BELYSSE™

2022 Annual Report

LSF9 Belysse Issuer S.à r.l.
Senior Secured Notes due 2024
Annual Report ended 31 December, 2022

Registered office
15, Boulevard Friedrich Wilhelm Raiffeisen
L-2411 Luxembourg
R.C.S. Luxembourg: B 198084

itc modulyss arc edition BENTLEY

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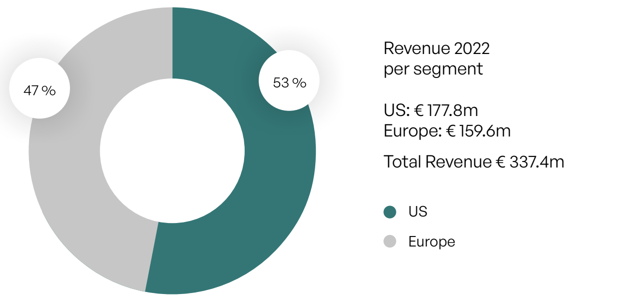
The group at a glance

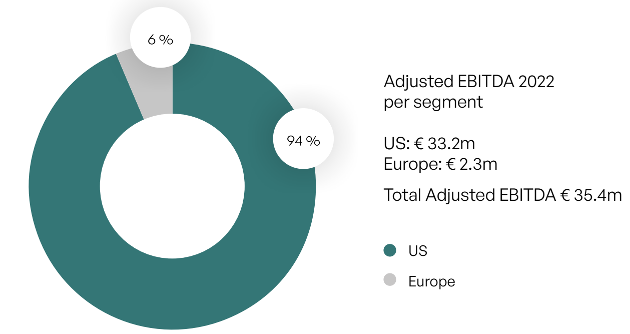
Belysse group is a leading producer of textile floor coverings with a strong legacy in soft flooring. We create, develop and produce sustainable flooring solutions for commercial and residential applications across the globe. Under premium brands ITC, modulyss, arc edition and Bentley.

Representing a consolidated revenue of €337m focusing 90% on North-America and Europe under the premium brands Bentley (US), modulyss, arc edition and ITC (Europe). Belysse employs nearly 1300 people and operates three manufacturing sites in Belgium (Tielt and Zele) and the United States (Los Angeles).

In 2022 the Balta brand was sold to Victoria PLC, together with Rugs, Residential polypropylene and Non-Woven businesses. From then on, the group's main focus lies on developing its commercial and premium residential businesses in Europe and the US, under mother brand Belysse.

Belysse's history spans almost 6 decades. Sixty years of textile innovation, filled with important milestones. From product launches to important corporate evolutions.





Segments

Europe	United States
arc edition modulyss itc	BENTLEY

Segments

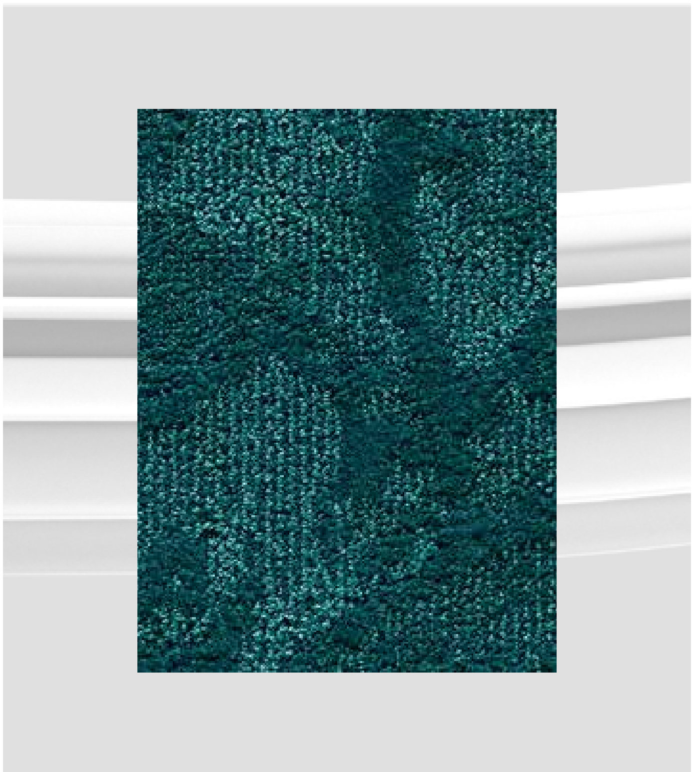
Europe

modulyss®

modulyss® delivers the highest quality to the most discerning clients: since 2010, they have been designing and manufacturing carpet tiles for the international, commercial market. Always pushing forward and with an eye for creativity, functionality and sustainability. The result? Modular flooring that matches the distinctive character of a space.

itc

Inspiring, comfortable and sustainable flooring solutions? Look no further! ITC has the perfect product for any residential application. Tufted broadloom carpets and tufted carpet tiles that turn any space into a beautiful and comfortable haven. The softest way to go.



Segments

arc edition

arc edition transforms rooms worldwide. Whether they have been designed for hospitality, leisure or office, arc edition's wall-to-wall carpet flooring solutions combine passion, creativity and technical know-how. Custom-made solutions that fit your requirements, whatever they may be.

United States

BENTLEY

California-based Bentley Mills Inc. has been at the forefront of carpet design for over 40 years. Their broadloom, carpet tile and area rug products can be found in the most stylish interiors across the globe. Timeless. Luxurious. And sustainable. Because Bentley Mills Inc. takes its social responsibility to heart, earning them top-industry certifications such as the Cradle to Cradle and NSF® 140.

Belysse Group in numbers

Financial

€337.4m
REVENUE 2022

Adjusted EBITDA Margin	Adjusted EBITDA
10,5%	€35.4m

Renewable energy

18,269
Solar panels on our roofs in Belgium

= 3.87GWh/year
= Solar energy consumed in 2022

-294 tonnes
CO_2 emissions/year avoided

Worldwide

3
PLANTS
in the world

100
COUNTRIES WE SELL INTO

258,781 m²
TOTAL MANUFACTURING FOOTPRINT

= 50 Football pitches

People

+/-1,300
EMPLOYEES WORLDWIDE

40+
NUMBER OF NATIONALITIES

Belysse Group worldwide

Belysse is active in both Europe and the USA. Belgium houses our headquarters (Waregem), and two production plants (Zele and Tielt), whereas the US has 1 production plant (Los Angeles).

But it is not only our facilities that can be found across the globe! Our products too are appreciated internationally. And that is why we stay close to the A&D community on both sides of the Atlantic. With modulyss showrooms in London, Paris and Ghent and Bentley Mills ones in New York, Boston, Chicago, Atlanta, Washington DC, Los Angeles and San Francisco.

02 Management Report

Management Report

We are pleased to report to you on the consolidated operations of LSF9 Belysse Issuer S.à r.l. (“The company” or “Belysse Issuer”) (formerly known, as LSF9 Balta Issuer S.à r.l.) and its subsidiaries (“the Group”) with respect to the period ended on 31 December 2022.

I.1.History of the Company

LSF9 Belysse Issuer S.à r.l. (“The Company”) is a private limited liability company (société à responsabilité limitée) incorporated on 22 June 2015 under the laws of Luxembourg as a public limited liability company (société anonyme). The Company has its Registered Office in 15, Boulevard Friedrich Wilhelm Raiffeisen, L-1882 Luxembourg and is registered in the R.C.S. Luxembourg with number B 198084. The Company was established for the principal purpose of holding and financing the Belysse Group.

On 14 June 2015, LSF9 Belysse Investments S.à r.l., a subsidiary of the Company, entered into a sale and purchase agreement to purchase from Belysse Luxembourg S.à r.l. (the “Seller”) all of the issued and outstanding share capital of Balta Finance S.à r.l. (“Balta Finance”), the former parent entity of the Belysse Group and its subsidiaries, and certain intercompany loans between Balta Finance (as borrower) and the Seller (as lender). The closing of the acquisition of Balta Finance was reached on 11 August 2015 (“completion Date”).

The Belysse Group (formerly known as Balta Group) was founded in 1964 in Belgium. In more than 50 years since its foundation, it has grown into one of the largest European soft-flooring companies, producing rugs, residential broadloom, commercial broadloom, carpet tiles and non-woven fabrics for the European and international markets.

On 22 March 2017, the Group acquired 98.39% of the Bentley Group of companies, a leader in premium commercial tiles and broadloom carpets for commercial interiors in the US market. On 31 May 2017, the Group acquired the remaining shares of Bentley and gained a 100% control over Bentley as of that moment.

LSF9 Belysse Issuer S.à r.l. was a wholly-owned subsidiary of LSF9 Belysse Midco S.à r.l., which was in turn controlled indirectly by Lone Star Fund IX.

On 30 May 2017, LSF9 Belysse Midco S.à r.l. through intermediate holdings, contributed the Group in a newly Belgian created company Belysse Group NV which became the sole shareholder of the Company. The new Parent company, Belysse Group NV, is publicly listed on Euronext as from 14 June 2017.

On 14 June 2017, The Company’s corporate form changed from S.A. (société anonyme) to S.à r.l. (société à responsabilité limitée).

On 4 April 2022, Belysse Group NV announced the completion of the sale of its Rugs, Residential polypropylene (PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (“the Transaction” or “the Divestment”).

Following the completion of the Transaction the management structure was changed to one management team for the United States and another separate management team for Europe, with significantly less central functions. Both management teams have the following main functions: production, procurement, HR, product development, supply chain and finance. The economic characteristics, the growth trends, supply chain evolutions and key value drivers differ significantly between Europe and US. In Europe, the two plants, Tielt and Zele, are operationally managed together under the same leadership, for resource allocation, capital expenditure, supply chain and manufacturing to produce carpet tiles and broadlooms for our European Commercial and Residential businesses (including exports to the rest of the world). Based on this analysis, our reporting followed the management of the company and is now Europe and United States (US) versus Commercial and Residential previously.

Management Report

The Company was previously named as LSF9 Balta Issuer S.à r.l. but was renamed in October 2022 to LSF9 Belysse Issuer S.à r.l..

I.2. Highlights and Key Figures

The continuing operations delivered full year 2022 consolidated revenue of €337.4m, up 21.9% versus 2021 and Consolidated Adjusted EBITDA of €35.4m, down 17.6% year on year. Consolidated Adjusted EBITDA margin of 10.5% down from 15.5% the year before.

(€ million)	FY 2022	FY 2021	% Change
Revenue	337.4	276.8	21.9%
Adjusted EBITDA(1)	35.4	43.0	(17.6%)
Adjusted EBITDA Margin	10.5%	15.5%	84bps
Adjusted Operating Profit	16.7	25.8	(35.3%)
Operating Profit(1)	15.3	19.8	(23.0%)
Profit for the period from continuing operations	(13.4)	(16.6)	(19.4%)
Profit for the period from discontinued operations	(54.5)	(112.7)	(51.7%)
Of which impairment under IFRS 5	-	(126.7)	(100.0%)

(1) Adjusted Operating Profit and Adjusted EBITDA are non-GAAP measures as defined in Note 1.25.

The loss for continuing operations for 2022 includes the net of tax impact of the €1.4m non-recurring expenses for integration and restructuring and non-recurring tax effects amounting to €6.2m (see Note 11). In the absence of such events, the normalized loss for the period would have been €6.0m. Similarly, the continuing profit for 2020 includes a net non-recurring expense of €6.0m, resulting in a normalized los of €5.7m.

Management Report

Net debt and leverage[1]

Reported Net Debt at the end of 2022 of €148.3m includes a €32.4m IFRS16 impact. The reported figure in 2021 was €330.7m, including a €45.6m IFRS16 impact. This decrease is explained by the deleveraging after the Divestment. Our Net Debt exclusive IFRS16 impact decreased by 169.3m. Leverage has increased from 3.6x at the end of 2021 to 4.0x, as the result of the lower Adjusted EBITDA.

	December 31, 2022			December 31, 2021		
(€ million)	**Non Current**	**Current**	**Total**	**Non Current**	**Current**	**Total**
Senior Secured Notes	130,7	1,6	132,4	233,7	6,7	240,5
Bank and other borrowings for continued operations	16,0	1,9	17,9	18,1	55,0	73,0
Less: Cash and Cash equivalents for continued operations	-	(38,5)	(38,5)	-	(51,4)	(51,4)
Adjusted for capitalized financing fees	2,2	1,9	4,1	1,3	0,4	1,7
						-
Bank and other borrowings for discontinued operations	-	-	-	22,4	2,4	24,9
Less: Cash and Cash equivalents from discontinued operations	-	-	-	-	(3,9)	(3,9)
Adjusted for capitalized financing fees	-	-	-	0,3	0,1	0,3
Net Debt (excl. IFRS16 Impact)	**148,9**	**(33,1)**	**115,8**	**275,7**	**9,4**	**285,1**
Adjusted EBITDA (excl. IFRS16) for continued operations			28,6			37,0
Adjusted EBITDA (excl. IFRS16) for discontinued operations			-			41,5
Leverage[1]			**4,0x**			**3,6x**
IFRS16 impact continued operations	25,6	6,9	32,4	25,6	5,5	31,1
IFRS16 impact discontinued operations	-	-	-	10,9	3,6	14,5
Reported Net Debt	**174,5**	**(26,2)**	**148,3**	**312,2**	**18,5**	**330,7**

(1) Leverage excluding IFRS16 impact but including sale and leaseback transactions

Management Report

I.3. Business Review

Continuing operations

(€ million, unless otherwise mentioned)	FY 2022	FY 2021	% Change	"o/w growth"	"o/w FX"
Europe	159,6	143,0	11,6%		
US	177,8	133,8	32,8%		
Consolidated Revenue	**337,4**	**276,8**	**21,9%**	**14,8%**	**7,1%**
Europe	2,2	17,1	(87,4)%		
US	33,2	25,8	28,6%		
Consolidated Adjusted EBITDA	**35,4**	**43,0**	**(17,6)%**	**(26,2)%**	**8,6%**
Europe	1,4%	12,0%			
US	18,7%	19,3%			
Consolidated Adjusted EBITDA Margin	**10,5%**	**15,5%**			

UNITED STATES

Full year Revenue for 2022 increased by 32.8% to €177.8m (€133.8m 2021). Sales volumes went up by 7% with higher price levels as well as favourable FX translation which also contributed to the significant growth.

Full year Adjusted EBITDA for 2022 of €33.2m was up 28.6% (€25.8m 2021) with an Adjusted EBITDA margin of 18.7% (19.3% in 2021) reflecting the volume growth while offsetting increased input costs with swift implementation of price increases in combination with BEYOND initiatives.

Fourth quarter Revenue for 2022 of €45.7m increased from €37.8m in 2021 or +20.9%. Adjusted EBITDA margin for Q4 2022 reduced to 16.4% from 20.8% in Q4 2021 mainly due to temporarily higher priced stock being used in production, which had been purchased more expensively during the transition to new yarn suppliers.

EUROPE

Full year Revenue for 2022 increased by 11.6% to €159.6m (€143.0m 2021). The revenue increase is mainly driven by the several price increases that were implemented and the trading of some PP products to end-customers in specific markets .

Full year Adjusted EBITDA was €2.2m (€17.1m 2021) with an Adjusted EBITDA margin of 1.4%. This low performance was largely driven by the very high input and transformation costs with timing delays in passing on this cost inflation to the customers, and by lower volumes, especially in the Residential business line in the second half of 2022.

Fourth quarter Revenue for 2022 was €36.3m, which represents a YOY decrease of -6.7% (Q4 2021 Revenue of €38.9m) driven by lower volumes due to a general demand decrease in Residential. Adjusted EBITDA in Q4 2022 was €0.1m, down from €4.0m in Q4 2021.

I.4. Financial Review

(€ thousands)	2022	2021
Revenue	337,430	276,814
Raw material expenses	(162,318)	(114,514)
Changes in inventories	10,434	9,655
Employee benefit expenses	(78,110)	(83,056)
Other income	316	1,044
Other expenses	(72,355)	(46,970)
Adjusted EBITDA[1]	**35,398**	**42,974**
Depreciation/amortisation	(18,688)	(17,143)
Adjusted Operating Profit[1]	**16,710**	**25,831**
Integration and restructering expenses	(1,445)	(5,993)
Operating profit / (loss)	15,265	19,838
Finance income	(0)	1
Finance expenses	(19,649)	(28,294)
Net finance expenses	**(19,649)**	**(28,294)**
Profit / (loss) before income taxes	**(4,364)**	**(8,456)**
Income tax benefit / (expense)	(9,014)	(8,127)
Profit / (loss) for the period from continuing operations	**(13,398)**	**(16,583)**
Profit / (loss) for the period from discontinued operations	(54,459)	(112,712)
Profit / (loss) for the period	**(67,857)**	**(129,295)**

(1)Adjusted Operating Profit and Adjusted EBITDA are non-GAAP measures as defined in Note 1.25.

Management Report

Non-Recurring Items

The net impact of non-recurring items on 2022 net result was negative €1.4m (€0.01 per share), as compared to negative €6.0m (€0.04 per share) in 2021. The expense in the current period is mainly driven by the one-off cost for attracting and retaining employees to the Group after the Transaction.

Net Financing Costs

The net financing cost of €19.7m (€28.3m 2021), primarily represents the interest expense on external borrowings. This decrease is mainly driven by the lower financing cost of the group since the debt repayments after the Divestment.

Taxation

The Group reported a tax expense for 2022 of €9.0m (€8.1m 2021) based on an overall loss before tax of €4.4m (loss before tax of €8.5m for 2021). The tax expense is mainly driven by both de-recognition of deferred tax assets, triggered by future prospects and a change in tax legislation, and from taxing the strong results of our US division.

Financial risk management

The Group is exposed to a variety of financial risks, including market risk (mainly foreign exchange rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and commodity markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group's financial risk management is described in Note 26 of the Consolidated Financial Statements.

Management Report

I.5. Other Review

BEYOND

As a reminder, our 4-year roadmap starting in 2022 called BEYOND consists of three courses of action:

- Increased focus on Sustainability through Innovative products and production processes;
- Incremental drive for Efficiency through Lean strategies and Procurement;
- Emphasis on Agility through Digital initiatives such as e-commerce;

Sustainability through Innovation

Total CO2 emission per m^2 produced has been reduced by 22% compared to the 2018 baseline. Especially in 2022, strong progress was made with a 15% consumption reduction per m^2 in gas and 10% in electricity vs. 2021, beneficial for sustainability and also from a cost perspective given the exceptionally high energy prices.

Certified recycled content in our commercial carpet tiles saw a particularly strong upsurge in Europe, with recycled content growing from 30% in 2018 to 52% this year. Commercial tiles in the US was impacted by an industry-wide lower supply availability of recycled materials, resulting in a temporary decrease in recycled content from 29% in 2021 to 24%, while the investigation of potential alternatives is ongoing.

Modulyss launched in September its first collection that is entirely cradle-to-cradle Gold Certified® called Artcore.

ITC brought 6 new collections Elna, Liv, Tove, Katherine, Bliss and Feliz in November with recycled polyamide and polyester yarns, in the spirit of enhancing circularity.

Strong focus is also given to designing our products from the start for easier recyclability, in light of our current product recovery & recycling programs, as well as initiating broader future recycling partnerships

Efficiency

Lean savings for 2022 amounted to 2.7 M€, driven by more than 40 improvement initiatives, vs. an initial plan to deliver 1.9 M€ in this first year of Beyond.

All 3 plants delivered results significantly above plan, with strong contributions in particular from material, energy and labor efficiency initiatives.

Agility

On the digital front, 2022 revolved mainly around the IT split in Europe following the separation and sale of the traditional Balta businesses.

In Europe on a more operational level, we have commenced working to upgrade our Supply Chain, with a view to enhance delivery performance to our customers, by implementing shorter production runs to increase responsiveness and service levels, at the same time lowering our stock levels.

Continuous complexity reduction has helped us to rationalize the number of SKUs (Stock Keeping Unit with a specific backing, quality and dimension) in the European Residential and Commercial business by 21% vs. 2021.

Environmental and personnel matters

In 2022, the continuing operations employed an average of 1,139 employees (expressed in full-time equivalents) compared to 1,158 employees per 2021. All efforts are undertaken to ensure that all health and safety measures are in compliance with legal requirement, that appropriate training and career development opportunities are identified and that consultation with employees or their representatives continues at all levels when decisions are taken that are likely to affect employee's interest.

Management Report

Research and development

One of the competitive advantages of our business is our long history of creativity and innovation. We aim to leverage our research and development to continually optimize our production capacity and provide designs that appeal to our customers. We closely monitor trends in product design and innovation through continuous testing and analysis, with a focus on anticipating our customers' preferences and market developments. The continuing operations incurred €6.1m of research and development expenses during the 12 months ended in December 31 2022 compared to the €4.9m of research and development expenses during the 12 months ended in December 31 2021 which are included in the Statement of comprehensive income as other expenses.

Prospects and information regarding circumstances that could material affect the development of the Group

Our potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently organized or combined companies. If we fail to address these risks, uncertainties and difficulties or to manage these expenses adequately, our business, financial condition and operating results may be materially adversely affected and may differ materially from your expectations based on the historical and pro forma financial information provided in this Annual Report.

Events after reporting date

No subsequent events occurred which could have a significant impact on the financial statements of the Group per December 31, 2022.

Discharge

The Board of Managers requests the Partners of the Group to approve the Consolidated Financial Statements as attached hereto and to grant discharge to the Board of Managers and to the statutory auditors for the exercise of their mandate during the last financial year.

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). These Group Consolidated Financial Statements were authorized for issue by the Board of Managers on April 25 2023. The amounts in this document are presented in thousands of Euro, unless otherwise stated. Rounding adjustments have been made in calculating some of the financial information included in this Financial Statements.

Board of Managers

The Board of Managers of LSF9 Belysse Issuer S.à r.l. is as follows:

Cyrille Ragoucy
Manager
Start of mandate: 26 August 2018

ANMIRU BV represented by Andy Rogiest
Manager
Start of mandate: 1 July 2022

Jean-Philippe Kuhn
Manager
Start of mandate: 16 June 2017

Amandine Le Floch
Manager
Start of mandate: 18 November 2020

The statutory auditors are PricewaterhouseCoopers Société Coopérative, 2, Rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg.

03 Summary of Main Risks

Summary of Main Risks

At Belysse, risk management is an inherent part of doing business. The summary below, though not exhaustive, provides an overview of the main risks we were able to identify. While we take mitigating actions, we cannot guarantee that such risks will not materialize.

Market competition

The global flooring market is competitive and each of our divisions face competition from other soft flooring manufacturers as well as hard flooring alternatives.

The key to our competitiveness is our ability to identify and respond to rapidly changing consumer preferences which require us to frequently renew our designs and product mixes, and to continuously innovate.

In the course of 2022-2023, a number of competitors (announced to) close(d) down (part of) their European operations, due to increased raw material, labour and energy costs.

Customer dependency

Our customer dependency has been significantly reduced since the transaction. In 2022, our top three customers accounted for less than 10% of our revenue.

General macro-economic and geopolitical events & trade regulations

Product demand depends significantly on consumer confidence, the economic environment and factors impacting both the residential and commercial renovation as well as the construction markets. With production and distribution facilities in Belgium and the United States, and sales in over 100 countries, we are exposed to geopolitical risk on both the demand and supply side.

The invasion of Russia in Ukraine and the resulting sanctions only had limited direct impact on our Group. The fierce inflation on the other hand did had an impact with a steep increase in almost all of our input costs. This is addressed by a constant review of our cost base and a pass-on to customers where needed. In our European businesses, we noticed a timing delay in incurring these cost and the pass-on to customers. The indirect effect of higher interest rates are limited as we are mostly financed as explained above with a fixed interest rate.

Supplier risk

By July 2022, Bentley Mills' main yarn supplier, ceased production of Nylon 6.6 carpet fibers. Apart from a temporary increase in working capital, some product ranges and collections were impacted by this decision.

The management has assessed the impact of this decision on the net realizable value of inventory and all proper actions to mitigate the risks for the existing and future business have been successfully executed, i.e. alternative yarn suppliers have been contracted and there was a transition to PA6-yarns.

Legal and compliance

Failure to comply with the laws of the countries we do business with may result in a delay or temporary suspension of our sales and operations which may impact our financial position. Insufficient precautions or awareness regarding safeguarding confidential matters in our highly competitive market may lead to competitive disadvantages, loss of business intelligence and reputation damage.

Summary of Main Risks

Publicity and reputation

We may be affected by product recall or liability claims or otherwise be subject to adverse publicity.

Employees

Our ability to successfully execute our strategy depends on our efforts in attracting, retaining and developing our employees.

If the relationship with our employees or trade unions were to deteriorate, this could have an adverse impact on our business.

Raw materials and supply chain

We use large quantities of raw materials for which we depend on a limited number of suppliers. Most of these suppliers are large companies and can exert substantial supplier power. We have long-standing relationships with our key suppliers. In the course of 2022, we extended our network of raw material suppliers.

In 2022, raw material expenses represented 48.1% of our revenues. The key raw materials used were polypropylene, yarn, latex and polyamide. Together they represented approximately 70% of our total raw material expenses.

Raw material prices can be volatile and depend on factors that are often beyond our control. This includes, but is not limited to, local supply and demand balance, general economic conditions and fluctuations in commodity prices. The majority of our price agreements with customers do not include raw material price indexation mechanisms.

In 2022, Europe faced unprecedented cost inflation in materials, energy, transportation and payroll cost. Multiple price increases had to be implemented in response, although with a time lag.

Reference is made to commodity price risk, as described under Note 26 of the section 'Financial Risk Management' in the Financial Statements.

Production and logistics

The ability to produce and deliver products on time is key to both attracting new and retaining existing customers. Disruptions at our manufacturing or distribution facilities may occur and could result in temporary shortfalls in production, late or incomplete deliveries or an increase in our cost of sales. We may incur losses that are completely or partially uninsured. We do not have our own transportation facilities and depend on third-party service providers for a timely delivery of our products.

IT

Failure of the IT platform could hamper our ability to process orders on time. With the use of our IT platform, we manage our operations (including sales, customer service, logistics and administration). We have a complex and heterogeneous application landscape that consists of certain systems from prior acquisitions that have only been partially integrated, which could trigger operational risks.

Businesses are also contending with increasing cybercrime-related incidents, which require adequate cyber security.

Summary of Main Risks

Financial

Our activities expose us to a variety of financial risks including, but not limited to, currency risk, interest rate risk, credit risk and liquidity risk. Part of our sales and purchases are denominated in currencies other than the euro. Key currencies include pound sterling and US dollar. The fluctuation of these currencies versus the euro may impact our results. Additionally, a devaluation of currencies versus the euro for countries where our competitors manufacture or source raw materials, such as Turkey or Egypt, may have an impact on our competitiveness. Some of our external borrowings carry interest at a variable rate.

Not all the credit risk exposure towards our customers is covered by our external credit insurance agreements.

Amongst others, a reduction in external credit limits might cause the existing factoring not to be available at existing levels or cost going forward. Changes in our own credit rating could detrimentally affect our working capital and liquidity.

Our external financing agreements include obligations, restrictions and covenants, which may have an adverse effect on our business, financial situation and operational result if we would be unable to meet these. On 4 April 2022, the Issuer completed a tender offer and consent solicitation in respect of its then outstanding €234,027,888 in aggregate principal amount of the Senior Secured Notes, along with a concurrent private placement of the Senior Secured Notes to an existing noteholder. More than 90% of the holders of the principal amount of the Notes participated in the tender offer and consent solicitation, resulting in a new financing for an aggregate principal amount of €130 million of the Senior Secured Notes due December 2024, including the Senior Secured Notes issued in the private placement and the amendments mentioned below.

Furthermore, the 61m European Super Senior Revolving Credit Facility was repaid and replaced by a €45m Super Senior Revolving Credit Facility. The Exchange Offer substantially improved Belysse' s debt maturity profile and will enable Belysse to further execute its strategy. We continue to monitor the markets closely to identify the best possible window for future refinancing of our debt, at the right time and under the right terms and conditions. More details on this can be found in Note 26 of the section 'Financial Risk Management' in the Financial Statements.

Changes in tax legislation or accounting rules could affect future results

Changes in assumptions underlying the carrying value of our assets could result in an impairment of such assets, including intangible assets such as goodwill.

BEYOND programma

As a successor to our transformational programme called 'NEXT', the 'BEYOND' programme was launched in 2022. This programme is designed to deliver a significant improvement in earnings over a four-year period. The key initiatives focus on sustainability through innovative products and production processes, an incremental drive for Efficiency through Lean strategies and procurement and agility through digital initiatives. While our BEYOND initiatives are essential to reinforce our competitive position and drive margin improvement, we may be delayed or fall below our expectations on the anticipated improvements in earnings.

Sustainability

Customer expectations on delivering sustainable products are increasingly demanding and challenging. The risk of not meeting new technology and sustainability requirements and missing out on market developments may lead to competitive disadvantages as well as significant loss of share. Failing to integrate sustainability as a part of the group strategy can affect future competitiveness, long-term value creation and Group longevity. As from January 1st 2023, Extended Producer Responsibility (EPR) legislation will be in force in France, affecting all construction materials including rugs and carpet tiles. It is expected that UK, The Netherlands and Belgium will follow in the years thereafter.

Global warming or the effect of climate change has resulted in new material climate-related risks (physical and transition risks, mobility and transport, sourcing raw materials, etc.) which may have significant impacts on our reputation, access to finance, cost of complying with new regulations, business profitability and long-term resilience. A significant trend observed this last year is the increased demand for low-carbon raw materials, resulting in lower availability and steep price increases.

04 Financial Statements

1. Consolidated statement of comprehensive income for the period ended 31 December

		For the year ended 31 december	
(€) thousands	**Note**	**2022**	**2021**
I. CONSOLIDATED INCOME STATEMENT			
Revenue	Note 4	337,430	276,814
Raw material expenses		(162,318)	(114,514)
Changes in inventories	Note 15	10,434	9,655
Employee benefit expenses	Note 6	(78,110)	(83,056)
Other income	Note 7	316	1,044
Other expenses	Note 7	(72,355)	(46,970)
Depreciation / amortisation	Note 8	(18,688)	(17,143)
Adjusted Operating Profit [1]		**16,710**	**25,831**
Integration and restructuring expenses	Note 9	(1,445)	(5,993)
Operating profit / (loss)		15,265	19,838
Finance income		-	1
Finance expenses	Note 10	(19,649)	(28,294)
Net finance expenses		**(19,649)**	**(28,294)**
Profit / (loss) before income taxes		**(4,384)**	**(8,456)**
Income tax benefit / (expense)	Note 11	(9,014)	(8,127)
Profit / (loss) for the period from continuing operations		**(13,398)**	**(16,583)**
Profit / (loss) for the period from discontinued operations	Note 39	(54,459)	(112,712)
Profit / (loss) for the period		**(67,857)**	**(129,295)**
Attributable to:			
Equity holders		(67,857)	(129,295)
Non-controlling interest		-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that may be subsequently reclassified to P&L			
Exchange differences on translating foreign operations		10,212	8,804
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting		152	(117)
Items in other comprehensive income that will not be reclassified to P&L			
Changes in deferred taxes		268	(17)
Changes in employee defined benefit obligations		68	125
Other comprehensive income for the period, net of tax, for continuing operations		**10,701**	**8,796**
Total comprehensive income from discontinued operations		54,456	(10,049)
Total comprehensive income for the period		**(2,700)**	**(130,548)**
Basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the company	**Note 33**	**(0.10)**	**(0.12)**
Basic and diluted earnings per share from discontinued operations attributable to the ordinary equity holders of the company	**Note 33**	**(0.40)**	**(0.82)**
Basic and diluted earnings per share from continuing + discontinued operations attributable to the ordinary equity holders of the company	**Note 33**	**(0.49)**	**(0.94)**

1 Adjusted Operating Profit / Operating profit / (loss) are non-GAAP measures as defined in Note 1.25.

The accompanying Notes form an integral part of these Consolidated Financial Statements.

2. Consolidated statement of financial position as at 31 December

		For the year ended 31 December	
(€ thousand)	**Note**	**2022**	**2021**
Property, plant and equipment		108,178	105,943
Of which IFRS 16 related right-of-use assets (excluding sale-and-leaseback)	Note 13	29,388	28,892
Land and buildings	Note 13	51,245	52,390
Plant and machinery	Note 13	50,025	47,134
Other fixtures and fittings, tools and equipment	Note 13	6,908	6,420
Goodwill	Note 5	105,662	101,110
Other intangible assets	Note 12	5,432	6,424
Deferred income tax assets	Note 14	390	4,592
Trade and other receivables	Note 16	599	537
Total non-current assets		**220,261**	**218,606**
Inventory	Note 15	76,177	62,812
Trade and other receivables	Note 16	25,084	23,824
Current income tax assets		-	9
Cash and cash equivalents	Note 17	38,488	51,394
Assets from discontinued operations	Note 39	-	329,983
Total current assets		**139,750**	**468,022**
Total assets		**360,011**	**686,628**
Share capital	Note 18	137,848	137,848
Share premium	Note 18	155,486	155,486
Other comprehensive income	Note 19	5,866	(4,835)
Retained earnings	Note 20	(194,651)	(18,534)
Elements of comprehensive income from discontinued operations		-	(162,767)
Other reserves		(14,283)	(14,283)
Total equity		**90,267**	**92,916**
Senior Secured Notes	Note 21	130,745	233,744
Bank and Other Borrowings	Note 22	41,590	43,687
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	Note 23	25,577	25,620
Deferred income tax liabilities	Note 14	6,355	8,459
Provisions for other liabilities and charges	Note 29	2,176	2,025
Employee benefit obligations	Note 27	150	762
Total non-current liabilities		**181,015**	**288,678**
Senior Secured Notes	Note 21	1,611	6,714
Bank and Other Borrowings	Note 22	8,760	60,393
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	Note 23	6,872	5,514
Derivative financial instruments	Note 25	-	-
Other payroll and social related payables	Note 28	16,713	14,572
Trade and other payables	Note 30	60,426	45,516
Income tax liabilities		1,219	621
Liabilities from discontinued operations	Note 39	-	177,218
Total current liabilities		**88,729**	**305,034**
Total liabilities		**269,744**	**593,712**
Total equity and liabilities		**360,011**	**686,628**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

3. Consolidated statement of cash flows for the period ended 31 December

		For the year ended 31 December	
(€ thousand)	**Note**	**2022**	**2021**
I. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit / (loss) from the period for continuing operations		(13,398)	(16,583)
Adjustments for:			
Income tax expense / (income)	Note 11	9,014	8,127
Financial expenses	Note 10	19,649	28,294
Depreciation / amortisation	Note 8	18,688	17,143
(Gain) / loss on disposal of non-current assets		(2)	(59)
Movement in provisions		3,276	565
Fair value of derivatives		125	(117)
Cash generated before changes in working capital		**37,353**	**37,370**
Changes in working capital:			
Inventories	Note 15	(14,507)	(16,799)
Trade receivables	Note 16	1,038	(2,415)
Trade payables	Note 30	10,946	5,717
Other working capital		(1,310)	1,712
Cash generated after changes in working capital		**33,520**	**25,585**
Net income tax (paid)		(5,641)	(5,406)
Net cash generated / (used) by operating activities		**27,879**	**20,179**
II. CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition and disposal of property, plant and equipment	Note 13	(11,778)	(10,585)
Acquisition of intangibles	Note 12	(128)	(456)
Proceeds from non-current assets	Note 39	163,700	72
Net cash used by investing activities		**151,794**	**(10,969)**
III. CASH FLOW FROM FINANCING ACTIVITIES			
Interest and other finance charges paid, net		(25,917)	(24,731)
Proceeds of Senior Secured Notes	Note 21	130,000	-
Repayments of Senior Secured Notes	Note 21	(232,818)	(243)
Repayments of borrowings with third parties	Note 22	(60,665)	(17,704)
Net cash generated / (used) by financing activities		**(189,401)**	**(42,678)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS		**(9,728)**	**(33,469)**
Cash, cash equivalents and bank overdrafts at the beginning of the period for continuing operations		51,393	104,440
Exchange gains/(losses) on cash and cash equivalents		903	1,916
Financing and cash transactions between continued and discontinued operations		(4,081)	(21,494)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	Note 17	38,488	51,393
Cash from discontinued operations	Note 39	-	3,909

The accompanying Notes form an integral part of these Consolidated Financial Statements.

4. Consolidated statement of changes in equity for the year ended 31 December

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves[2]	Total	Elements of comprehensive income from discontinued operations	Total equity
Balance 31 December 2020	**137,848**	**155,486**	**(13,630)**	**(1,950)**	**(14,283)**	**263,471**	**(40,006)**	**223,464**
Profit / (loss) for the period	-	-	-	(16,583)	-	(16,583)	(112,712)	(129,295)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	8,804	-	-	8,804	(10,375)	(1,571)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	(117)	-	-	(117)	-	(117)
Cumulative changes in deferred taxes	-	-	(17)	-	-	(17)	(116)	(133)
Cumulative changes in employee defined benefit obligations	-	-	125	-	-	125	442	568
Total other comprehensive income for the period	-	-	8,796	-	-	8,796	(10,049)	(1,253)
Total comprehensive income for the period	**-**	**-**	**8,796**	**(16,583)**	**-**	**(7,787)**	**(122,761)**	**(130,548)**
Balance at 31 December 2021	**137,848**	**155,486**	**(4,835)**	**(18,534)**	**(14,283)**	**255,683**	**(162,767)**	**92,916**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

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(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves[2]	Total	Elements of comprehensive income from discontinued operations	Total equity
Balance 31 December 2021	**137,848**	**155,486**	**(4,835)**	**(18,534)**	**(14,283)**	**255,683**	**(162,767)**	**92,916**
Profit / (loss) for the period	-	-	-	(13,398)	-	(13,398)	(54,459)	(67,857)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	10,212	51	-	10,263	54,863	65,126
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	152	-	-	152	-	152
Cumulative changes in deferred taxes	-	-	268	-	-	268	158	425
Cumulative changes in employee defined benefit obligations	-	-	68	-	-	68	(565)	(496)
Total other comprehensive income for the period	-	-	10,701	51	-	10,751	54,456	65,207
Total comprehensive income for the period	**-**	**-**	**10,701**	**(13,347)**	**-**	**(2,647)**	**(3)**	**(2,649)**
Change in scope[1]	-	-	-	(162,770)	-	(162,770)	162,770	-
Balance at 31 December 2022	**137,848**	**155,486**	**5,866**	**(194,651)**	**(14,283**	**90,267**	**-**	**90,267**

1 Change in scope reflects the transfer of the elements of comprehensive income from discontinued operations to retained earnings of the group at completion date of the divestment without currency translation adjustments which are recycled over the income statement

2 Other reserves were created as a result of certain pre IPO transactions. Refer to the 2017 annual report for more information

The accompanying Notes form an integral part of these Consolidated Financial Statements.

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5. Notes to the Consolidated Financial Statements

Note 1. Accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

Note 1.1. Basis of preparation

Basis of preparation

These Consolidated Financial Statements of LSF9 Belysse Issuer S.à r.l. ("the Company") registered at 15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411 Luxembourg (R.C.S Luxembourg: B 198084) and its subsidiaries ("Belysse Issuer" or "Belysse" or "the Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). These include all IFRS standards and IFRIC interpretations issued and effective at 31 December 2022. The Group was previously named as LSF9 Balta Issuer S.à r.l., but was renamed in October 2022 to LSF9 Belysse Issuer S.à r.l.

LSF9 Belysse Issuer S.à r.l. is domiciled in Luxembourg under the legal form of a Societé Anonyme Responsibilité Limité ("S.à r.l."). Luxembourg was also the country of incorporation. Belysse manufactures sustainable textile floor coverings for commercial and residential applications and commercializes its products focusing 90% on North-America and Europe under the premium brands Bentley (US), modulyss, arc edition and ITC (Europe). Belysse employs nearly 1300 people and operates three manufacturing sites in Belgium (Tielt and Zele) and the United States (Los Angeles).

On 4 April 2022, the Group announced the completion of the sale of its Rugs, Residential polypropylene (PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (the Transaction or the Divestment). We refer to Note 39 for more information.

Following the completion of the Transaction the management structure was changed to one management team for the United States and another separate management team for Europe, with significantly less central functions. Both management teams have the following main functions: production, procurement, HR, product development, supply chain and finance. The economic characteristics, the growth trends, supply chain evolutions and key value drivers differ significantly between Europe and US. In Europe, the two plants, Tielt and Zele, are operationally managed together under the same leadership, for resource allocation, capital expenditure, supply chain and manufacturing to produce carpet tiles and broadlooms for our European Commercial and Residential businesses (including exports to the rest of the world). Based on this analysis, our reporting followed the management of the company and is now Europe and United States (US) versus Commercial and Residential previously.

The consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 26 April 2023.

The Financial Statements of the Company for the period 1 January 2022 to 31 December 2022 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities").

These Consolidated Financial Statements are presented in EUR, which is the Group's presentation currency and the functional currency of the Company. All amounts in these Consolidated Financial Statements are presented in thousands of EUR, unless otherwise stated. Rounding adjustments have been made in calculating some of the financial information included in these Consolidated Financial Statements.

These Financial Statements are prepared on a going concern basis, i.e. assuming that operations will continue for the foreseeable future, that is at least the next 12 months.

Any events and/or transactions significant to an understanding of the changes since 31 December 2021 have been included in these notes to the Consolidated Financial Statements.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 2.

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Impact of new standards

The below listed new standards, amendments and interpretations to standards have been issued. The Group intends to adopt these standards and interpretations if applicable and considered to be significant, when they become effective and mandatory.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2022 and have been endorsed by the European Union:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.
  - » Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - » Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - » Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
  - » Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.
- The following new standard and amendments have been issued, are not mandatory for the first time for the financial year beginning 1 January 2022 but have been endorsed by the European Union:
  - » Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
  - » Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

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- » Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2022 and have not been endorsed by the European Union:
  - » Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2024), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
  - » Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - » Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
  - » Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024). The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not the right of use retained.

Note 1.2. Consolidation

Subsidiaries

Subsidiaries are all entities for which the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration paid reflects the fair value of the assets transferred, the liabilities assumed and the equity instruments issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement (for example, variable consideration contingent on future events such as achievement of post-acquisition earnings targets or success of a significant project).

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition related costs are expensed in the income statement.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest and previously held interest in the entity acquired. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed is recognised as goodwill. Negative goodwill is recognised immediately in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case the asset is impaired through the income statement. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) does not specify the treatment for the elimination of intercompany transaction between the discontinued and continuing operations. As an accounting policy the Group opts to eliminate intercompany transactions within the income statement between the discontinued and continuing operations. In line with the required elimination of all intercompany balances for the BS presentation (IFRS10).

Segment reporting
On 4 April 2022, the Group announced the completion of the sale of its Rugs, Residential polypropylene (PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (the Transaction or the Divestment).

Following the completion of the Transaction the management structure has been changed to one management team for the United States and another separate management team for Europe, with significantly less central functions. Both management teams have the following main functions: production, procurement, HR, product development, supply chain and finance. The economic characteristics, the growth trends, supply chain evolutions and key value drivers differ significantly between Europe and US. In Europe, the two plants, Tielt and Zele, are operationally managed together under the same leadership, for resource allocation, capital expenditure, supply chain and manufacturing to produce carpet tiles and broadlooms for our European Commercial and Residential businesses (including exports to the rest of the world). Based on this analysis, our reporting followed the management of the company and is now Europe and United States (US) versus Commercial and Residential previously.

Note 4 provides the Group's segment information, in line with IFRS 8. The Group will operate thus its remaining business through 2 segments, which are organised by region. The Europe segment designs, manufactures and distributes branded broadloom carpets (ITC brand) and modular carpet tiles (modulyss brand). The US segment designs, manufactures and distributes modular carpet tiles mainly for offices and public projects through the Group's Bentley brand in the US.

Operating segments are reported in a manner consistent with the internal reporting provided to the Board and the Management Committee. Items that are provided on a monthly basis to the Management Committee are revenues, Adjusted EBITDA, net inventory, accounts receivable and capital expenditure. The segment information provided in Note 4 has been selected on this basis. It follows that other items such as total assets and liabilities per segment are not reviewed internally and hence not disclosed. Interest income, interest expense and taxes are managed centrally and accordingly such items are not presented by segment as they are excluded from the measure of segment profitability.

Note 1.3. Foreign currency translation

Functional and presentation currency
Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in EUR, which is the Group's functional and the Group's presentational currency. All amounts are stated in thousands of EUR unless otherwise stated.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or date of valuation, in case of items that are re-measured at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings, including borrowings, payables and receivables between Group entities that do not qualify as a net investment in a foreign operation are presented in the Consolidated statement of comprehensive income within "Finance income" and "Finance expenses". All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within "Other income" or "Other expenses" which are part of the operating profit.

The principal exchange rates that have been used to prepare these Financial Statements are as follows:

	31 December 2022		31 December 2021	
	Closing	**Average**	**Closing**	**Average**
USD	1.0666	1.053	1.1326	1.1827
TRY	19.9649	17.4088	14.6823	10.4408
GBP	0.8869	0.85276	0.8403	0.8596

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Group entities

The results and financial position of Group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of financial position presented are translated at the closing or year-end rate;
- income and expenses for each Statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in "Other comprehensive income".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments (if any), are taken to "Other comprehensive income". When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Statement of comprehensive income as part of the gain or loss on sale.

Foreign exchange gains and losses that relate to borrowings and transactions between Group entities in a different currency compared to the functional currency, are presented in the Statement of comprehensive income within "Finance income" and "Finance expenses", if these borrowings do not qualify as a net investment in a foreign operation.

Foreign exchange gains and losses resulting from hedging instruments which are of a trading nature, are presented in "Other comprehensive income" before they vest. At vesting date the results are recognized in the Statement of comprehensive income within "Finance income" and "Finance expenses".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Note 1.4. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Cost of property, plant and equipment also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that the provision is recognised under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method, to allocate the costs over the estimated remaining useful lives, as follows:

Industrial and administrative buildings

• Structural work	40-50 years
• Other elements	10-25 years
• Machinery	10-33 years
• Vehicles, transport equipment	5 years
• Furniture, fittings and equipment	5-15 years

Owned cars are depreciated to a residual value of 20% of the initial cost.

Spare parts purchased for particular items of plant are capitalised and depreciated over the useful life not exceeding 4 years. Samples of products are capitalised and depreciated over 2 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fair value adjustments as a result of Business Combinations are depreciated over the estimated remaining useful life of the applicable assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income" or "Other expenses" in the Statement of comprehensive income.

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Note 1.5. Goodwill

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually for impairment and carried at cost in the underlying currency less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a cash-generating unit include the carrying amount of goodwill relating to the cash-generating unit sold.

Note 1.6. Other intangible assets

Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. The fair market value is determined based on a net present value calculation corrected for the cost to be taken to further support the trademarks in the market. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks over the shortest of their estimated useful lives or the period of the legal right which is for the current trademarks 10 years.

Software and licenses

Cost associated with acquiring software are capitalized at their cost price and are subsequently amortised over their estimated useful life using the straight line method, or over the term of the contract, if this is shorter. The useful life is usually estimated at 5 years.

Expenditure for acquired licenses are capitalized at their cost price and are subsequently amortised over their estimated useful life using the straight line method, or over the term of the contract, if this is shorter. The useful life is usually estimated at 5 years.

Internally generated software and other development cost

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which in general is between 3-5 years.

Note 1.7. Impairment of assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. These values are generally determined based on discounted cash flow calculations. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Note 1.8. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group records all gains or losses resulting from changes in fair value of derivatives in the Statement of comprehensive income within "Other income" or "Other expenses" to the extent that they relate to operating activities and within "Finance income" or "Finance expenses" to the extent that they relate to the financing activities of the Group.

Derivative financial instruments used to hedge the exposure to variability in future cash flows are designated as hedges under cash flow hedge accounting. The effective portion of changes in fair value as from the designation date of the cash flow hedge are recorded in the cash flow hedge reserve, part of "Other comprehensive income". Amounts recorded in the cash flow hedge reserve will be recognised in the Statement of comprehensive income in the same period or periods during which the hedged forecast transaction affects the Statement of comprehensive income. In case of the hedge of a forecast sales transaction, this coincides with the date upon which the revenue and trade receivable is recognised.

When the underlying hedged transactions no longer meet the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in "Other comprehensive income" from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

When the underlying hedged transaction is no longer expected to occur, the cumulative gains or loss on the hedging instrument that has been recognised in "Other comprehensive income" from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

Note 1.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable values are reviewed on a regular basis and updated to reflect the estimated selling price less selling expenses, based on historical data and expectations. Cost is determined using the first-in, first-out ("FIFO") method. The cost of finished goods and work in progress comprises amongst other design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Based on a quantified methodology, provisions against the carrying value of inventories are recorded taking qualitative aspects into account including a lower of cost versus net realisable value assessment. These provisions are reviewed by management.

Note 1.10. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less bad debt allowance. Trade receivables are reviewed on a continuing basis, if collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The Group has applied IFRS 9 by applying the modified retrospective approach, by using the standard's simplified approach and calculated ECLs (Expected Credit Loss) based on lifetime expected credit losses. The Group has established a provision matrix. Trade receivables have been categorised by common characteristics that are representative of the customer's ability to pay (based on geographical region and type of customer such as retail, wholesale or construction & building, and delinquency status). The provision matrix is based on forecasted default rates published by Moody's, adjusted by scalar factors to reflect differences in the Group's view of current and expected economic conditions and historical conditions.

In addition to this general approach, the Group includes individually managed exposures on a case by case basis if not covered by the ECL model, and reflecting additional risk factors not yet included in the ECL model.

Note 1.11. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

Note 1.12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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Note 1.13. Government grants

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Statement of comprehensive income within "Other income" over the period necessary to match them with the costs that they are intended to compensate against.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the Statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

Note 1.14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Supplier finance arrangements are recognised as a financial liability unless the original trade payable is extinguished or its terms are significantly modified to the extent that it qualifies for de-recognition under IFRS 9 (we refer to de-recognition of financial assets and liabilities in Note 1.17).

Note 1.15. Classification liability or equity

Some instruments that have the legal form of a liability are, in substance, equity. A financial instrument is classified as a financial liability or an equity instrument depending on the substance of the arrangement rather than the legal form. Liabilities arise when the issuer is contractually obligated to deliver cash or another financial asset to the holder. An instrument is an equity instrument only if the issuer has no such obligation, i.e. it has an unconditional right to avoid settlement in cash or another financial asset. The ability to defer payment is not enough to achieve equity classification, unless payment can be deferred indefinitely. Generally an obligation for the entity to deliver its own shares is not a financial liability because an entity's own shares are not considered its financial assets. An exception to this is where an entity is obliged to deliver a variable number of its own equity instruments.

Note 1.16. Senior Secured Notes, bank and other borrowings

Senior Secured Notes and bank and other borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Note 1.17. De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

Where IFRS 9 de-recognition criteria are not met, the receivables continue to be recognised in the Statement of financial position, while the proceeds received by the Group under any financing/factoring arrangements are recognised as a financial liability.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or when the existing liability is transferred to a different lender and the Group obtains a legal release from the initial lender, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective amounts is recognised in the Statement of comprehensive income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Note 1.18. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in "Other comprehensive income" or directly in "Equity". In this case the tax is also recognised in "Other comprehensive income" or directly in "Equity", respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the Statement of financial position date in the countries where the Group entities operate and generate taxable income. In line with paragraph 46 of IAS 12 'income taxes', management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax is not discounted.

IFRIC 23 'Uncertainty over income tax treatments'. This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over whether tax assessed by a Group will be accepted by the tax authority. It is applied to both current and deferred tax where there is uncertainty over a Group's tax position. The Group made a detailed assessment of all tax uncertainties within the Group having the following implications on the accounting policies:

a. It has decided whether to consider its uncertain tax positions (UTPs) individually or collectively, based on which approach provided the best predictions of the resolution of the uncertainties with the tax authority;

b. It has assumed that the tax authority will examine the position (if entitled to do so) and will have full knowledge of all the relevant information;

c. On a case by case basis, the Group has decided to recognise a UTP (group of UTPs) using either the most likely amount or the expected value, depending on which is thought to give a better prediction of the resolution of each (group of) UTP(s), to reflect the likelihood of an adjustment being realised on examination.

Note 1.19. Provisions

Provisions for restructuring expenses, legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Note 1.20. Employee benefits

Pension obligations

IAS 19 distinguishes between two types of post-employment benefit plans:

Defined contribution plans (DC plans) are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity (a fund or group insurance contract) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods;

Defined benefit plans (DB plans) are post-employment benefit plans other than defined contribution plans.

Group entities operate one defined benefit plan for a group of managers and various pension schemes funded through payments to insurance companies. Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called "Law Vandenbroucke"), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. Law Vandenbroucke states that in the context of defined contribution plans, the employers must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. However, shortly before year-end 2015, a change in the Belgian Law was enacted resulting in a decrease of the guaranteed return from 3.25% to a minimum interest rate defined based upon the Belgian 10-year interest rate but within the range 1.75% - 3.25%. The new rate (1.75% at 31 December 2022 and 31 December 2021) applies for the years after 2015 on future contributions and also on the accumulated past contributions as from 31 December 2015 if the financing organisation does not guarantee a certain result on contributions until retirement age. If the organisation does guarantee such a result, the historical rates still apply.

Because of this minimum guaranteed return, the employer is exposed to a financial risk: further contributions could be required if the return on the assets is not sufficient to reach the minimum benefits to be paid. The Group has post-employment benefit plans that are financed through insurance contracts. The projected unit credit method has been used as the actuarial technique to measure the defined benefit obligation. Note that for the bonus plans, a simplified approach is applied as it is not possible to predict future bonuses (which define future contributions). The fair value of the plan assets is based on §113 of IAS 19 and is defined as the present value of the retirement capitals guaranteed by the insurance company (using the tariffs as set out by the insurance company). The discount rate used takes into account the investment risk of financial institutions by referring to financial single A bonds. Therefore an additional gap is added to the Defined Benefit Obligation ("DBO") discount rate which reflects the difference between AA rated corporate bonds and single A rated corporate bonds. At 31 December 2022 this gap was 125 basis points.

Other post-employment obligations

The Group does not have other post-employment obligations.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

In Belgium, the system of early retirement pensions ensures that elderly people who are dismissed by their employer or who are encouraged to terminate their employment and who fulfil certain conditions, are eligible to receive supplementary unemployment allowance, paid by their former employer, on top of the unemployment allowances paid by social security. This benefit is generally paid until normal retirement age, which is 65 years.

Within the Group, several former employees benefit from the system of "early retirement fee or pension", based on several Belgian Collective Labour Agreements (CLAs) in place for the sector (textielnijverheid en breiwerk/ industrie textile et de la bonneterie) or specifically for the Group. These CLAs describe the potential for employees in the sector to benefit from "early retirement fee or pension", the creation of a sector fund (fonds voor bestaanszekerheid/ fonds de sécurité d'existence), part-time work, education and training etc. Certain CLAs exist for blue collar workers and others for white collar workers.

For those early retirement fees or pensions which are directly paid out by the employer, a provision should be made under IAS 19, determined as the present value of the best estimate of future cash flows. The discount rate used is based on the return on high quality corporate bonds (AA rated) of a maturity equivalent to the duration of the liabilities. The changes in pension liabilities are accounted for through Other comprehensive income when the changes relate to a change in actuarial assumptions from one year to another.

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Bonus plans

Bonuses received by company employees and management are based on pre-defined Group and individual target achievement. The estimated amount of the bonus is recognised as an expense in the period the bonus is earned.

Share based payments

An equity-settled share-based payment transaction is a transaction in which the Group receives services as consideration for its own shares (or share options). The fair value of the services received in exchange for the grant of the shares (or share options) measured by reference to the grant date fair value of the shares (or share options), is recognised as an expense over the vesting period.

When share-based payment plans are cash-settled: the goods or services acquired and the liability are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at the end of each reporting period and at the date of settlement with any changes in fair value recognised in profit and loss for the period.

Short-term employee benefits

These include wages, salaries and social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits, and are taken as an expense in the relevant period. All company managers are eligible for bonuses that are based on indicators including personal performance and key financial targets. The amount of the bonus is recognized as an expense, based on an estimation made at the end of the reporting period.

Note 1.21. Revenue recognition

Revenue from contracts

IFRS 15 Revenue from contracts with customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard establishes a five-step mode to account for revenue arising from contracts with customers. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognise revenue as each performance obligation is satisfied.

The Group has assessed each of the revenue streams from an IFRS 15 revenue recognition perspective (as disclosed in Note 4) and has concluded that IFRS 15 does not have an impact on the amount and timing of revenue recognition. In adopting IFRS 15, the Group has considered the following:

Recognition of revenue from distinct performance obligations

The Group has analysed its contracts with customers to determine all its performance obligations. Performance obligations arising from the Group's sales contracts are mainly order-driven customer deliveries related to the sale of goods. Services mostly have an ancillary role in the Group's business operations, or they complement deliveries of goods. The Group did not identify any distinct performance obligations that should be accounted for in accordance with IFRS 15.

Variable considerations

Some contracts with customers provide volume rebates, financial discounts, price concessions or a right of return for quality claims. Revenue from these sales are recognised based on the price specified in the contract, net of returns and allowances, trade discounts and volume rebates. During a financial year, the presentation of the effect of a variable price component can be based on management's judgement of discount drivers, for example the sales quantity reached with a given customer during the year. IFRS 15 does not change the principles applied by the Group to the determination or allocation of the transaction price.

Recognising revenue as each performance obligation is satisfied

According to IFRS 15, revenue is recognised in the period during which the customer assumes control of the delivered goods. The Group delivers goods under contractual terms based on internationally accepted delivery conditions (Incoterms) and has concluded that the transfer of risks and rewards generally coincides with the transfer of control at a point in time under Incoterms. Consequently, the timing of revenue recognised for the sales of its products does not change under IFRS 15.

Warranty obligations

The Group provides assurance-type warranties that the products sold comply with agreed-upon specifications. These warranties do not qualify as a separate service (performance obligations) and hence will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with past practice.

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Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Impairment losses on trade receivables or contract assets
The Group applies IFRS 9 in relationship to the impairment losses on trade receivables (refer to Note 1.10). The Group has no significant contract balances where either the Group has performed the Performance Obligation (PO) for which no billing has occurred yet, or alternatively has received advance payments for which the PO has not been satisfied.

Note 1.22. Leases
The Group leases certain property, plant and equipment.

IFRS 16 "Leases" (effective 1 January 2019). As of 1 January 2019, the Group changed its accounting policies to adopt IFRS 16. IFRS 16 has replaced IAS 17 Leases, and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a lease (on-balance sheet) and an operating lease (off-balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under the IFRS 16 adoption method chosen by the Group (modified retrospective approach), prior years are not restated to conform to the new policies. Hence, the Group opted to measure the right-of-use asset at an amount equal to the lease liability at opening (no prepaid nor accrued lease expenses). Consequently, the year over year changes in profit, assets and liabilities and cash flows are impacted by the new policies.

The new accounting standard results in almost all leases being recognised on the balance sheet (except for low-value assets or leases with a lease term of 12 months or less which are accounted for in the Statement of comprehensive income).

Under the new standard, an asset (the right-to-use asset) and a liability to make lease payments (the lease liability) are recognised. The right-to-use asset of the leased assets are capitalised under property, plant and equipment and comprises the net present value of the lease. The corresponding lease liability is subdivided into current (lease payment within 12 months) and non-current liabilities. For each lease contract at the application date, an estimate has been made for the duration of the contract including an optional lease period in case there is reasonably certainty that the option would be extended.

Lease terms remain unchanged, unless an occurrence of a significant event or a significant change in circumstances that are in control of the lessee impacted the duration of the lease, in that case, the lease term will be reassessed.

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessments made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

At the commencement date of a lease, lessees recognise a lease liability (i.e. a liability to make lease payments), and a right-of-use asset (i.e. an asset representing the right to use the underlying asset over the lease term). The lease liabilities are recognised at the present value of the remaining lease payments. The right-of-use asset is depreciated over the term of the lease. Interest expense is recognised on the lease liability. The lease liability is remeasured upon the occurrence of certain events (e.g. a change in the lease term or a change in future lease payments resulting from a change in index). Such remeasurements of the lease liability will generally be recognised as an adjustment to the right-of-use asset.

The Group applies the lease recognition exemptions for short-term leases and leases for which the underlying asset is of low value. The Group elects, by class of underlying asset, not to separate non-lease components from lease components and instead accounts for each lease component and any associated non-lease component as one single lease component.

In relation to our financing agreements, the documentation provides for the effect of changes in accounting standards to be neutralized. As such, the application of IFRS 16 has no consequences for the Group's financing. We will continue to calculate Leverage in line with the definition in our financing agreements.

Note 1.23. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Note 1.24. Cash flow statement

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit for the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

Note 1.25. Non-GAAP measures

The following alternative performance measures (non-IFRS) have been used as management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance, or our liquidity under IFRS.

Organic Growth is defined as growth excluding (i) FX impact, which comprises the translation of key foreign entities, (ii) M&A impact.

Adjusted Earnings per share is defined as profit / (loss) for the period adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) non-recurring finance expenses and (v) non-recurring tax effects, divided by the number of shares of Belysse Issuer NV.

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on changes in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation / amortisation and (v) impairment and write-off.

Adjusted EBITDA margin is defined as the Adjusted EBITDA as a percentage of revenue.

Adjusted Operating Profit/Loss is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on changes in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses and (iv) impairment and write-off.

Gross Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount and (ii) bank and other borrowings adjusted for capitalised financing fees.

Net Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) bank and other borrowings adjusted for capitalised financing fees less (iii) cash and cash equivalents.

Net-investment or Net-CAPEX is defined as of the sum of all investments in tangible and intangible fixed assets adjusted for proceeds from sales of fixed assets.

Leverage is defined as the ratio of Net Debt to Adjusted EBITDA (excluding IFRS 16 as per financing documentation, except for sale-and-leaseback transactions).

BEYOND key assumptions and BEYOND impacts are to be understood versus a baseline of prior year, i.e. 2021:

- Impacts shown for the Efficiency initiatives are the anticipated gross impacts before cost inflation
- Impacts for 2022 are calculated using actual volumes; FX exchange rates are assumed stable over the period
- Lean savings are P&L impacts (excluding Capex savings or cost avoidance) and affect either COGS (e.g. raw materials consumption or costs, labor, energy costs) or fixed expenses (e.g. maintenance)

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Note 2. Critical accounting estimates and judgements

The amounts presented in the Financial Statements involve the use of estimates and assumptions about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions will seldom equal the related actual results. The estimates and assumptions that could have an impact on the Financial Statements are discussed below.

Goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite life and finite life intangible assets.

Impairment testing

IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in Adjusted EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates;
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in Note 5.

Income taxes

The Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations between taxpayers and local tax authorities. The Group incurs costs centrally which are allocated to subsidiaries in different jurisdictions and which exposes the Group to inherent tax risks, as is the case for all companies operating in an international context. Based on these tax risks, management performed a detailed assessment for uncertain tax positions which resulted in provisions recorded for these uncertainties, in line with IFRIC 23.

IFRIC 23 'Uncertainty over income tax treatments' (effective 1 January 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over whether tax assessed by a Group will be accepted by the tax authority. It is applied to both current and deferred tax where there is uncertainty over a Group's tax position. The Group made a detailed assessment of all tax uncertainties within the Group having the following implications on the accounting policies:

a. It has decided whether to consider its uncertain tax positions (UTPs) individually or collectively, based on which approach provided the best predictions of the resolution of the uncertainties with the tax authority;

b. It has assumed that the tax authority will examine the position (if entitled to do so) and will have full knowledge of all the relevant information;

c. On a case by case basis the Group has decided to recognise a UTP (group of UTPs) using either the most likely amount or the expected value, depending on which is thought to give a better prediction of the resolution of each (group of) UTP(s), to reflect the likelihood of an adjustment being realised on examination.

The total IFRIC 23 provision for the continuing operations amounts to €4.0m for 2022 compared to €2.7m last year.

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The Group has tax credits in respect of losses carried forward and Dividend Received Deduction (relief for dividend payments by qualifying EU subsidiaries to qualifying EU parent companies, to avoid double taxation of dividend income). These tax credits can be used to offset against future taxable profits. The valuation of this asset depends on a number of judgemental assumptions regarding the future taxable profits of different Group subsidiaries in different jurisdictions and on the outcome of tax planning strategies. These estimates are made prudently based on current knowledge and reasonable long-term projections. Where circumstances to change, and the final tax outcome would be different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Trade receivables

In applying IFRS 9, the Group makes significant judgements in determining the realisable value in respect to trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the lifetime expected credit losses, the Group has established a provision matrix. The Group included the following parameters: probability of default and the exposure at default (including estimated coverage by credit insurance). In order to approximate these parameters, the trade receivables have been categorised based on common characteristics (mainly geographical area, type of customer and the days past due). The provision matrix is based on forecasted default rates published by Moody's, adjusted by scalar factors to reflect differences in the Group's view of current and expected economic conditions and historical conditions. In addition to this generalized approach, the Group included individually managed exposures on a case by case basis, if not covered by the ECL model.

Customer rebates

The Group also needs to make some judgements in determining accruals for customer rebates as presented in the Statement of Financial Position, "Other payables" . When estimating the rebates payable, the Group uses all available information, including historical and forecast results and takes into consideration the type of customer, the type of transaction and the specifics of each arrangement. Refer to revenue recognition, Note 1.21.

Note 3. Reconciliation of non-GAAP measures

The table below shows the impact of non-recurring items on the Combined statement of comprehensive income for the period and provides a reconciliation between the reported information and the non-GAAP measures as presented in these Financial Statements.

(€ thousands)	2022	2021
Revenue	337.430	276.814
Raw material expenses	(162.318)	(114.514)
Changes in inventories	10.434	9.655
Employee benefit expenses	(78.110)	(83.056)
Other income	316	1.044
Other expenses	(72.355)	(46.970)
Adjusted EBITDA[1]	**35.398**	**42.974**
Depreciation/amortisation	(18.688)	(17.143)
Adjusted Operating Profit[1]	**16.710**	**25.831**
Integration and restructuring expenses	(1.445)	(5.993)
Operating profit / (loss)	**15.265**	**19.838**
Finance income	(0)	1
Finance expenses	(19.649)	(28.294)
Net finance expenses	**(19.649)**	**(28.294)**
Profit / (loss) before income taxes	**(4.384)**	**(8.456)**
Income tax benefit / (expense)	(9.014)	(8.127)
Profit / (loss) for the period from continuing operations	**(13.398)**	**(16.583)**
Profit / (loss) for the period from discontinued operations	(54.459)	(112.712)
Profit / (loss) for the period	**(67.857)**	**(129.295)**

1 Adjusted Operating Profit and Adjusted EBITDA are non-GAAP measures as defined in Note 1.25.

Several non-recurring items had a material impact on our 2022 net income of the continuing operations. The impact of these events amounts to a net expense of €1.4m (€0.01 per share), as compared to €6.0m (€0.04 per share) in 2021 for the continuing operations. The expense in the current period is mainly driven by the one-off cost for attracting and retaining employees to the Group after the Transaction.

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Note 4. Segment reporting

Segment information is presented in respect of the Group's business segments as defined earlier. The performance of the segments are reviewed by the Group's chief operational decision making body, which is the Management Committee. Following the completion of the Transaction the management structure has been changed to one management team for the United States and another separate management team for Europe, with significantly less central functions. Both management teams have the following main functions: production, procurement, HR, product development, supply chain and finance. The economic characteristics, the growth trends, supply chain evolutions and key value drivers differ significantly in Europe and US. In Europe, the two plants, Tielt and Zele, are operationally managed together under the same leadership, for resource allocation, capital expenditure, supply chain and manufacturing to produce carpet tiles and broadlooms for our European Commercial and Residential businesses (including exports to the rest of the world). Based on this analysis, our reporting followed the management of the company and is now Europe and United States (US) versus Commercial and Residential previously.

(€ thousands)	2022	2021[2]
Revenue by segment for continuing operations	**337,430**	**276,815**
Europe	159,641	142,985
US	177,789	133,830
Discontinued Operations	**96,729**	**357,480**
Revenue by geography for continuing operations	**337,430**	**276,815**
Europe	133,435	115,222
North America	182,310	139,064
Rest of World	21,686	22,529
Discontinued Operations	**96,729**	**357,480**
Adjusted EBITDA by segment[1] for continuing operations	**35,398**	**42,974**
Europe	2,157	17,128
US	33,241	25,845
Discontinued Operations	**7,140**	**43,919**
Net Capital expenditure by segment for continuing operations	**11,906**	**10,969**
Europe	6,966	7,635
US	4,941	3,334
Discontinued Operations	**5,209**	**18,014**
Net inventory by segment for continuing operations	**76,177**	**62,812**
Europe	47,333	40,966
US	28,844	21,846
Discontinued Operations	**-**	**114,987**
Trade receivables by segment for continuing operations	**25,084**	**23,961**
Europe	8,005	7,518
US	17,079	16,443
Discontinued Operations	**-**	**25,556**

1 We refer to Note 1.25 where we provide a glossary of the non-GAAP measures.

2 This table has been restated in line with new segmentation.

Given the international sales footprint of the Group, 96% of revenue is realised outside Belgium for the continuing operations, with sales in Belgium being equal to around €14.5m in 2022 (2021: €4.6m).

All revenue mentioned in the table above reflects the revenue related to contracts with customers, recognised in accordance with IFRS 15. The Group has recognised this revenue at a point in time, in accordance with the accounting policies as disclosed in Note 1.21.

We have no customers that represent more than 10% of total sales for continuing operations.

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Note 5. Goodwill

The goodwill represents, amongst other things, the value of the longstanding customer relationships, the Group's market position, brand and reputation, as well as the value of the Group's workforce.

The goodwill impairment test is performed at the level of a cash-generating unit ("CGU") or a group of cash-generating units ("CGUs"), which is the lowest level at which goodwill is monitored for internal management purposes. Our CGUs are in line with our segments. After the divestment there are 2 geographical segments, Europe and US. In the US there is one cash generating unit. Also in Europe all the assets should be grouped together to identify the smallest group of assets generating cash inflows independent of the cash inflows from other assets since the two production plants are operationally completely connected with each other to produce tiles and broadloom for both residential and commercial businesses. Decisions on resource allocation and capex towards both of the European plants are taken for the business as a whole. The European management level is fully centralised and comprises following main functions: production, procurement, HR, product development, supply chain and finance. There is one key manager responsible for both plants in Europe and it is impossible to split assets to allocate them to the residential and commercial business separately since they are fully incorporated

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit most from the business combination. Consequently, the goodwill arising from the acquisition of Balta Finance and after the write-down of the goodwill on our sold Rugs business (€94.3m) amounts to €105.7m and was allocated to Europe (€30.4m), whilst the goodwill arising from the acquisition of Bentley has been allocated to US (€75.3m). The Rugs business is part of the discontinued operations and has been written down in accordance with IFRS 5 in 2021. We refer to Note 39 of the 2021 annual report for more information.

The impairment testing has been performed as at 31 December 2022.

Based on the comparison of the "value in use" (derived using discounted cash flow analysis) and the carrying amount (book value of capital employed) per CGU as at 31 December 2022, the Group has been able to demonstrate that the recoverable amount exceeds the carrying amount and hence the goodwill is not impaired for the continued operations. The "value in use" calculations use cash flow projections (which include EBITDA, working capital movements, capital expenditure and taxes) and are based on financial projections covering a five-year period. Estimates beyond this five-year period are calculated using a growth rate that reflects the long-term growth rate applicable to the CGU, moderated to reflect management's view of long-term earnings across the cycle.

Key assumptions on which management has based its determinations of the "value in use" include terminal value growth rates of 1% for Europe and 2% US (2021: 1% and 1% respectively) and an after-tax discount rate of 10.0% (2021: 8.2%).

The "value in use" is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Discount rates are based on the weighted average cost of capital. This weighted average cost of capital is benchmarked with comparable competitors. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends. The table below includes the CGUs to which goodwill has been allocated and presents the value these two assumptions need to be independently in order to reduce the "value in use" to the carrying amount.

Sensitivity analysis per CGU	Minimal growth rate	Maximum discount rate
Europe	0.0%	10.7%
US	(13.4)%	16.9%

Movements compared to prior year for the continuing operations relate solely to changes in exchange rate.

Note 6. Employee benefit expenses

The following table sets forth employee benefit expenses for the years ended 31 December 2022 and 2021:

(€ thousands)	2022	2021
Total employee benefit expenses for continuing operations	**78,110**	**83,056**
Wages and salaries	55,847	58,480
Social security costs	11,346	16,117
Pension costs	3,488	1,999
Other employee benefit expenses	7,429	6,459
Total discontinued operations	**25,763**	**83,593**

Employee benefit expenses decreased due to a decrease in FTE (see below) in combination with a less expensive corporate structure after the Transaction. The total amounts to €78.1m for the continuing operations, compared to €83.1m as at 31 December 2021.

The average number of employees in 2022 and 2021 was respectively 1,139 and 1,158 (both in full time equivalents) for the continuing business. Part-time employees are included on a proportionate basis.

	2022	2021
Average number of total employees for continuing operations	**1,139**	**1,158**
Average number of employees - blue collar	785	801
Average number of employees - white collar	354	357
Total average number of employees discontinued operations	**2,372**	**2,673**

Note 7. Other income and expenses

(€ thousands)	2022	2021
Other income for continuing operations	**316**	**1,041**
Foreign exchange gains	(64)	6
Rental income from solar rooftop installations	308	631
Sales of energy certificates	(10)	14
Grants	16	43
Gain on sale of fixed assets	2	59
Other	64	292
Total discontinued operations	**1,879**	**2,235**
Other expenses for continuing operations	**72,355**	**46,970**
Services and other goods	44,234	20,143
Selling expenses	26,916	26,616
Foreign exchange losses	(95)	284
Real estate tax	1,126	710
Other	174	(783)
Total discontinued operations	**20,455**	**68,766**

Other income from continuing operations largely comprises a gain in relation to rental payments received from third parties who lease the space to install solar panels.

Other expenses for the continuing operations increased by €25.4m to €72.4m for the year ended 31 December 2022 from €47.0m for the year ended 31 December 2021. The main component of other expenses is services and other goods which mainly includes electricity and gas, maintenance and repair and interim blue collars. Selling expenses mainly include freight and commissions. The increase in other expenses is mainly related to increase in energy, maintenance and transportation cost.

The costs of research and development are also included within “Other expenses”.

The continuing operations incurred €6.1m of research and development expenses during the 12 months ended 31 December 2022 (2021: €4.9m). One of the competitive advantages of our business is our long history of creativity and innovation. The Group aims to leverage research and development to continually optimize the production capacity and provide designs that appeal to our customers. Trends in product design and innovation are closely monitored through continuous testing and analysis, with a focus on anticipating customers' preferences and market developments.

Note 8. Depreciation / amortisation

The components of depreciation and amortisation can be summarised as follows:

(€ thousands)	2022	2021
Depreciation/amortisation for continuing operations	**18,688**	**17,143**
Amortisation of intangible assets	1,516	1,441
Depreciation property, plant and equipment	17,172	15,702
Total discontinued operations	**-**	**21,755**

Depreciation / amortisation amounts to €18.7m for the continuing operations, an increase of €1.5m compared to 2021.

Note 9. Integration and restructuring expenses

The total integration and restructuring expenses incurred in 2022 amount to €1.4m (2021: €6.0m). This comprises various items which are considered by management as non-recurring or unusual by nature.

(€ thousands)	2022	2021
Integration and restructuring expenses	**1,445**	**5,993**
Corporate restructuring	1,445	5,929
Other	-	64
Total discontinued operations	**5,302**	**5,843**

The expense in the current period is mainly driven by the one-off cost for attracting and retaining employees to the Group after the Transaction. The 2021 expense for the continuing operations is mainly driven by the one-off cost related to the extension of our Senior Secured Notes during Q1 2021.

Note 10. Finance expenses

(€ thousands)	2022	2021
Total finance expenses continued operations	**19,649**	**28,294**
Interest expense on Senior Secured Notes	16,688	23,313
Interest expense on Lease liabilities	1,809	1,688
Interest expense on Bank borrowings	877	2,178
Foreign exchange result on interco transactions	(216)	30
Other finance costs	492	1,086
Total discontinued operations	**58,161**	**3,711**

The net finance expense for the continuing operations amounts to €19.6m in 2022, and primarily contains the interest related to external borrowings (Senior Secured Notes, Super Senior Revolving Credit Facility and Leasing obligations). Refer to Notes 21 until 23 for a description of these facilities. The net cost decreased compared to 2021 due to the lower financing cost of the group caused by the debt repayments after the Divestment. The 2022 contains a one-off recognition of the remaining capitalized expenses on former Senior Secured Notes of €1.3m in the Statement of comprehensive income, which became necessary in line with the notes re-financing on the 4 April 2022 due to the Transaction. On top of that an amount of €5.1m of financing costs have been capitalized with regards to the revised Senior Senor Notes (see Note 21).

Other finance costs mainly relate to factoring, commitment fees and other bank related charges. The effective interest expense for the Senior Secured Notes comprises cash interest of €12.2m, PIK interest of €1.6m and the amortisation of capitalised financing fees of €2.8m which includes the one-off recognitions as explained in the previous paragraph.

Note 11. Income tax benefit / expense

(€ thousands)	2022	2021
Income tax benefit / (expense) for continuing operations	**(9,014)**	**(8,127)**
Current tax	(6,791)	(3,767)
Deferred tax	(2,223)	(4,360)
Total discontinued operations	**851**	**3,129**
Income tax benefit / (expense) for continuing operations	**(9,014)**	**(8,127)**
Income tax calculated at Luxembourg tax rate (24,94%)	1,096	2,115
Rate differential due to transactions with foreign entities	(514)	(56)
Disallowed expenses	(2,583)	(3,003)
Tax losses for which no deferred tax asset is recognized	(1,690)	(1,866)
Taxation of untaxed reserves	(83)	(265)
Reversal of previously recognized tax assets	(4,478)	(5,249)
Other	(762)	197
Total discontinued operations	**851**	**3,129**

The continuing operations reported a tax expense for 2022 of €9.0m (tax expense of €8.2m for 2021) based on a loss before tax of €4.3m (2021: loss of €8.4m). The tax expense is mainly driven by both de-recognition of deferred tax assets, triggered by future prospects in tax base and structure and a change in tax legislation, and from taxing the strong results of our US division.

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Note 12. Other intangible assets

(€ thousands)	Trademark	Software and licences	Internally generated intangible assets	Total
Opening net book value at 1 January 2021	**5,943**	**1,186**	**2,338**	**9,466**
				-
Discontinued operations in opening balance	-	(1,042)	(1,454)	(2,497)
Additions	-	43	413	456
Disposals	-	-	(79)	(79)
Amortisation charge	(1,042)	(15)	(384)	(1,441)
Exchange differences	508	11	-	519
Closing net book value 31 December 2021	**5,408**	**183**	**834**	**6,425**
Cost or fair value	10,301	1,203	3,088	14,593
Accumulated amortisation, impairment and other adjustments	(4,893)	(1,020)	(2,254)	(8,168)
Closing net book value at 31 December 2021 for continuing operations	**5,408**	**183**	**834**	**6,425**
Closing net book value at 31 December 2021 for discontinued operations	**-**	**-**	**-**	**-**
Opening net book value at 1 January 2022	**5,408**	**183**	**834**	**6,425**
Additions	-	121	7	128
Disposals	-	-	-	-
Transfers	-	29	-	29
Amortisation charge	(1,094)	(38)	(384)	(1,516)
Exchange differences	335	31	-	366
Closing net book value at 31 December 2022	**4,649**	**326**	**457**	**5,432**
Cost or fair value	10,939	1,438	3,085	15,462
Accumulated amortisation, impairment and other adjustments	(6,290)	(1,112)	(2,628)	(10,030)
Closing net book value at 31 December 2022 for continuing operations	**4,649**	**326**	**457**	**5,432**

The trademark of €4.6m relates to the acquisition of Bentley.

The total amortisation expense for the continuing operations of €1.5m (2021: €1.4m) is included in the line "Depreciation, amortisation and impairment" in the Statement of comprehensive income.

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Note 13. Property, plant and equipment

(€ thousands)	Land and buildings	Plant and machinery	Other Equipment	Total
Opening net book value at 1 January 2021	**170,546**	**131,624**	**10,118**	**312,288**
Discontinued operations in opening balance	(126,245)	(85,746)	(4,152)	(216,143)
Additions	12,576	6,168	5,792	24,536
Disposals	(56)	(235)	(225)	(515)
Transfers	256	240	(496)	-
Depreciation charge	(5,051)	(5,838)	(4,813)	(15,702)
Exchange differences	363	921	195	1,479
Closing net book value at 31 December 2021	**52,390**	**47,134**	**6,420**	**105,943**
Cost or fair value	87,681	175,241	14,890	277,812
Accumulated depreciation, impairment and other adjustments	(35,291)	(128,107)	(8,471)	(171,869)
Closing net book value at 31 December 2021 for continuing operations	**52,390**	**47,134**	**6,420**	**105,943**
Closing net book value at 31 December 2021 for discontinued operations	**119,012**	**56,604**	**1,832**	**177,448**
Opening net book value at 1 January 2022	**52,390**	**47,134**	**6,420**	**105,943**
Additions	2,600	8,105	6,942	17,647
Disposals	-	(69)	(124)	(193)
Transfers	1,158	318	(1,505)	(29)
Depreciation charge	(5,780)	(6,549)	(4,843)	(17,172)
Exchange differences	877	1,088	18	1,983
Closing net book value at 31 December 2022	**51,245**	**50,025**	**6,908**	**108,178**
Cost or fair value	91,053	164,082	15,155	270,290
Accumulated depreciation, impairment and other adjustments	(39,808)	(114,057)	(8,247)	(162,112)
Closing net book value at 31 December 2022 for continuing operations	**51,245**	**50,025**	**6,908**	**108,178**

In 2022, a total of €17.6m has been added for the continuing operations. The main investments in 2022 were in plant and machinery and other equipment.

The total depreciation expense for the continuing operations of €17.2m (2021: €15.7m) has been charged to "Depreciation and amortisation" in the Statement of comprehensive income.

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(€ thousands)	Right-of-use assets	Owned PP&E	Total PP&E
As at 31 December 2021	**52,815**	**53,128**	**105,943**
Discontinued operations in opening balance sheet	-	-	-
Additions	5,789	11,858	17,647
Disposals	(23)	(170)	(193)
Depreciations	(7,405)	(9,768)	(17,172)
Transfer	-	(29)	(29)
FX impact	1,485	498	1,983
As at 31 December 2022	**52,662**	**55,516**	**108,178**

(€ thousands)	2022	2021
Right-of-use assets - Land and Buildings	**47,728**	**50,108**
Cost - Capitalised leases	82,185	80,271
Accumulated depreciation	(34,457)	(30,163)
Total Discontinued operations	**-**	**39,107**
Right-of-use assets - Plant and machinery	**4,934**	**2,707**
Cost - Capitalised leases	8,174	4,559
Accumulated depreciation	(3,240)	(1,852)
Total Discontinued operations	**-**	**1,963**
Right-of-used assets - Total leased Property, Plant & Equipment	**52,662**	**52,815**
Cost - Capitalised leases	90,359	84,830
Accumulated depreciation	(37,697)	(32,015)
Total Discontinued operations	**-**	**41,070**

The Group's assets which are pledged as security for the borrowings are described in Note 21 and 22.

Note 14. Deferred income tax assets and liabilities

IFRS requires the deferred taxes for each jurisdiction to be presented as a net asset or liability. Offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction is not allowed. The table below presents the net deferred tax position in accordance with these presentation principles.

(€ thousands)	2022	2021
Total Deferred tax assets for continuing operations	**390**	**4,592**
Deferred tax assets to be reversed after more than 12 months	364	4,282
Deferred tax assets to be reversed within 12 months	26	311
Total discontinued operations	**-**	**2,852**
Total Deferred tax liabilities for continuing operations	**(6,355)**	**(8,459)**
Deferred tax liabilities to be reversed after more than 12 months	(5,646)	(7,515)
Deferred tax liabilities to be reversed within 12 months	(709)	(944)
Total discontinued operations	**-**	**(28,707)**
Net deferred tax liabilities	**(5,965)**	**(3,867)**

The movement in the net deferred tax positions can be summarised as follows:

(€ thousands)	2022	2021
At 1 January	**(3,867)**	**(30,145)**
Discontinued operations in opening balance	-	30,792
Exchange differences	(144)	(137)
Other comprehensive income	268	(17)
Income statement charge	(2,223)	(4,360)
At 31 December	**(5,965)**	**(3,867)**

In contrast to the table above, the table below shows the movement in deferred taxes on a gross basis, i.e. without netting deferred tax liabilities and deferred tax assets within the same jurisdiction.

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Deferred tax assets

(€ thousands)	Tax losses carried forward	Deferred income sale-and-leaseback	Intangible assets	Borrowings	Employee benefits	Inventory	Provisions	Other	Total
At 1 January 2021	**20,442**	**1,239**	**0**	**1,350**	**1,041**	**1,214**	**1,638**	**1,346**	**28,272**
Discontinued operations in opening balance	(13,164)	(1,239)	(0)	(1,350)	(882)	(996)	1	(1,808)	(19,438)
(Charged)/ credited to the income statement	(352)	-	-	-	2	67	(275)	1,563	1,005
Exchange differences	-	-	-	-	-	25	119	-	144
Other comprehensive income	-	-	-	-	(17)	-	-	-	(17)
At 31 December 2021	**6,926**	**0**	**(0)**	**-**	**144**	**310**	**1,483**	**1,102**	**9,965**
At 1 January 2022	**6,926**	**0**	**(0)**	**-**	**144**	**310**	**1,483**	**1,102**	**9,965**
(Charged)/ credited to the income statement	(3,332)	-	-	-	(380)	484	(118)	242	(3,105)
Exchange differences	-	-	-	-	-	190	327	-	517
Other comprehensive income	-	-	-	-	268	-	-	-	268
At 31 December 2022	**3,593**	**0**	**(0)**	**-**	**33**	**984**	**1,692**	**1,344**	**7,645**

In assessing the realisability of deferred tax assets, management considers the extent to which it is probable that the deferred tax asset will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable the Group will realise the benefits of these deductible differences. As of 31 December 2022, the Group has certain tax losses subject to significant limitations. For those losses, deferred tax assets are not recognised, as it is not probable that gains will be generated to offset those losses. Uncertain tax positions, as described in Note 2, are taken into account when recognising deferred tax assets and liabilities.

As of 31 December 2022, total tax credits amounted to €394.0m, resulting in a potential deferred tax asset of €98.0m of which we only recognised €3.6m at the end of 2022. The majority of the tax credits are incurred at the level of the Group entities in Belgium, where there is no expiry date regarding the tax credits.

Deferred tax liabilities

(€ thousands)	Property, plant and equipment	Intangible assets	Inventory	Other	Total
At 1 January 2021	**(53,963)**	**(1,859)**	**(2,357)**	**(239)**	**(58,417)**
Discontinued operations in opening balance	47,491	556	2,110	73	50,231
Charged/(credited) to the income statement	(5,494)	122	32	25	(5,315)
Exchange differences	(271)	(81)	-	21	(330)
At 31 December 2021	**(12,236)**	**(1,262)**	**(214)**	**(120)**	**(13,832)**
At 1 January 2022	**(12,236)**	**(1,262)**	**(214)**	**(120)**	**(13,832)**
Discontinued operations in opening balance	-	-	-	-	-
Charged/(credited) to the income statement	721	835	(562)	(112)	882
Exchange differences	(705)	(76)	-	121	(660)
At 31 December 2022	**(12,220)**	**(503)**	**(775)**	**(111)**	**(13,610)**

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Aggregate unremitted earnings are equal to €51.6m as of 31 December 2022 for the continuing operations (as compared to €215.8m as of 31 December 2021). Adding up the gross amounts of deferred tax assets of €7.6m and gross amount of deferred tax liabilities (€13.6m) results in a net deferred tax liability position at 31 December 2022 of €6.0m.

Note 15. Inventories

The table below provides a breakdown of total inventories as at 31 December:

(€ thousands)	2022	2021
Total inventories for continuing operations	**76,177**	**62,812**
Raw materials and consumables	38,197	25,327
Work in progress	17,557	13,175
Finished goods	20,424	24,310
Total Discontinued operations	**-**	**114,987**

Inventories increased from €62.8m to €76.2m. The increase is mainly explained by the high increase in input prices during 2022.

The continuing operations increased the provision for obsolete inventory in 2022 by €2.9m compared to an increase of €1.8m in 2021 which is included in the Consolidated Statement of Comprehensive income under "Raw materials used" and "Changes in inventories of finished goods and work in progress".

The sum of raw material expenses and changes in inventories recognised as expenses in 2022 amounts to €151.9m for the continuing operations as compared to €104.9m in 2021.

The Group's assets pledged as security for the Senior Secured Notes and borrowings are described in Notes 21 to 22.

Note 16. Trade and other receivables

(€ thousands)	2022	2021
Total Trade and other receivables for continuing operations	**25,684**	**24,361**
Trade and other receivables (non-current) for continuing operations	**599**	**537**
Other amounts receivable	599	537
Total discontinued operations	**-**	**176**
Trade and other receivables (current) for continuing operations	25,084	23,824
Net trade receivables	23,326	23,961
Trade receivables	24,078	24,631
Less: Bad debt allowance	(752)	(670)
Prepayments and accrued income	1,311	262
Other amounts receivable	447	(399)
Total discontinued operations	**-**	**30,408**

The fair value of trade and other receivables approximates their carrying amount as the impact of discounting is not significant. As part of its normal course of business, the Group has entered into non-recourse factoring agreements with financial parties. The Group has derecognised the accounts receivable for which substantially all risk and rewards of ownership have been transferred excluding reserves which are still on the balance sheet.

Current trade and other receivables have increased from €23.8m per 31 December 2021 to €25.1m as of 31 December 2022.

As of 31 December 2022, net trade receivables that were past due amounted to €2.0m (as compared to €1.6m as of 31 December 2021).

The Group uses credit insurance in Europe as a means to transfer the credit risk related to trade receivables. Furthermore, our trade receivables portfolio is very diversified, in terms of both segmentation and client base, which mitigates the credit risk. The credit quality of the trade receivables that are neither past due nor impaired is good.

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The carrying amounts for the Group's trade and other receivables are denominated in the following currencies:

(€ thousands)	2022	2021
Total trade and other receivables for continuing operations	**25,684**	**24,361**
EUR	7,520	8,882
USD	18,065	15,393
GBP	99	86
Total discontinued operations	**-**	**30,583**

The Group is monitoring the recoverability of trade and other receivables on a case by case assessment. In addition, the Group has applied IFRS 9, by applying the modified retrospective approach, by using the standard's simplified approach and calculated ECLs (Expected Credit Loss) based on lifetime expected credit losses. The Group has established a provision matrix. Trade receivables have been categorised by common characteristics that are representative of the customer's abilities to pay (based on geographical region and type of customers such as retail, wholesale or construction & building, and delinquency status). The provision matrix is based on forecasted default rates published by Moody's, adjusted by scalar factors to reflect differences in the Group's view of current and expected economic conditions and historical conditions.

At 31 December 2021 for continuing operations	Not due or less than 15 days past due	More than 15 days past due	Total
Expected loss rate	1.9%	28.4%	
Gross carrying amount - trade receivables	23,864	767	24,631
Loss allowance	**452**	**218**	**670**
At 31 December 2022 for continuing operations	**Not due or less than 15 days past due**	**More than 15 days past due**	**Total**
Expected loss rate	2.8%	9.0%	
Gross carrying amount - trade receivables	22,950	1,128	24,078
Loss allowance	**650**	**102**	**752**

Movements in the Group's bad debt allowance with respect to trade receivables are as follows:

(€ thousands)	2022	2021
At 1 January for continuing operations	**(670)**	**(4,291)**
Discontinued operations in opening balance	-	2,905
Increase in loss allowance recognised in profit or loss during the year	(295)	-
Receivables written off during the year as uncollectible	60	24
Unused amounts reversed	175	751
FX difference	(21)	(68)
At 31 December for continuing operations	**(752)**	**(670)**

The creation and release of allowances for impaired receivables has been included in "Other income/expenses" in the Statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. As at 31 December 2022 the continuing operations holds no collateral (letters of credit and corporate or bank guarantees).

Note 17. Cash and cash equivalents

(€ thousands)	2022	2021
Total cash and cash equivalents	**38,488**	**51,394**
Cash at bank and on hands	24,009	36,801
Cash in subsidiaries outside the EU	14,479	14,593
Of which in countries with legal restrictions	-	-
Total discontinued operations	**-**	**3,909**

The credit quality of the banks and financial institutions is disclosed in Note 26. The Group's assets pledged as security for the Senior Secured Notes and borrowings are described in Notes 21 and 22.

Note 18. Share capital and share premium

The legal issued share capital of the Group is €137.8m divided into 137,677,446 ordinary shares without a nominal value. All shares issued by the Group are fully paid, as is a share premium of €155.5m.

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Note 19. Other comprehensive income

Components of "Other comprehensive income" ("OCI") are items of income and expenses (including reclassification adjustments) that are not recognised in the Statement of comprehensive income as required or permitted by other IFRSs. The Group has other comprehensive income which mainly relates to re-measurement of post-employee defined benefit obligations, the gains and losses arising from translating the Financial Statements of foreign entities and the changes in the fair value of hedging instruments.

The movements in OCI are summarised in the table below:

(€ thousands)	2022	2021
Items in OCI that may be subsequently reclassified to P&L	**3,557**	**(6,807)**
Cumulative translation reserves as of 31 December	**3,557**	**(6,655)**
Cumulative translation reserves at beginning of the period	(6,655)	(15,459)
Exchange differences on translating foreign operations	10,212	8,804
Cumulative changes in fair value of hedging instruments as of 31 December	**-**	**(152)**
Cumulative changes in fair value of hedging instruments at beginning of the period	(152)	(35)
Changes in fair value of hedging instruments during the period	152	(117)
Items in OCI that will not be reclassified to P&L	**2,310**	**1,972**
Changes in deferred tax at 31 December	**(698)**	**(966)**
Changes in deferred taxes at beginning of the period	(966)	(949)
Changes in deferred taxes during the period	268	(17)
Changes in employee defined benefit obligations at 31 December	**3,008**	**2,939**
Changes in employee defined benefit obligations at beginning of the period	2,939	2,813
Changes in employee defined benefit obligations during the period	68	125
Total other comprehensive income for continuing operations at 31 December	**5,867**	**(4,835)**
Total other comprehensive income for discontinued operations at 31 December	**-**	**(54,456)**

Cash flow hedge accounting

The movement schedule below summarizes the amounts recorded in the cash flow hedge reserve and the portion that was recognised in the Statement of comprehensive income in relation to contracts that were settled in December 2022. The amounts recognised in the Statement of comprehensive income have been presented as "Other income" – see Note 7. We have no open instruments per end of December 2022 because of the smaller exposure of the Group to GBP.

(€ thousands)	2022	2021
Cash flow hedge reserve, ending balance	**0**	**(152)**
Opening balance	(152)	(35)
Amounts recorded in the cash flow hedge reserve	152	(195)
Amounts recognized in the income statement	-	78

Employee defined benefit obligations

The Group operates defined benefit pension plans. The changes in pension liabilities are accounted for through Other comprehensive income when the changes relate to a change in actuarial assumptions from one year to another.

In the past, several insurance companies have decided to reduce the technical interest rate on group insurance contracts to a level below the minimum return guaranteed by law for Belgian defined contribution pension plans. Because the employer has to guarantee the statutory minimum return on these plans, not all actuarial and investment risks relating to these plans are transferred to the insurance company or pension fund managing the plans. Therefore these plans do not meet the definition of defined contribution plans under IFRS and should by default be classified as defined benefit plans. Refer to Note 27 for further details.

The liability has been measured using a discount rate of 3.5% for 2022 and 0.80% for 2021.

Deferred Taxes

The changes in pension liabilities also affect deferred taxes. When the change in pension liabilities are recorded through Other comprehensive income, the related deferred tax charge is also recorded in Other comprehensive income.

Note 20. Retained earnings

At 1 January for continuing operations	**(18,534)**	**(1,950)**
Change in scope[1]	(162,770)	-
Reclassified from OCI	51	-
Profit / (loss) continued for the year allocated to equity owners	(13,398)	(16,583)
At 31 December for continuing operations	**(194,650)**	**(18,534)**

1 Change in scope reflects the transfer of the elements of comprehensive income from discontinued operations to retained earnings of the group at completion date of the divestment without currency translation adjustments which are recycled over the income statement

Retained earnings may be distributed to shareholders upon the decision of a general meeting of shareholders, taking into account the restrictions as defined in the Senior Secured Debt Facilities and the restrictions which are imposed by law. Five percent of the net profit of the year of the Company is allocated to an undistributable legal reserve. This deductions ceases to be compulsory when such reserves amount ten percent of the issued share capital of the Company.

Note 21. Senior Secured Notes

(€ thousands)	2022	2021
Total Senior Secured Notes for continuing operations	**132,355**	**240,458**
Non-Current portion	**130,745**	**233,744**
Of which: gross debt	132,489	234,657
Of which: capitalised financing fees	(1,744)	(913)
Current portion	**1,611**	**6,714**
Of which: accrued interest	3,355	7,169
Of which: capitalised financing fees	(1,744)	(456)

On 3 August 2015, LSF9 Belysse Issuer S.à r.l. (formerly LSF9 Balta Issuer S.à r.l.) issued €290.0m aggregate principal amount of Senior Secured Notes with an interest rate of 7.75% as part of the financing of the acquisition of Balta Finance S.à r.l. and its subsidiaries. The maturity date of the Senior Secured Notes was 15 September 2022. In June, July and August 2017, the Group performed a partial repayment of €55.1m in total.

The Group announced on 2 February 2021 that it entered into an agreement with noteholders representing 52% of the aggregate principal amount of the 7.75% Senior Secured Notes due 2022 (the “Existing Notes”) issued by LSF9 Belysse Issuer S.à r.l (formerly LSF9 Balta Issuer S.à r.l.) (the “Issuer”), to tender their Existing Notes in an exchange offer (the “Exchange Offer”) for new Senior Secured Notes with a maturity of 31 December 2024 (the “New Notes”), to vote in favour of certain amendments to the terms of the Existing Notes and the indenture governing the Existing Notes (the “Existing Indenture”) by way of a consent solicitation (“Consent Solicitation”) and to support commencement of a scheme of arrangement under Part 26 of the UK

Companies Act 2006 or an analogous legal process in the United Kingdom (the "Scheme") (the "Scheme Solicitation").

On 3 March 2021 the Group announced that it has received sufficient support for the Exchange Offer to implement it without the need to apply a scheme of arrangement. Eligible holders of the Existing Notes had validly tendered (and not validly withdrawn) €233,061,300 in aggregate principal amount (representing 99.22%) to exchange their Existing Notes for new Senior Secured Notes with a maturity of 31 December 2024 (the "New Notes") or cash and to vote in favour of certain amendments to the terms of the Existing Notes and the Existing Indenture by way of the Consent Solicitation. As a result, the €61m European Super Senior Revolving Credit Facility was further extended to 30 June 2024.

Interest on the Senior Secured Notes accrues at the rate of 7.75% per annum and is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 March 2016. As part of the above mentioned extension, a PIK interest of 1% per annum was added.

On 4 April 2022, the Issuer completed a tender offer and consent solicitation in respect of its then outstanding €234,027,888 in aggregate principal amount of the Senior Secured Notes, along with a concurrent private placement of the Senior Secured Notes to an existing noteholder. More than 90% of the holders of the principal amount of the Notes participated in the tender offer and consent solicitation, resulting in a new financing for an aggregate principal amount of €130 million of the Senior Secured Notes due December 2024, including the Senior Secured Notes issued in the private placement and the amendments mentioned below.

Pursuant to the tender offer and consent solicitation, the Issuer also made certain amendments to the Indenture, including decreasing the redemption price of the Senior Secured Notes during the period on or after March 15, 2023 to (but excluding) the date of redemption, to 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts.

Costs related to the issuance of Senior Secured Notes have been included in the carrying amount and are amortised through the Statement of comprehensive income over the term of the debt in accordance with the effective interest method. It follows that the amount of capitalised financing fees expensed during 2022 is equal to €2.8m. This amount is largely driven by the one-off recognition of the remaining capitalized expenses on former Senior Secured Notes due 2024 of €1.3m in the Statement of comprehensive income, while an amount of €5.1m of financing costs have been capitalized with regards to the revised Senior Secured Senor Notes.

The current portion of the debt associated with the Senior Secured Notes relates to accrued interest payable at the next interest payment date, the PIK interest and the portion of the capitalised financing fee that will be amortised through the Statement of comprehensive income over the next 12 months.

Security agreements that have been entered into in the past remain in place which collectively secure the Senior Secured Notes and accrued interest on the Senior Secured Notes. Under the Senior Secured Notes indenture, the Group is subject to quarterly reporting requirements and certain limitations on restricted payments and debt incurrence. The Senior Secured Notes are secured by first-ranking security interests over a number of assets which mainly relate to shares of the guarantors and certain intra-group loans and receivables of the guarantors. In 2020, additional securities were issued in favour of the noteholders and the European Super Senior Revolving Credit Facility banks with respect to the Belgium real estate property in Waregem and Sint-Baafs-Vijve. The Group retained full ownership and operating rights for the assets pledged. In the event of a default of repayment of the Senior Secured Notes and related interest payments, the noteholders may enforce against the pledged assets. The securities on the Belgium real estate property in Waregem and Sint-Baafs-Vijve have been released as part of the operation concluded at the 4 April 2022 while Bentley entered as guarantor.

The collateral also secures the Super Senior Revolving Credit Facility (see Note 22) and certain hedging obligations. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security over the collateral, holders of the Senior Secured Notes will receive proceeds from the enforcement of the collateral only after indebtedness in respect of the Super Senior Revolving Credit Facility and certain hedging obligations have been repaid in full. Any such proceeds will, after all obligations under the Super Senior Revolving Credit Facility and such hedging obligations have been repaid from such recoveries, be applied pro rata in repayment of all obligations under the Indenture and any other obligations that are permitted to be secured over the collateral under the Indenture on an equal and rateable basis.

We confirm that we have complied with all covenants over the reporting period.

Note 22. Bank and other borrowings

The table below provides an overview of the bank and other borrowings that existed on 31 December 2022 and 31 December 2021:

(€ thousands)	2022	2021
Total Bank and other borrowings for continuing operations	**50,350**	**104,081**
Non-current portion for continuing operations	**41,590**	**43,687**
Other lease liabilities	25,577	25,620
Sale-and-leaseback liabilities	16,427	18,405
Of which: capitalised financing fees related to the sale-and-leaseback	(290)	(338)
Capitalised financing fees related to the RCF	(124)	-
Current portion for continuing operations	**8,760**	**60,393**
Other lease liabilities	6,872	5,467
Sale-and-leaseback liabilities	1,978	1,924
Of which: capitalised financing fees related to the sale-and-leaseback	(48)	(48)
Bentley RCF	-	7,960
Super Senior RCF (SSRCF)	82	45,090
Capitalised financing fees related to the SSRCF	(124)	-
Total for discontinued operations	**-**	**39,413**

In relation to Group's financing agreements, the documentation provides for the effect of changes in accounting standards to be neutralized. As such, the application of IFRS 16 has no consequences for the Group's financing. We will continue to calculate Leverage in line with the definition in our financing agreement (excluding IFRS 16 except for sale-and-leasebacks).

Bank borrowings

On 3 August 2015, LSF9 Belysse Issuer S.à r.l. and LSF9 Belysse Investments S.à r.l. entered into a six-year agreement providing for a €40.0m European Super Senior Revolving Credit Facility; which was increased to €45.0m in 2016, €68.0m in 2017 and eventually lowered again to €61.0m in January 2020.

On 18 July 2017, the Group renegotiated the agreement and obtained more favourable commercial terms in respect of its European Super Senior Revolving Credit Facility, including a reduction of the margin from the original 3.75% p.a. in August 2015 to an average margin below 2.00% p.a. at current leverage.

The European Super Senior Revolving Credit Facility is secured by first-ranking security interests over the collateral, which also secures the Senior Secured Notes and the guarantees. Under the European Super Senior Revolving Credit Facility, a lender may make available an ancillary facility, such as overdrafts, guarantees, short-term loan facilities, derivatives or foreign exchange facilities subject to the satisfaction of certain conditions precedent, to a borrower or an affiliate of a borrower in place of all or part of its unutilised commitment under the European Super Senior Revolving Credit Facility. Amounts drawn under the European Super Senior Revolving Credit Facility may be used for working capital and other general corporate purposes of the Restricted Group (as defined in the contract), operational restructurings or permitted reorganisations of the Group.

The agreement contains customary and certain deal specific affirmative loan style covenants and restrictive covenants such as a springing financial covenant (based on total net leverage ratio) and an annual guarantor coverage test. The European Super Senior Revolving Credit Facility is also guaranteed by each Guarantor. In 2020, additional securities were issued in favour of the noteholders and the European Super Senior Revolving Credit Facility banks with respect to the Belgium real estate property in Waregem and Sint-Baafs-Vijve. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security over the collateral, holders of the Senior Secured Notes and the Senior Term Loan Facility banks will receive proceeds from the enforcement of the collateral only after indebtedness in respect of the European Super Senior Revolving Credit Facility and certain hedging obligations have been repaid in full.

On 9 October 2020, the Group signed agreements with each of its lenders under its existing European Super Senior Revolving Credit Facility to amend and extend the maturity date from 11 August 2021 to at least 30 June 2022. The maturity date was further extended to 30 June 2024 after the successful amendment and extension of the Senior Secured Notes as described in Note 21. Per 4 April 2022, €61m European Super Senior Revolving Credit Facility was repaid and replaced by a €45m Super Senior Revolving Credit Facility. The securities on the Belgium real estate property in Waregem and Sint-Baafs-Vijve have been released as part of the operation concluded at the 4 April 2022 while Bentley entered as guarantor.

We confirm that we have complied with all covenants over the reporting period.

Bentley financing arrangements

BPS Parent Inc. and other subsidiaries entered into a $51.0m syndicated credit facility (the “Fifth Third Credit Agreement”) with Fifth Third Bank and other financial institutions (the “Lenders”) on 1 February 2017. The credit facilities under the Fifth Third Credit Agreement consist of: (i) a five year revolving credit facility of $18.0m which was due and payable on 31 January 2022, and availability is governed by a borrowing base, and (ii) a five year senior term loan facility of $33.0m (“Bentley Term Loan”), with the latter repaid in 2017. Obligations under the Fifth Third Credit Agreement are secured by a security interest on substantially all assets of BPS Parent Inc. and its subsidiaries in favour of the Lenders. The Fifth Third Credit Agreement contains affirmative and negative covenants with respect to BPS Parent Inc. and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness and investments of BPS Parent Inc. and its subsidiaries and require the maintenance of certain financial ratios defined in the Fifth Third Credit Agreement. As a precautionary measure, to address our short-term liquidity and working capital needs, on 11 March 2020, we drew the full $18.0m under the revolving credit facility. During Q4 2020, we repaid half of the outstanding amount. In December 2021, the revolving credit facility was extended until June 2022 for amount a maximum of $15.0m. As part of the transaction on the 4th April 2022, the outstanding amount of $9.0m was repaid and the facility was closed.

Factoring

As part of its normal course of business, the Group has entered into non-recourse receivables factoring agreements, whereby it may sell trade receivables arising from its normal course of business at face value less certain reserves and fees. The credit risk related to the factored receivables has been transferred to the factoring company, who in turn has transferred this risk to a credit insurance company. Under the non-recourse agreements, the Group collects payments from its customers on behalf of the factoring company to which it has factored its receivables. Given that substantially all of the risks and rewards of ownership have been transferred, the trade receivables assigned to the factoring companies have been derecognised from the Statement of financial position.

In 2022 the continuing operations continue to recognise a portion of the receivables to the extent of its continuing involvement, in accordance with IFRS 9 (€5.0m). (2021: €7.5m)

Note 23. Leases

The lease liabilities have decreased from €51.0m as of 31 December 2021 to €50.5 as of 31 December 2022. At the end of 2022, the corresponding lease liability related to IFRS 16 (so excluding sale-and-leaseback) amounts to €32.4m.

The liability was measured at the present value of the remaining lease payments, discounted at a predetermined discount rate. The Group applied several discount rates, depending on the type of asset (buildings or machines), lease term, geographical area, risk premium (from 1.80% to 3%) and the variability of the base rate (based on the market swap rates of 31 December 2018). The applied incremental borrowing rate depends on the geographical environment and the remaining duration of the agreement. For contracts in Europe, this is between 0% and 2.8%. While in the US, the incremental borrowing rate is between 3.4% and 6.9%.

The leasing agreements under IFRS 16 have a remaining term between 1 and 8 years. We relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 31 December 2022.

In relation to Group's financing agreements, the documentation provides for the effect of changes in accounting standards to be neutralized. As such, the application of IFRS 16 has no consequences for the Group's financing. We will continue to calculate Leverage in line with the definition in our financing agreement.

Carrying amounts of lease liabilities and the movements in 2022:

(€ thousands)	IFRS 16 excl sale- and-leaseback	Sale- and-leaseback	Total
At 31 December 2021	**31,033**	**19,998**	**51,030**
Additions	5,704	-	5,704
Disposals	(29)	-	(29)
Financing fees	-	48	48
Accretion of interest	1,330	465	1,795
Payments	(6,449)	(2,445)	(8,894)
FX impact	860	-	860
At 31 December 2022	**32,449**	**18,066**	**50,515**
Current lease liability	6,872	1,930	8,801
Non-current lease liability	25,577	16,136	41,714
Total lease liability	**32,449**	**18,066**	**50,515**

(€ thousands)	2022	2021
Total present value of lease liabilities (excluding capitalized financing fees) for continuing operations	**50,854**	**51,417**
No later than 1 year	8,849	7,391
Later than 1 year and no later than 5 years	33,924	29,860
Later than 5 years	8,080	14,166
Total discontinued operations	**-**	**39,758**

The Group uses foresight in determining the lease term where the contract contains options to extend or terminate the lease. Beside the impact on the business, criteria such as penalties and leasehold improvements are considered in this analysis. Variable lease payments are not included in the measurement of lease liabilities.

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Note 24. Net debt reconciliations

The following table sets out an analysis of net debt and the movements in net debt:

	Liabilities from financing activities							Cash and Cash equivalents	
(€ thousands)	**Senior Secured Notes due after 1 year**	**Senior Secured Notes due within 1 year**	**Lease liabilities due after 1 year**	**Lease liabilities due within 1 year**	**Super Senior RCF**	**Bentley RCF**	**Total gross financial debt continuing operations**	**Cash and Cash equivalents continuing operations**	**Total net financial debt continuing operations**
Net debt at 31 December 2021	**(234,657)**	**(7,169)**	**(44,026)**	**(7,336)**	**(45,090)**	**(7,960)**	**(346,239)**	**51,394**	**(294,845)**
Cashflows	-	-	-	-	-	-	-	(12,905)	(12,905)
Proceeds of borrowings with third parties	(130,000)	-	-	-	-	-	(130,000)	-	(130,000)
Repayments of borrowings with third parties	232,818	2,380	-	7,468	45,090	8,107	295,863	-	295,863
Other non-cash movements (includ. FX movements)	(650)	1,311	2,022	(8,981)	(82)	(147)	(6,528)	-	(6,528)
Net debt at 31 December 2022	**(132,489)**	**(3,479)**	**(42,004)**	**(8,849)**	**(82)**	**-**	**(186,903)**	**38,488**	**(148,415)**

The table above does not include the movements in capitalised financing fees, or the half yearly interest paid (see Note 21 to 23). The proceeds of the Transaction were used to refinance our Senior Secured Notes (including €2.4m of PIK interest paid per 4th of April 2022) and our RCF. The non-cash movement of €0.7m relates to the semi-annual PIK interest that is added to the principal. The €1.3m non-cash movement is the net movement in accrued interest.

		Cash and Cash equivalents	
(€ thousands)	**Total gross financial debt discontinued operations**	**Cash and Cash equivalents discontinued operations**	**Total net financial debt discontinued operations**
Net debt at 31 December 2021	**(39,758)**	**3,909**	**(35,848)**
Cashflows	-	570	570
Change in scope	38,643	(4,480)	34,164
Repayments of borrowings with third parties	1,114	-	1,114
Net debt at 31 December 2022	**-**	**-**	**-**

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Note 25. Additional disclosures on financial instruments

The following table presents the carrying amounts and fair values of each category of financial assets and financial liabilities for the continuing operations:

(€ thousands)	Fair value hierarchy	2022	2022	2021	2021
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets as per statement of financial positions		**64,172**	**64,172**	**75,754**	**75,754**
Loans and receivables		**64,172**	**64,172**	**75,754**	**75,754**
Trade and other receivables		25,684	25,684	24,361	24,361
Cash and cash equivalents	Level 1	38,488	38,488	51,394	51,394
Liabilities as per statement of financial positions		**243,131**	**232,534**	**390,055**	**382,148**
Financial liabilities measured at amortised cost		**243,131**	**232,534**	**390,055**	**382,148**
Senior Secured Notes	Level 1	132,355	121,758	240,458	232,551
Bank and other borrowings	Level 2	50,350	50,350	104,081	104,081
Trade and other payables		60,426	60,426	45,516	45,516
Financial liabilities measured at fair value through OCI		**-**	**-**	**-**	**-**
Foreign exchange derivative financial instruments	Level 2	-	-	-	-

Different valuation levels have been defined as follows:

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

The fair values of the Senior Secured Notes are based on a Level 1 estimate. The fair values of all other financial instruments, with the exception of cash- and cash equivalents, have been determined using Level 2 estimates. The fair values of the forward foreign exchange contracts have been determined using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives. For trade and other receivables, as well as trade and other payables, the carrying amount is considered to be a good estimate of the fair value, given the short-term nature of these items.

There were no changes in valuation techniques during the period.

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Note 26. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses. Derivative financial instruments are no longer used to hedge certain risk exposures at Group level as the exposure to foreign currencies have been reduced.

Qualitative and quantitative disclosures about market risk
Foreign exchange risk

We have significant exposure to the value of the U.S. dollar for the continuing operations. Consequently, our financial results have been, and in the future will likely continue to be, subject to currency transaction and translation effects resulting from fluctuations in exchange rates, primarily the EUR/USD. The proportion of our revenue recognised in each currency does not exactly correspond with the revenue derived from each geography, as we sometimes invoice customers in currencies other than their local currency.

Our Consolidated Financial Statements are prepared in EUR. We are therefore exposed to translation risk on the preparation of our Consolidated Financial Statements when we translate the Financial Statements of our subsidiaries which have a functional currency other than EUR. A portion of our assets, liabilities, revenue and costs are denominated in various currencies other than EUR, principally USD. As a result, our Consolidated statement of comprehensive income, which is reported in EUR, are affected by currency exchange rate fluctuations.

Changes in foreign exchange rates may have a long-term impact on our sales volumes. For example, if there is a long-term depreciation of the EUR, our sales volumes may increase as we become more competitive in non-Eurozone markets. In contrast, a long-term strengthening of the EUR may decrease our volumes and price competitiveness in non-European markets.

The following table presents the main Statement of financial position items affected by foreign exchange risk.

(€ thousands)	EUR	GBP	USD	TRY	TOTAL
31 December 2022 Net exposure for continuing operations	**(12,186)**	**1,993**	**13,939**	**-**	**3,746**
Trade and other receivables	7,520	99	18,065	-	25,684
Cash and cash equivalents	21,353	2,059	15,076	-	38,488
Trade and other payables	(41,060)	(165)	(19,202)	-	(60,426)
31 December 2021 Net exposure for continuing operations	**9,733**	**3,385**	**17,120**	**-**	**30,238**
Trade and other receivables	8,882	86	15,393	-	24,361
Cash and cash equivalents	25,820	4,558	21,016	-	51,394
Trade and other payables	(24,969)	(1,259)	(19,288)	-	(45,516)
Total for discontinued operations	**(42,838)**	**(1,026)**	**(5,010)**	**1,109**	**(47,765)**

The following table presents the sensitivity analysis of the year-end Statement of financial position in GBP and USD if the EUR were to weaken by 10%.

(€ thousands)	2022	2021
GBP denominated	**221**	**(1,601)**
Changes in fair value derivative financial instruments	-	(1,978)
Changes in carrying amount of monetary assets and liabilities	221	376
USD denominated	**1,627**	**1,902**
Changes in fair value derivative financial instruments	-	-
Changes in carrying amount of monetary assets and liabilities	1,627	1,902

The following table presents the sensitivity analysis of the year-end Statement of financial position in GBP and USD case the EUR were to strengthen by 10%:

(€ thousands)	2022	2021
GBP denominated	**(181)**	**1,310**
Changes in fair value derivative financial instruments	-	1,618
Changes in carrying amount of monetary assets and liabilities	(181)	(308)
USD denominated	**(1,331)**	**(1,556)**
Changes in fair value derivative financial instruments	-	-
Changes in carrying amount of monetary assets and liabilities	(1,331)	(1,556)

Commodity price risk

We are exposed to fluctuations in the price of the major raw materials used in the manufacturing process.

In 2022, mainly due to a combination of higher prices, raw material expenses represented 48.1% of the continuing operations revenue compared to 41.4% last year. As there is typically a time delay in the Group's ability to pass through raw materials price increases, changes in the cost of raw materials typically have an impact on the Group's gross margin.

If the commodity prices of our main raw materials had been 10% higher (lower), in the absence of any mitigating actions taken by management, adjusted EBITDA would have been approximately €9m lower (higher) for the continuing operations. This impact has been determined by multiplying the volumes of our main raw materials purchased on an annual basis by a 10% variance on the average purchase price for the year. The sensitivity calculation takes into account the typical time lag between purchasing raw materials and recognising the raw material expenses against sales.

When we hedge, we might do so by entering into fixed price contracts with our suppliers. No such arrangements were entered into in 2022 or 2021.

Interest rate risk

Our interest rate risk principally relates to external indebtedness that bears interest at variable rates. Excluding IFRS 16 (except for sale-and-leasebacks), only the amounts that we borrow under the Super Senior Revolving Credit Facility and the amounts under our factoring arrangements are subject to variable interest rates, as the Senior Secured Notes carry interest at a fixed rate. We therefore did not use interest rate swaps in respect of our financing during the current reporting period. The following table presents the sensitivity analysis of the interest expenses and income when there is a 25 bps shift in the € yield curve. The Super Senior Revolving Credit Facility is currently not drawn in cash so an increase in interest has no impact and the impact of 25 bps on the factoring is below 0.1 Mio.

	31 December 2022	
(€ thousands)	**25 bps downward shift in EUR yield curve**	**25 bps upward shift in EUR yield curve**
Total impact on interest expenses/income	**(50)**	**50**
Non-derivative floating rate financial liabilities	(50)	50

Qualitative and quantitative disclosures about credit risk
Our credit risk is managed on a Group-wide basis. We assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are set based on historical experience, in-depth knowledge of the customer and in close cooperation with the business unit manager. These credit limits are regularly reviewed by the business unit managers and by finance management. In addition, we have obtained credit insurance to cover a large portion of the credit default risk. Finally, credit risk is also mitigated through non-recourse factoring of the trade receivables where the credit risk has been transferred to the counterparty. Trade receivables are spread over a number of countries and counterparties. There is no large concentration of trade receivables. For derivative financial assets, credit quality has been assessed based on the Fitch rating of the counterparty. All our forward exchange contracts are over the counter with a financial institution as counterparty.

Default rates did not exceed 1% for 2022 and 2021.

Excess liquidities are invested for very short periods and are spread over a limited number of banks, all enjoying a satisfactory credit rating. For cash at bank and short-term bank deposits, the table below gives an overview of credit ratings for banks used by the Group.

(€ thousands)	2022	2021
Total cash and bank equivalents for continuing operations	**38,488**	**51,394**
AA rating	20	-
A rating	38,468	51,394
Total discontinued operations	**-**	**3,909**

Qualitative and quantitative disclosures about liquidity risk
We monitor cash flow forecasts and liquidity requirements centrally, ensuring that we have sufficient cash to meet operational needs while maintaining sufficient headroom on our committed borrowing facilities at all times so that we do not breach borrowing limits or covenants on any of our borrowing facilities.

The operating activities of our subsidiaries and their cash inflows are our main source of liquidity. Our cash pooling system enables us to benefit from the surplus funds of certain subsidiaries to cover the financial requirements of other subsidiaries. We invest surplus cash in interest-bearing current accounts and short-term cash deposits, selecting instruments with appropriate maturities or the liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

In order to meet our cash outflow obligations, we use cash flows generated from operating activities and credit facilities with financial institutions if necessary. In addition, we have entered into factoring agreements with financial institutions where cash is made available to us in consideration for certain trade receivables generated by us.

The principal financing arrangements that are in place at 31 December 2022 are the Senior Secured Notes (see Note 21), the Super Senior Revolving Credit Facility (see note 22) and capital lease agreements (see Note 23).

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities. The amounts disclosed are undiscounted net cash outflows, based on the market conditions existing at 31 December 2022.

(€ thousands)	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Total at 31 December 2022 for continuing operations	**(70,024)**	**(9,788)**	**(139,131)**	**(25,443)**	**(9,919)**
Senior Secured Notes	(5,090)	(5,364)	(130,650)	-	(1,839)
Super Senior RCF	(82)	-	-	-	-
Lease liabilities	(4,425)	(4,425)	(8,481)	(25,443)	(8,080)
Trade and other payables	(60,426)	-	-	-	-

Our external financing agreements include obligations, restrictions and covenants, which may have an adverse effect on our business, financial situation and results of operations if we are unable to meet these.

In particular, the Super Senior Revolving Credit Facility includes a springing Leverage covenant at 6.5x, however this is only tested at the end of a quarter and provided more than 30% of the Super Senior Revolving Credit Facility is used at that time which is not case at the end of December 2022. The leverage at the end of the year was 4.0x.

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities. The amounts disclosed are undiscounted net cash outflows, based on the market conditions existing at 31 December 2021.

(€ thousands)	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Total at 31 December 2021 for continuing operations	**(111,610)**	**(12,849)**	**(240,322)**	**(22,395)**	**(15,966)**
Senior Secured Notes	(9,096)	(9,142)	(232,857)	-	(1,800)
Bentley RCF	(7,960)	-	-	-	-
Super Senior RCF	(45,090)	-	-	-	-
Lease liabilities	(3,696)	(3,696)	(7,465)	(22,395)	(14,166)
Trade and other payables	(45,516)	-	-	-	-
Gross settled derivative financial instruments - outflows	(14,051)	(1,033)	-	-	-
Gross settled derivative financial instruments - inflows	13,799	1,021	-	-	-

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A key factor in maintaining a strong financial profile is our credit rating which is affected by, among other factors, our capital structure, profitability, ability to generate cash flows, geographic and customer diversification and our competitive position. Our current corporate credit ratings from Moody's Investor Service (Moody's) and Standard & Poor's Ratings Services (S&P) are as follows:

	2022	2022	2021	2021
	Moody's	**S&P**	**Moody's**	**S&P**
Long-term issue rating Senior Secured Notes	Caa1	B-	Caa1	B-
Corporate rating	B3	B-	B3	B-

On 10 August 2015, Moody's assigned a 'B2' rating to the €290m Senior Secured Notes issued by LSF9 Belysse Issuer S.à r.l., the previous parent holding company of the Group, following a review of the final bond documentation. In June 2017, following the IPO of the Belysse Group, the ratings were upgraded to 'B1' to reflect the strengthening of the Group's financial profile, increased transparency as a public company, strengthened corporate governance arrangements and enhanced access to equity capital markets. In November 2018, the rating was downgraded to 'B2' with a negative outlook on the back of financial performance. During April 2020, Moody's decided to further downgrade the corporate rating to 'B3' and the Senior Secured Notes to 'Caa1' both with a negative outlook mainly referring to the uncertainties caused by the outbreak of COVID-19 and the challenges that the Group may face in refinancing its near-term debt maturities. In March 2021, Moody's affirmed the B3 corporate family rating (CFR) of LSF9 Belysse Issuer S.a r.l. and B3-PD probability of default rating (PDR). At the same time Moody's assigned a Caa1 rating to the new guaranteed senior secured notes due 2024. The Caa1 rating on the existing senior secured notes will be withdrawn. The outlook was changed to stable from negative after the Group successfully managed to extend the maturity dates of it Senior Secured Notes and the European Senior Secured Revolving Credit Facility to 2024. In April 2022, Moody's affirmed the B3 corporate family rating (CFR) of LSF9 Belysse Issuer S.a r.l. and B3-PD probability of default rating (PDR). Concurrently, Moody's has affirmed the Caa1 rating of the remaining €130 million guaranteed senior secured notes due 2024 following the refinancing of the notes from proceeds of its Rugs, Residential polypropylene and Non-Woven business. The outlook on all ratings remains stable.

On 14 September 2015, S&P assigned its 'B' long-term corporate credit rating to LSF9 Belysse Investments S.à r.l. At the same time, S&P assigned its 'B' long-term issue rating to the €290m Senior Secured Notes and its 'BB-' long-term issue rating to the €68m European Super Senior Revolving Credit Facility. In July 2017, the corporate rating was increased to 'B+' and the long-term issue rating to 'BB' to reflect the improvements in the Group's financial credit metrics following the use of net proceeds from the IPO to repay part of the Group's debt. In November 2018, on the back of financial performance, the corporate rating was reduced to 'B' and the long-term issue rating on the European Super Senior Revolving Credit Facility to 'BB-' . In March 2020, S&P decided to further downgrade the ratings for the Senior Secured Notes and the Group to 'B-' due to cash flow generation uncertainty and refinancing risks with a negative outlook. On 22 February 2021, S&P revised the Company's outlook from negative to positive after the Group successfully managed to extend the maturity dates of it Senior Secured Notes and the European Senior Secured Revolving Credit Facility to 2024. The rating was reaffirmed during 2022.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group is closely monitoring its financial performance to comply with financial covenants. Refer to Notes 21 to 22 for further details.

Climate-related matters

The Group has only limited exposure to extreme weather conditions such as droughts or floods.

Macro-economic environment

The invasion of Russia in Ukraine and the resulting sanctions only had limited direct impact on our Group. The fierce inflation on the other hand did had an impact with a steep increase in almost all of our input costs. This is addressed by a constant review of our cost base and a pass-on to customers where needed. In our European businesses, we noticed a timing delay in incurring these cost and the pass-on to customers. The indirect effect of higher interest rates are limited as we are mostly financed as explained above with a fixed interest rate.

Note 27. Employee benefit obligations

The Group operates a pension plan and provides for pension liabilities. These benefits have been measured in compliance with IAS 19 revised and in accordance with the Group accounting policies described in Note 1.20. The liability was measured using a discount rate of 3.50% and 0.80% in 2022 and 2021, respectively. The annual pension cost, relating to the pension plan is disclosed in Note 6.

The employee benefit obligations recognised in the Financial Statements are detailed below:

(€ thousands)	2022	2021
Total employee benefit obligations for continuing operations	**165**	**863**
Pension plans	140	530
Provisions early retirement pension	25	333
Discontinued operations	**-**	**2,645**
Total employee benefit obligations for continuing operations	**165**	**863**
Non current	150	762
Current	15	101
Discontinued operations	**-**	**2,645**

Pension plans: overview

Pension plans have been put in place for management and are financed through employer contributions which increase depending on seniority (base contribution of 3.75% of pensionable salary, increasing by 0.5% for every 5 years of service rendered within the Group up to a maximum contribution rate of 5.75%). This plan also includes a "death in service" benefit amounting to twice pensionable salary. Several pension plans are in place for white collar workers and are financed through fixed employer contributions. In addition, as part of the bonus policy for members of management, a portion of the bonus is awarded via employer contributions to a pension plan scheme.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Pension plans: valuation methodology

The pension and bonus plans described above have been classified as defined benefit. The valuation of the pension and bonus plans have been performed in accordance with IAS 19.

We refer to Note 1.20 concerning the valuation methodology which has been used. The liability is based on the difference between the present value of the "defined benefit obligation", taking into account the minimum return and a discount factor, less the fair value of any plan assets at the relevant date.

Pension plans: main valuation assumptions

The main assumptions used to perform the valuation are described below:

(€ thousands)	2022	2021
Discount rate BE	3.50%	0.80%
Retirement age	65 years	65 years
Mortality	MR/FR-5	MR/FR-5

For the year ended 31 December 2022, the defined benefit obligation, taking into account the tax effect, amounts to €2.1m (2021: €7.3m) and the offset by plan assets of €2.0m (2021: €6.2m).

Note 28. Other payroll and social related payables

(€ thousands)	2022	2021
Total other payroll and social related payables for continuing operations	**16,713**	**14,572**
Holiday pay	5,361	5,460
Social security taxes	2,090	1,922
Salaries and wages payable	7,111	5,869
Early retirement provision	15	101
Group insurance	30	-
Withholding taxes	1,186	529
Other	921	692
Discontinued operations	**-**	**22,993**

Other payroll and social related payables increased from €14.6m as of 31 December 2021 to €17.2m as of 31 December 2022. The increase can be mainly explained by inflation and postponed of social security taxes.

Note 29. Provisions for other liabilities and charges

(€ thousands)	Asset retirement obligation	Warranty	Total
At 1 January 2022 for continuing operations	**884**	**1,141**	**2,025**
Additions	90	-	90
Unused amounts reversed	-	(67)	(67)
Exchange differences	60	67	127
At 31 December 2022 for contuining operations	**1,034**	**1,141**	**2,176**

(€ thousands)	2022
Non-current	2,176
Current	-
	2,176

The provision for other liabilities and charges increased by €0.2m to €2.2m for the year ended 31 December 2022.

Note 30. Trade and other payables

(€ thousands)	2022	2021
Trade and other payables	**60,426**	**45,516**
Trade payables	50,511	38,606
Accrued charges and deferred income	7,826	6,484
Other payables	2,089	426
Total discontinued operations	**-**	**82,257**

Trade payables as of 31 December 2022 of €50.5m include the amounts for outstanding invoices (€37.5m, as compared to €28.5m as of 31 December 2021) and invoices to be received in relation to goods and services received during the current period (€5.9m, as compared to €7.4m as of 31 December 2021).

Accrued charges and deferred income mainly relate to accrued charges for customer discounts (€4.0m, as compared to €3.2m as of 31 December 2021) and various other costs.

Note 31. Share based payments

The Company has a long-term incentive plan for certain employees, which depends on the share price reaching a defined target. As this moment, the options are “out-of-the money”.

Note 32. Government grants

The Group’s government grants relate to incentives given by Belgian authorities based on the Group’s investment, environmental and employment policies. The amounts received during 2022 were below €0.1m.

Note 33. Earnings per share

Basic and diluted earnings per share

	2022	2021
Basic and diluted earnings per share		
Net result from continuing operations	**(13,398)**	**(16,583)**
Percentage of net result from continuing operations attributable to holders of ordinary and diluted shares	100%	100%
Net result from continuing operations attributable to holders of ordinary and diluted shares	(13,389)	(16,583)
Weighted average number of ordinary and diluted shares outstanding (in thousands)	137,848	137,848
Net result per share attributable to holders of ordinary and diluted shares (in Euro) from continuing operations	**(0.10)**	**(0.12)**
Net result from discontinued operations attributable to holders of ordinary shares	(54,459)	(112,712)
Weighted average number of ordinary and diluted shares outstanding (in thousands)	137,848	137,848
Net result per share attributable to holders of ordinary and diluted shares (in Euro) from discontinued operations	**(0.40)**	**(0.82)**
Net result per share attributable to holders of ordinary and diluted shares (in Euro) from continuing and discontinued operations	**(0.49)**	**(0.94)**

In accordance with IAS 33, basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Adjusted earnings per share

The results for 2022 and 2021 included some non-recurring items which affected the earnings per share calculation. From a management perspective we calculated an adjusted earnings per share which excluded the impact of non-recurring items.

	2022	2021
Adjusted earnings per share[1]		
Net result from continuing operations	(13,398)	(16,583)
Normalisation adjustments:	7,334	11,875
Adjusted Net Result from continuing operations	**(6,064)**	**(4,708)**
Percentage of net result from continuing operations attributable to holders of ordinary and diluted shares	100%	100%
Net result from continuing operations attributable to holders of ordinary and diluted shares	(6,064)	(4,708)
Weighted average number of ordinary and diluted shares outstanding (in thousands)	137,848	137,848
Net result per share attributable to holders of ordinary and diluted shares (in Euro) from continuing operations	**(0.04)**	**(0.03)**
Net result from discontinued operations	(54,459)	(112,712)
Normalisation adjustments:	59,436	125,815
Adjusted Net Result from discontinued operations	**4,977**	**13,104**
Weighted average number of ordinary and diluted shares outstanding (in thousands)	137,848	137,848
Net result per share attributable to holders of ordinary and diluted shares (in Euro) discontinued operations	**0.04**	**0.10**
Net result per share attributable to holders of ordinary and diluted shares (in Euro) from continuing and discontinued operations	**(0.01)**	**0.06**

1 We refer to the Note 1.25 in which we provide a glossary of the non-GAAP measures and Note 3.

The loss for continuing operations for 2022 includes the net of tax impact of the €1.4m non-recurring expenses for integration and restructuring (see note 9) and non-recurring tax effects amounting to €6.2m (see Note 11). In the absence of such events, the normalised loss for the period would have been €6.0m. Similarly, the continuing profit for 2021 includes a net of tax impact non-recurring expense of €6.0m and non-recurring tax effects amounting to €7.4m (see Note 11), resulting in a normalised loss of €4.7m.

The high normalisation amount for discontinued operations is mainly explained by the mandatory recycling of currency translation adjustments (CTA) of the discontinued operations at the moment of loss of control which are recycled over the income statement (€56.5m or €0.41 per share).

The Group or a direct subsidiary or a person, acting in its own name but on behalf of the Company, has not acquired shares of the Company.

Note 34. Dividends per share

Our focus remains on deleveraging and further investing into the business, the Board will not propose a dividend for the year.

Note 35. Commitments

Energy

Our fixed price purchase commitments for electricity and gas, for deliveries in 2023 and 2024, are equal to €5.2m as of 31 December 2022 for the continuing operations compared to an amount of €3.2m as of 31 December 2021.

Capital expenditures

As of 31 December 2022, €2.5m capital commitments are outstanding for the continuing operations compared to €5.2m as of 31 December 2021.

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Note 36. List of consolidated companies

The subsidiaries and jointly controlled entities of LSF9 Belysse Issuer S.à r.l., the Group's percentage of interest and the Group's percentage of control of the active companies are presented below.

	2022		2021	
	% of interest	% of control	% of interest	% of control
Continuing operations				
Belgium				
Belysse NV	100%	100%	100%	100%
ITC Co BV (founded in 2022)	100%	100%	0%	0%
Modulyss NV	100%	100%	100%	100%
Balfid BV (liquidated in 2021)	0%	0%	0%	0%
Luxembourg				
Balfin Services S.à r.l. (liquidated in 2022)	0%	0%	100%	100%
LSF9 Belysse Luxembourg S.à r.l.	100%	100%	100%	100%
LSF9 Belysse Investment S.à r.l.	100%	100%	100%	100%
USA				
LSF9 Renaissance Holdings LLC	100%	100%	100%	100%
LSF9 Renaissance Acquisitions LLC	100%	100%	100%	100%
BPS Parent, Inc.	100%	100%	100%	100%
Bentley Prince Street Holdings, Inc.	100%	100%	100%	100%
Bentley Mills, Inc.	100%	100%	100%	100%
Prince Street, Inc.	100%	100%	100%	100%
United Kingdom				
Modulyss UK (founded in 2022)	100%	100%	0%	0%
Discontinued operations				
Belgium				
Balta Industries NV	0%	0%	100%	100%
Balta Oudenaarde NV	0%	0%	95%	100%
Turkey				
Balta Orient Tekstil Sanayi Ve Ticaret A.S.	0%	0%	100%	100%
Balta Floorcovering Yer Dös, emeleri San.ve Tic A.S.	0%	0%	100%	100%
USA				
Balta USA, Inc.	0%	0%	100%	100%
United Kingdom				
Balta Floorcovering UK	0%	0%	100%	100%

Modulyss UK, with company registration 13846074, a subsidiary of our Company, is taken advantage of exemption from audit in accordance with section 479A of the Companies Act 2006 of the United Kingdom and is therefore exempted from the requirement of this act.

Note 37. Related party transactions

The Company may enter into transactions with its shareholders and other entities owned by its shareholders in the ordinary course of business. Those transactions include, among others, financing agreements and professional, advisory, consulting and other corporate services. In 2018, a contract was signed with a related party of the main shareholder, the impact on the 2021 and 2022 financials is limited.

The Company has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to manufacturing, sales transactions, service transactions and financing agreements and were conducted at market prices. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this Note.

Key management compensation

Key management means the Group's Management Committee, which consists of people having authority and responsibility for planning, directing and controlling the activities of the Group. Key management compensation includes all fixed and variable remuneration and other benefits which are presented in other expenses and long-term employee benefits which are presented in integration and restructuring.

Key management compensation		
(€ thousands)	**2022**	**2021**
Total key management compensation	**3,772**	**3,445**
Short-term employee benefits	3,569	3,229
Board compensation	160	170
Termination benefits	40	-
Share-based payments	3	46
Total Discontinued operations	**-**	**2,166**

There were no other transactions with related parties.

Note 38. Fees paid to the Group's auditors

(€ thousands)	**2022**	**2021**
Audit services	**459**	**559**
Audit of the group pursuant to legislation	459	559
Non-audit services	**188**	**349**
Tax services	44	64
Other services	144	285
Total fees paid to the group's auditor	**647**	**908**

Note 39. Discontinued operations

On 4 April 2022, the Group announced the completion of the sale of its Rugs, Residential polypropylene (PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (the Transaction or the Divestment).

The result on the transaction and net result for the three months period ending 31 March 2022 for the Rugs, Residential polypropylene (PP) and Non-Woven business are included in result from discontinued operations. This also included the mandatory recycling of currency translation adjustments (CTA) of the discontinued operations at the moment of loss of control are recycled over the income statement (€56.5m or €0.41 per share). The full transaction price was paid.

Intercompany transaction between the continuing and discontinued operations have been eliminated.

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Assets and liabilities of the discontinued operations	For the period ended 31 March	For the year ended 31 December
(€ thousands)	**2022**	**2021**
Property, plant and equipment	182,268	177,448
Of which IFRS 16 related right-of-use assets (excluding sale-and-leaseback)	12,985	12,985
Land and buildings	119,217	119,012
Plant and machinery	59,290	56,604
Other fixtures and fittings, tools and equipment	3,762	1,832
Other intangible assets	336	-
Deferred income tax assets	2,133	2,852
Trade and other receivables	507	176
Total non-current assets	**185,243**	**180,475**
Inventory	116,887	114,987
Derivative financial instruments	9	-
Trade and other receivables	31,434	30,408
Current income tax assets	208	204
Cash and cash equivalents	4,480	3,909
Total current assets	**153,018**	**149,509**
Total assets	**338,261**	**329,983**
Bank and Other Borrowings	33,424	33,305
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	11,357	10,879
Deferred income tax liabilities	27,264	28,707
Employee benefit obligations	2,196	2,422
Total non-current liabilities	**62,884**	**64,434**
Bank and Other Borrowings	6,217	6,108
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	3,622	3,579
Derivative financial instruments	28	298
Other payroll and social related payables	22,507	22,993
Trade and other payables	83,658	82,257
Income tax liabilities	310	1,128
Total current liabilities	**112,719**	**112,784**
Total liabilities	175,604	177,218

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Consdensed income statement of discontinued operations	For the period ended 31 March	For the year ended 31 December
(€ thousands)	**2022**	**2021**
Revenue	96,729	357,480
Raw material expenses	(45,541)	(185,324)
Changes in inventories	291	21,898
Employee benefit expenses	(25,763)	(83,593)
Other income	1,879	2,235
Other expenses	(20,455)	(68,766)
Depreciation / amortisation	-	(21,755)
Adjusted Operating Profit[1]	**7,140**	**22,175**
Integration and restructuring expenses	(5,302)	(5,843)
Gain on sale of the Disposal[(2)]	1,013	-
Selling cost to incur	-	(1,728)
Impairment and write off	-	(126,735)
Operating profit / (loss)	**2,851**	**(112,130)**
Net finance expenses	**(58,161)**	**(3,711)**
Profit / (loss) before income taxes	**(55,310)**	**(115,841)**
Income tax benefit / (expense)	851	3,129
Profit / (loss) for the period from discontinued operations	**(54,459)**	**(112,712)**
Attributable to:		
Equity holders	(54,459)	(112,712)
Non-controlling interest	-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
Items in other comprehensive income that may be subsequently reclassified to P&L		
Exchange differences on translating foreign operations	54,863	(10,375)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-
Items in other comprehensive income that will not be reclassified to P&L		
Changes in deferred taxes	158	(116)
Changes in employee defined benefit obligations	(565)	442
Other comprehensive income for the period, net of tax, for discontinuining operations	**54,456**	**(10,049)**
Total comprehensive income for the period	**(3)**	**(122,761)**
Basic and diluted earnings per share from discontinued operations attributable to the ordinary equity holders of the company	**(0.40)**	**(0.82)**

1 Adjusted Operating Profit / Operating profit / (loss) are non-GAAP measures as defined in Note 1.25.

[2]Details of the sale on the Disposal	
Total disposal consideration	163,671
Carrying amount of net assets sold	162,658
Gain on sale before reclassification of foreign currency translation reserve	**1,013**
Reclassification of foreign currency translation reserve	(56,496)
Loss of sale on the Disposal	**(55,482)**

Condensed cashflow statement of discontinued operations	For the period ended 31 March	For the year ended 31 December
(€ thousands)	**2022**	**2021**
Net cash generated / (used) by operating activities	**(1,501)**	**4,484**
Net cash used by investing activities	**(5,313)**	**(18,014)**
Net cash generated / (used) by financing activities	**(1,176)**	**(6,126)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	**(7,990)**	**(19,657)**
Cash, cash equivalents and bank overdrafts at the beginning of the period	3,909	1,849
Exchange gains/(losses) on cash and cash equivalents	-	223
Financing and cash transactions between continued and discontinued operations	4,081	21,494
Cash, cash equivalents and bank overdrafts at the end of the period	-	3,909

Note 40. Events after the reporting period

No subsequent events occurred which could have a significant impact on the financial statements of the Group per December 31, 2022.

Audit report

To the Partner of
LSF9 Belysse Issuer S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of LSF9 Belysse Issuer S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report including the Management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

The Management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 April 2023

Electronically signed by:
Anne Derouané

Anne Derouané

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