group de-recognises a financial asset or liability when its contractual obligation is discharged, cancelled or expired.

Taxation

The credit (or charge) for taxation is current tax, recognised in profit or loss. Current tax is the expected tax receivable on the taxable loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax in respect of previous years.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

32 Investment in subsidiary

	Shares in group undertakings €000
Cost	
At beginning and end of year	306,524
Impairments	
At beginning and end of the year	(306,524)
Net book value	-
At 31 December 2022 and 31 December 2021	

Shares in Group undertakings are as follows:

		Class of shares held	Proportion of nominal value represented %	Proportion of voting rights held %	Country of incorporation and operation
Held directly by the company					
CC4 (2011) Limited		Ordinary	100	100	England and Wales

All subsidiaries held indirectly are disclosed on page 67 to 69.

33 Debtors

	2022 €000	2021 €000
Amounts due from group undertakings	**96,825**	94,450
Sales taxes recoverable	**-**	3
	96,825	94,453

The amount due from Group undertakings is repayable on demand. Interest is charged at 4.50%.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

34 Creditors: Amounts falling due within one year

	2022	2021
	€000	€000
Amount owed to subsidiary undertaking	**134,874**	117,621
Tax payable	**-**	213
Accruals	**218**	288
Other creditors	**-**	350
	135,092	118,472

The amount owed to subsidiary undertakings is repayable on demand and interest is payable at 12.00%.

35 Called up share capital

Allocated, called up and fully paid

	2022	2021
	€000	€000
102,062,000 ordinary shares of €0.01 each	**1,021**	1,021

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

36 Related parties

Parent and ultimate controlling party

The immediate parent undertaking is Persimmon Newco LLC. The ultimate controlling entity is Persimmon Midco LLC, an entity controlled by the lenders, with the majority interest held by Avenue Capital .

Remuneration of directors

Directors' emoluments comprised the following:

	2022	2021
	€000	€000
Directors' emoluments	**657**	777
Share based payments	**957**	-
Company contributions to money purchase schemes	**18**	5
	1,632	782

Directors' emoluments were paid by Britax Childcare Group Limited, a wholly owned subsidiary of the company. The aggregate of emoluments of the highest paid director was €1,137,000 *(2021: €438,000)* including share based payments of €638,000 (*2021: nil*) and company pension contributions of €18,000 *(2021: €5,000)* made to a money purchase scheme on their behalf. The number of directors for whom retirement benefits were accruing under money purchase schemes amounted to one *(2021: one)*. Other key management personnel are remunerated through other group entities, details are disclosed in note 27.

Share Based Payments - Management Incentive Plan

In December 2021 a total of 4,251 non-voting membership units (representing 3.82% of the total) in Persimmon Midco LLC were issued unconditionally and without consideration to the directors of the Company, and a further 4,904 (4.41%) units to other key Group personnel. The total value of these units was €8,402,000. The valuation was prepared as at 31 December 2021 using an enterprise value of €305,000,000, an estimated exit date of December 2025, volatility of 40% and an employee exit rate of 5% per year. A Monte Carlo model was used in the valuation and run over 10,000 iterations.

The amount chargeable to profit and loss under IFRS2 was immaterial in 2021. In 2022 due to other personnel leaving the Group 1,998 membership units were repurchased and cancelled for a nominal amount. One director acquired a further 1,250 units in a transaction outside the scope of the management incentive plan as those units are not subject to the terms and conditions of the plan. At 31 December 2022 the directors own 5,501 units (5.04%) and other key Group personnel own 2,906 units (2.66%). Based on the membership units in issue at 31 December 2022, total costs expected to be expensed across the Group over the next three years total €4,536,000. The amount expensed in 2022 was €1,586,000.

Key management personnel transactions

At the balance sheet date the Directors control 0.0% *(2021: 0.0%)* of the voting shares of the company's ultimate parent undertaking, Persimmon Midco LLC.

At 31 December 2022, no balances existed between the Company and its immediate and ultimate parent companies.

37 Contingent liabilities

At the balance sheet date the company was jointly and severally liable for guaranteeing the Group's senior and junior secured loans as set out in note 18. The company was party to a cross guarantee and debenture in favour of Alter Domus dated 8 January 2020.

DocuSign Envelope ID: 731AC183-CFB5-41D4-A8EF-E2C9C8432986

Notes *(continued)*

38 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key use of estimates and judgements is in respect of the recoverability of investments in subsidiary undertakings. The group assesses the carrying values of investments annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of investments cannot be recovered, the unrecoverable amounts are charged to the income statement. Recoverability is dependent upon assumptions and judgements regarding discount rates, future cash flows and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.