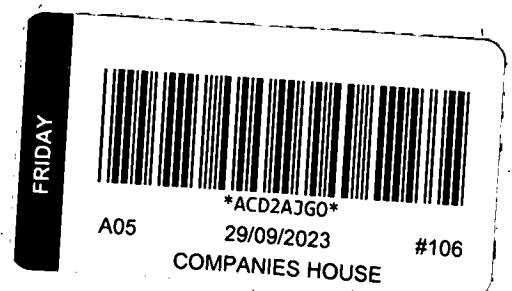


Registered number: 02442568

**BELRON INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



**BELRON INTERNATIONAL LIMITED**

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**BELRON INTERNATIONAL LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	G Lubner (resigned 28 February 2023) R Tyler H S M Singer S Ormiston P Pavitt
<b>Company secretary</b>	C Dakin
<b>Registered number</b>	02442568
<b>Registered office</b>	Milton Park Stroude Road Egham Surrey TW20 9EL

**BELRON INTERNATIONAL LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for Belron International Limited ("the Company") for the year ended 31 December 2022.

**Business review and principal activities**

The principal activity of the Company during the year was to act as a franchisor company for the group of companies owned by Belron Group S.A. (the "Group").

**Financial key performance indicators**

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

	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>
Turnover	346,742	267,639	30
Administrative expenses	(194,799)	(136,837)	42
Operating profit	151,943	130,802	16
Profit for the financial year	126,484	100,630	26
Shareholders' funds	581,732	711,206	(18)

**Results and performance**

The profit before tax for the year is £155.4m (2021: £125.7m). At 31 December 2022 the Company had net assets of £581.7m (2021: £711.2m).

The higher profit before tax is due to an increase in turnover for the year largely due to franchise fees with growth seen in the USA, France and Germany, partially off-set by higher administrative expenses for the year largely due to the ongoing transformation project's consultancy fees and an increase in software license cost. This favourable impact to shareholders' funds has partly been decreased by the net actuarial loss on employee benefit obligations of £56.4m for the year. In addition, the Company distributed a dividend of £200m to its parent company during the year.

In the prior year, the Group announced that the Belron leadership teams around the world were giving an individual gift of cash and shares to approximately 24,000 eligible employees to thank them for the part they have played in Belron's success. This comprised a cash bonus and conditional shares which will vest on a future shareholder event. During 2022 this resulted in a share-based payment charge of £277,278, inclusive of associated payroll taxes (2021: £9,458).

**BELRON INTERNATIONAL LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Principal risks and uncertainties**

The Company identifies its key business risks by assessing the factors which could have an adverse impact on results. The factors are assessed in terms of scale of their impact and probability of their occurrence, with attention focussed upon the principal risks and uncertainties.

<b>Competition Law</b>	
<b>Risk Description</b>	<b>Mitigations</b>
Risks related to a breach of laws and regulations typically governing consumer-facing businesses of the type, size and scope of Belron, in particular laws relating to Competition.	Established policies, procedures, and guidance/training relate such risks are in place as appropriate and are updated as necessary.  Internal and external led Competition law audits/assessments are carried out where necessary, across the business.
<b>Potential Impact</b>	
An infringement could result in legal proceedings, regulatory fines, damages to affected parties and potential criminal charges. It may also harm the reputation and operations of Belron.	Outcomes arising from this assurance work are separately reported to the Audit Committee and/or the Board.  Advice and opinions are also sought from specialist external counsel, as and where thought appropriate.
<b>Talent &amp; Succession Planning</b>	
<b>Risk Description</b>	<b>Mitigations</b>
A lack of effective succession planning for senior leadership and/or failure to recruit and retain technicians with the appropriate skills and experience could lead to a depletion of knowledge transfer when there is loss of key personnel and a strain on remaining employees.	There is an established talent and succession planning strategy in place, that includes ongoing review and discussion at country-level, senior leadership and at the Group Executive committee.  There is an Annual Global Employee Engagement survey that monitors employee's levels of engagement and their experience working for the company. This is followed up by sharing the results with the employees and creating robust action plans.
<b>Potential Impact</b>	
This could have a negative impact on the continued success of the Belron business, its service levels, and its financial performance.	The business focuses on the development and growth of its people through specific initiatives on leadership development and ongoing training.

**BELRON INTERNATIONAL LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Principal risks and uncertainties (continued)**

<b>Cyber Security</b>	
<b>Risk Description</b>	<b>Mitigations</b>
A successful cyber-attack or system penetration which could lead to a prolonged IT system outage or data privacy event.	The Group's global cybersecurity programme continues to be enhanced, including implementation of global cybersecurity tools, the embedding of a global employee awareness campaign and governance framework.
<b>Potential Impact</b>	
This could significantly impair customer service, damage reputation, and result in regulatory fines.	<p>Belron conducts annual internal and external assessments of general IT controls, measured against industry recognized security, risk and compliance frameworks for control effectiveness and continued relevance. Remedial actions are captured, risk assessed, and appropriate actions are taken by business units as required.</p> <p>Annual, third-party, comprehensive penetration testing is conducted against all areas of the business (internally and externally facing systems and networks). Remedial actions are prioritised and tracked by global cybersecurity programme, with management oversight.</p>
<b>Employee Health &amp; Safety</b>	
<b>Risk Description</b>	<b>Mitigations</b>
A lack of adequate health & safety governance/ framework which drives health & safety culture could lead to a serious employee(s) health and safety incident in day-to-day business operations (including glass repair, replacement, or driving at work).	The Belron 'Way of Fitting' processes include safety standards through its 'Quality starts with Safety' procedures. These methods, specialist tools, training courses, and assessments are developed and implemented across all locations.
<b>Potential Impact</b>	<p>Extensive training programmes for all its technicians are delivered through locally based technical teams.</p> <p>Each business unit is responsible for implementing measures to comply with national safety requirements and standards.</p> <p>Belron has commissioned an independent third party to complete several health &amp; safety reviews across key areas of the business. Robust action plans have been developed where required to further enhance maturity.</p>

**BELRON INTERNATIONAL LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Principal risks and uncertainties (continued)**

**Supply Chain Disruption**

**Risk Description**

An external event or geo-political situation impacting any step of the supply chain (namely a distribution centre or key supplier), could lead to a prolonged period of supply chain disruption and impact the Group's ability to execute vehicle glass repair, replacement, or recalibration services.

**Potential Impact**

This may affect customer service levels, impact financial performance and damage reputation.

**Mitigations**

Business Continuity Plans are designed to ensure resilience of operations should a significant adverse event occur. Belron places property damage/ business interruption insurance to cover the loss of any of its major distribution centres, and its property insurers perform regular, routine inspections of key sites.

The Belron Supplier Code of Conduct sets out the underlying principles on which supply chain relationships at Belron are based, including environmental considerations, responsible sourcing, and sustainability.

A Supplier Sustainable Procurement programme monitors suppliers' adherence to the Code of Conduct and supplier due diligence/ audits are carried out on an annual basis to help support the transparency and robustness of the supply chain.

**Geopolitical / Economic Instability**

**Risk Description**

A significant geo-political event and/or macro-economic volatility could result in energy shortages, significant recession, inflationary pressure or currency volatility.

**Potential Impact**

This could negatively impact financial performance and disrupt way of life for a large number of stakeholders.

**Mitigations**

The Group actively monitors developments and potential impact through ongoing budgetary reviews, including any impact on key performance indicators. This process provides management with a base for making decisions regarding the range of products and services offered, their pricing and the optimum size of the operational platform.

There is ongoing monitoring of early warning signs for macro-economic changes in all business units and regular updates are shared with key stakeholders.

Belron have an established global taskforce who are responsible for monitoring and responding to significant changes/trends in the macro-economic environment.

**BELRON INTERNATIONAL LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Principal risks and uncertainties (continued)**

**Risk Watchlist**

As the risk landscape continues to evolve over the long term, the Group will analyse the external environment to assess and monitor risks that have a high degree of uncertainty on the scale or impact they could have on the business. Some of the risks that are on our watchlist include:

<b>Watchlist risk</b>	<b>Actions</b>
<p><b>Climate change</b>                      As the environmental, social and governance (ESG) agenda continues to become more important to the Group's stakeholders and the general public there are ever growing risks related to environmental issues, the physical effects of climate change and our corporate responsibility in responding to and addressing these risks.</p>	<p>Monitor and respond to climate change and ESG related changes through our Responsible Business framework. The Group will continue to work hard to moderate our impact on the environment.</p>
<p><b>Insurance segment model</b>                      Potential risks related to changes in the market structure, notably the emergence of new business models (e.g. private leasing), may have an impact on the Group's insurance customers volume.</p>	<p>Continue to monitor business model changes in every market the Group operates in and review global industry trends. Maintain relationships with key stakeholders across the industry to support this insight / monitoring.</p>



## BELRON INTERNATIONAL LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### Directors' statement of compliance with duty to promote the success of the Company

##### S172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the Company. The Directors recognise their obligations under S172 of the Companies Act 2006 as well as other factors they have considered relevant when making decisions.

The Directors have considered the composition of the Board and are satisfied that there is sufficient representation to enable the equal consideration of all stakeholders to be taken into account when Decisions are taken.

The Company operates within the larger Belron Group of Companies (the "Group") and all Directors are members of the Global Leadership Team ("GLT"). The Directors recognise that Group initiatives have a direct impact on the Company but believe that their attendance at Board, Audit and Remuneration Committee meetings of the parent company – Belron Group SA - together with their attendance at GLT Meetings provides them with sufficient information to ensure initiatives which may have an impact on the Company are carefully considered at Board Meetings alongside the impact on the Company's stakeholders. Key areas such as strategy and financing arrangements are considered at a Group level however attendance at Group and GLT meetings helps to ensure that the Company's stakeholders have a voice and the impact on them is given consideration. The Directors have regard to the likely consequences of their decisions on the long-term objectives and sustainability of both the Company and the wider Belron Group.

The Company, as part of the Group, has long held the value that employees play a key part in the success of both the Company and the Group. The Company employs over 200 people. During 2022, with the impact of the COVID-19 pandemic diminishing staff were encouraged to attend the office on a more regular basis. The success of our business and the Belron Group is dependent on the performance of our colleagues.

Communication was a key factor to the on-going success of the Company during 2022 and the Group continued with its Employee Engagement Survey (the "Survey") and the results pertaining specifically to the Company were reviewed by the Board. The results provide data on what's driving engagement and areas to work on to improve culture and performance. Individual teams prepare action plans pertinent to their areas. Employee engagement will continue to be monitored by short follow up pulse surveys which give employees a voice in the board room. In addition, management held quarterly updates which all employees were encouraged to attend. These updates provide an opportunity to update employees on business objectives, the Company's performance and its future strategy. Employees are given the opportunity to ask questions directly of management and during 2022 these updates took place in person as well as zoom.

Lines of communication with other stakeholders were maintained through regular contact with key account contacts. The Directors recognise the benefit of fostering relationships with key stakeholders. During 2022 the directors received regular reports on the Company's responsible business activities including the work of the sustainable procurement team who work with suppliers on emissions reductions, plans and targets as well as waste reduction initiative. The appointment of a Group Director, Health, Safety and Wellbeing in 2022 will help drive sustainable, best in class, corporate health, safety and wellbeing programmes and initiatives.

Diversity, Equity and Inclusion was a key area of focus during 2022. The Company has set up a Think Tank comprised of Senior Managers from across various functions which meets Bimonthly to discuss Diversity and Inclusion topics. Senior leaders have taken part in DEI immersion sessions. The Company celebrated a number of events during the year including International Women's Day, Pride, Nelson Mandela day, International Day of Disability and Mental Health Awareness day. In addition, the implementation of "Spotlight Sessions" has helped raise awareness of various issues such as menopause and disability with employees joining open sessions to share their experiences. We believe that employing a diverse workforce is the right thing to do and is central to the Company's ongoing success.

**BELRON INTERNATIONAL LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**S172 Statement (continued)**

Community engagement and "Giving Back" is a key part of the Company's culture and the Group's annual Spirit of Belron Challenge, in which the Company's employees have always played a significant role, was, with the lifting of Covid-19 restrictions, a hybrid event and the "Spirit of Belron Race Around the World Challenge" was held over an eight-day period with the aim being for everyone in the Group to work together and run, walk, cycle and swim around the world as many times as possible. The event raised a total of over EUR 2.2M and collectively the Group's employees 'travelled' 184,751km with the Company's employees contributing 9,801km.

The Company continued to support causes local to its operations including local schools, air ambulance, sports clubs and a Road Safety charity in memory of a colleague who was tragically killed in a motor vehicle accident. The Directors reiterated the Company's continued desire to support Society and the vulnerable and encourage colleagues to support charities which are particular to them.

The Directors acknowledge their duty to promote the long-term success of the Company for its shareholder and at the same time recognise that as the Company forms part of the wider Belron Group they need to act in way which not only takes account of its immediate shareholder but also the wider Group and the ultimate shareholders.

This report was approved by the board on 28 September 2023 and signed on its behalf.

*Humphrey Singer*

**H S M Singer**  
Director

## **BELRON INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **Directors**

The Directors who served during the year were:

G Lubner (resigned 28 February 2023)  
R Tyler  
H S M Singer  
S Ormiston  
P Pavitt

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 3-9.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the Company during the year was to act as a franchisor company for the group of companies owned by Belron Group S.A. (the "Group"). The entity also directly or indirectly owns investments in several entities within the Group. The principal source of income for the Company is franchise fees from the Group's subsidiaries.

The company meets its day to day working capital requirements from operational cash flows, intercompany balances and cash pooling arrangement managed by Belron Finance Limited, its immediate parent company as part of global treasury function.

The directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks, have sufficient funds to continue to meet their liabilities as they fall due and to continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements. The Company will have sufficient funds through funding from its parent company, Belron Finance Limited to meet its liabilities as they fall due for that period.

Belron Finance Limited has indicated its intention to continue to make available such funds as are needed by the Company for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis of accounting.

#### **Future developments**

Belron has continued to pursue its Fit for Growth profit improvement programme focusing on accelerating growth as well as improving efficiency. Numerous initiatives are underway within this programme.

Belron has a clear ambition to become the world's natural choice in vehicle glass repair and replacement. Being responsible in how we do business is critical in reaching this goal.

Belron aims to do the right thing every day and to ensure we behave with integrity in everything that we do. Corporate Responsibility isn't an initiative within Belron, it is what we believe in and aspire to. We will continue to develop our reputation for being a trusted and respected company in the eyes of our people, customers and partners.

## **BELRON INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Purpose**

The Company's purpose is making a difference with real care and holds four values at the centre of all it does:

*Caring*

We care about what matters to our people, customers, partners and communities and this is reflected in our work.

*Genuine*

We create an environment where people can be themselves. We deliver on our promises, and are honest, fair and trustworthy in everything we do.

*Collaborative*

We engage each other, we support and trust each other and we deliver as one team.

*Driven*

With courage and determination, we take ownership to deliver and find new ways to grow the business and ourselves in a sustainable way.

#### **Political contributions**

The Company has not made any political donations or incurred any political expense during the year (2021: nil).

#### **Environmental matters**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

#### **Engagement with employees**

Employee engagement is a key issue for Belron International Limited. Employees are consulted on a wide range of matters which affect them.

#### **Engagement with suppliers, customers and others**

The Company has open channels of communication with suppliers and customers to facilitate the maintenance of effective relationships.

#### **Disabled employees**

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

**BELRON INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Greenhouse gas emissions, energy consumption and energy efficiency action**

The annual quantity of energy consumed in Megawatt Hours (MWh) by the Company for its own use in relation to the purchase of electricity, combustion of natural gas and fuels for the purposes of transport is as follows:

Electricity: 698 MWh (2021: 700 MWh)  
Natural Gas: 527 MWh (2021: 402 MWh)  
Transport: 0 MWh (2021: 0 MWh)

Total: 1,225 MWh (2021: 1,102 MWh)

The annual quantity of emissions in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) generated by the Company in relation to the purchase of electricity, combustion of natural gas and fuels for the purposes of transport is as follows:

Electricity: 0 tCO<sub>2</sub>e (2021: 61 tCO<sub>2</sub>e)  
Natural Gas: 96 tCO<sub>2</sub>e (2021: 82 tCO<sub>2</sub>e)  
Transport: 0 (2021: 0 tCO<sub>2</sub>e)

Total: 96 tCO<sub>2</sub>e (2021: 143 tCO<sub>2</sub>e)

Intensity ratios expressed in relation to Full Time Equivalents (FTEs), as follows:

0.3 tCO<sub>2</sub>e/FTE (2021: 0.5 tCO<sub>2</sub>e/FTE)  
4.0 MWh/FTE (2021: 4.2 MWh/FTE)

The energy and GHG emissions data reported relates to the Company only and therefore this is the boundary of SECR reporting. Note that energy and GHG emissions data pertaining to other UK subsidiary companies, i.e., Belron UK Limited ('BUK') is disclosed in the Company Report of this entity. Disclosure of Significant Energy Consuming (SEC) operations are included within the Company Reports of the Company and BUK, respectively. The intensity metric used between these entities is different due to the nature of the operations; energy and carbon intensity cannot be easily compared using the same metric.

All data reported here has been calculated using UK Government GHG Conversion Factors (2021 and 2022) as published via GOV.UK and included within the Sphera Cloud Corporate Sustainability reporting platform used under license by Belron International Limited.

**Disclosure of information to Auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

On 14 April 2023, a dividend of £60m was paid to the Company's immediate parent undertaking Belron Finance Limited

In April 2023 new debt was raised by the group resulting in new borrowing of USD 870 million maturing 17 April 2029. The new debt is held by Belron Luxembourg Sarl. The Company remains a guarantor to the new and existing debt.

**BELRON INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Auditor**

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

This report was approved by the board on 28 September 2023 and signed on its behalf.

*Humphrey Singer*

**H S M Singer**  
Director

**BELRON INTERNATIONAL LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELRON INTERNATIONAL LIMITED**

### **Opinion**

We have audited the financial statements of Belron International Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with, United Kingdom Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELRON INTERNATIONAL LIMITED (CONTINUED)**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud.*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and internal audit as to the Company's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board meeting minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships:

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-complex and does not require significant judgement. The majority of revenue is related to intercompany transactions where we consider there to be minimal incentives or opportunities for fraudulent revenue recognition.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorized personnel, those posted with specific keywords, those posted to seldom used accounts, those posted on bank holidays and those posted to unusual account pairing.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELRON INTERNATIONAL LIMITED  
(CONTINUED)**

*Context of the ability of the audit to detect fraud or breaches of law or regulation.*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELRON INTERNATIONAL LIMITED  
(CONTINUED)**

**Directors' responsibilities**

As explained more fully in their statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/Auditor'sresponsibilities](http://www.frc.org.uk/Auditor'sresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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



**Gemma Buschor (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

**28 September 2023**

**BELRON INTERNATIONAL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover		346,742	267,639
<b>Gross profit</b>		<b>346,742</b>	<b>267,639</b>
Administrative expenses		(194,799)	(136,837)
<b>Operating profit</b>	3	<b>151,943</b>	<b>130,802</b>
Loss on disposal of investments		-	(6,773)
Interest receivable from Group companies and similar income	8	448	-
Interest payable and similar expenses	9	(34)	(50)
Other finance income	10	3,003	1,755
<b>Profit before tax</b>		<b>155,360</b>	<b>125,734</b>
Tax on profit	11	(28,876)	(25,104)
<b>Profit for the financial year</b>		<b><u>126,484</u></b>	<b><u>100,630</u></b>
<b>Other comprehensive (loss)/income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit asset/liability	22	(87,580)	30,455
Tax relating to remeasurement of defined benefit asset/liability		31,155	(10,920)
Other comprehensive (loss)/income for the year, net of income tax		<b>(56,425)</b>	<b>19,535</b>
<b>Total comprehensive income for the year</b>		<b><u>70,059</u></b>	<b><u>120,165</u></b>

The notes on pages 24 to 54 form part of these financial statements.

## BELRON INTERNATIONAL LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
<b>Fixed Assets</b>			
Intangible assets	12	423,274	433,760
Tangible assets	13	13,905	15,260
Investments	14	33,016	33,016
Pension asset	22	81,898	166,620
		<u>552,093</u>	<u>648,656</u>
<b>Current assets</b>			
Debtors (including £2.23m due after more than one year, 2021: £2.07m)	15	110,889	180,520
Cash at bank and in hand	16	965	366
		<u>111,854</u>	<u>180,886</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(54,929)	(60,626)
		<u>56,925</u>	<u>120,260</u>
<b>Net current assets</b>		<u>56,925</u>	<u>120,260</u>
<b>Total assets less current liabilities</b>		<u>609,018</u>	<u>768,916</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(27,286)	(57,495)
Pension liability	22	-	(215)
		<u>(27,286)</u>	<u>(57,710)</u>
<b>Net assets</b>		<u><u>581,732</u></u>	<u><u>711,206</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	482,553	482,553
Actuarial reserves	20	46,928	103,353
Profit and loss account		52,251	125,300
		<u><u>581,732</u></u>	<u><u>711,206</u></u>

**BELRON INTERNATIONAL LIMITED**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.

*Humphrey Singer*

**H S M Singer**  
Director

The notes on pages 24 to 54 form part of these financial statements.

## BELRON INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Actuarial reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2022	482,553	103,353	125,300	711,206
<b>Comprehensive income/(loss) for the year</b>				
Profit for the year	-	-	126,484	126,484
Other comprehensive loss	-	(56,425)	-	(56,425)
<b>Total comprehensive income/(loss) for the year</b>	-	(56,425)	126,484	70,059
<b>Transactions with owners, recorded directly in equity</b>				
Dividend	-	-	(200,000)	(200,000)
Equity-settled share-based payment	-	-	467	467
<b>Total contribution by and distributions to owners</b>	-	-	(199,533)	(199,533)
<b>At 31 December 2022</b>	<b>482,553</b>	<b>46,928</b>	<b>52,251</b>	<b>581,732</b>

The notes on pages 24 to 54 form part of these financial statements.

**BELRON INTERNATIONAL LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Actuarial reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2021	482,553	83,818	159,662	726,033
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	100,630	100,630
Other comprehensive income	-	19,535	-	19,535
<b>Total comprehensive income for the year</b>	-	19,535	100,630	120,165
<b>Transactions with owners, recorded directly in equity</b>				
Dividend	-	-	(135,000)	(135,000)
Equity-settled share-based payment	-	-	8	8
<b>Total contribution by and distributions to owners</b>	-	-	(134,992)	(134,992)
<b>At 31 December 2021</b>	<b>482,553</b>	<b>103,353</b>	<b>125,300</b>	<b>711,206</b>

The notes on pages 24 to 54 form part of these financial statements.



**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Belron International Limited (the "Company") is a Company incorporated and domiciled in the UK.

Belron International Limited is a private company, limited by shares, registered in England, with its registered address at Milton Park, Stroude Road, Egham, Surrey, TW20 9EL.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

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

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- the effects of new but not yet effective IFRSs;
- the requirements of IFRS 15 for certain disclosures regarding revenue
- disclosures in respect of capital management;
- disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of Belron Group S.A. include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-based payment*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## **BELRON INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. Accounting policies (continued)**

##### **1.3 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 3-9.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the Company during the year was to act as a franchisor company for the group of companies owned by Belron Group S.A. (the "Group"). The entity also directly or indirectly owns investments in several entities within the Group. The principal source of income for the Company is franchise fees from the Group's subsidiaries.

The company meets its day to day working capital requirements from operational cash flows, intercompany balances and cash pooling arrangement managed by Belron Finance Limited, its immediate parent company as part of global treasury function.

The directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks, have sufficient funds to continue to meet their liabilities as they fall due and to continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements. The Company will have sufficient funds through funding from its parent company, Belron Finance Limited to meet its liabilities as they fall due for that period.

Belron Finance Limited has indicated its intention to continue to make available such funds as are needed by the Company for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis of accounting.

##### **1.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are recognised in other comprehensive income, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

**1.5 Revenue**

Revenue includes franchise fees received or receivable from fellow Group companies for access to the intellectual property contained with the Belron system, and related services.

Revenue includes amounts received or receivable from non-franchisee companies for support services provided to them. The revenue for sales-based royalties is recognised when franchisees provide services to their own customers.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

The Company earns revenue from volume-based arrangement fees earned on purchases made by affiliated companies from preferred suppliers under Group supply agreements. Revenue is recognised in the period that the goods are received by the affiliated companies.

**1.6 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

**1.6 Leases (continued)**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.15.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**1.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**1.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

**1.10 Pensions**

Some of the Company's employees belong to the Belron UK Pension Plan. The plan operates a defined benefit and defined contribution scheme. As a consequence of adopting FRS 101, the Company has chosen, as the main employer in the defined benefit scheme, to recognise the net defined benefit cost of the whole UK multi-employer pension scheme in their financial statements.

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

**1.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1.12 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Patents	-	15 years
Software	-	3 - 5 years
Trademarks	-	indefinite
Other intangible fixed assets	-	10 years

Trademarks that have indefinite useful lives are those where there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

**1.13 Cloud computing arrangements**

The costs of licensing and implementing cloud computing arrangements are expensed as incurred, unless the Company has a contractual right to take possession of the vendor's software without incurring significant penalty and/or exclusive rights to use the software, in which case the costs are accounted for as an intangible asset. Where a vendor provides an implementation service that is deemed not to be distinct from the service of providing access to the software, the Group recognises a prepayment for the related implementation fee, which is subsequently amortised over the service contract term. If a cloud computing arrangement contains a lease, then the license agreement is accounted for as a lease.

**1.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- term of lease
Short-term leasehold property	- term of lease
Plant and machinery	- 3-10 years
Fixtures and fittings	- 5 years
Computer equipment	- 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**1.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

## **BELRON INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. Accounting policies (continued)**

##### **1.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **1.17 Financial instruments**

On 1 January 2018, the Company adopted IFRS 9 Financial Instruments. IFRS 9 replaced the 'incurred loss' model in IAS 39 Financial Instruments with an 'expected credit loss' model. The Company, from 1 January 2018, measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses. In determining credit risk, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and forward looking information. The Company has determined that there will be no material adjustment required as a loss allowance for trade receivables from the application of IFRS 9.

##### **1.18 Employee share ownership plan ('ESOP')**

The Group operates an ESOP. The grant-date fair value of the equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted was based on an observable market price. The amount recognised as an expense is periodically adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that actually vest at the vesting date.



## BELRON INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to exercise judgement in applying the Company's accounting policies, particularly in reporting complex transactions, and to make use of accounting estimates which may differ from the actual results subsequently reported.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### *Key sources of estimation uncertainty*

Information about assumptions made by management and related estimation uncertainties at the reporting period end that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities reported in the next reporting period is provided as follows:

##### *Measurement of defined benefit obligations: key actuarial assumptions*

The Company's defined benefit plans are assessed biannually by qualified independent actuaries. The estimate of the liabilities of the plans is based on a number of actuarial assumptions.

There is a range of possible values for each actuarial assumption and the point within that range is estimated to most appropriately reflect the Company's circumstances. Small changes in these assumptions can have a significant impact on the estimate of the liabilities of the plans. A description of those discount rate and inflation assumptions, together with a sensitivity analysis, is set out in note 22.

##### *Impairment test of intangible assets: key assumptions used in assessing the carrying values*

IFRS requires management to perform impairment tests annually for indefinite lived assets or more frequently if events or changes in circumstances indicate that their carrying amounts may not be recoverable. For finite lived assets and for equity accounted investments, an impairment test is only required if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of revenue growth and discount rates.

#### 3. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	883	1,200
Amortisation of intangible assets	11,614	11,260
Defined contribution pension cost	5,766	3,706

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****4. Auditor's remuneration**

KPMG is also the auditor of the Belron Group S.A. and is remunerated in respect of these services by another group undertaking. The audit fees for the Company and group audit were £927,450 (2021: £991,990) for the year. Total audit fees payable by Belron Group S.A. was €3.3m and non audit fees were €0.2m.

**5. Employees**

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	46,939	34,380
Social security costs	7,048	5,302
Cost of defined contribution scheme	5,766	3,706
Share based payments	277	9
	<u>60,030</u>	<u>43,397</u>

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

	2022 No.	2021 No.
Administration	293	208

**6. Key management personnel remuneration**

	2022 £000	2021 £000
Key management personnel remuneration	8,965	7,479
Long term incentive plan charge	-	-
Company contribution to pension plans	9	18

The aggregate of remuneration and amounts receivable under long term incentive plan of the highest paid key management personnel was £4.5m (2021: £2.24m). They are a member of a defined benefit pension scheme, under which their accrued pension at year end was £86,400 (2021: £86,400).

The number of key management personnel who were members of a defined benefit pension scheme during the year was 1 (2021: 2).

The long term incentive plan charge is expensed in Belron International Sarl as it relates to work performed by the key management personnel on behalf of the wider Belron Group.

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**7. Share-based payment arrangements**

The Group announced an equity-settled share-based payment scheme on 13 December 2021, which was deemed to be the grant date. The scheme, the rules of which were approved by the Board on 3 December 2021, gives each eligible employee the opportunity to benefit from the Group's future growth by granting an award of 850 restricted share units ('RSUs') over the Company's ordinary shares. The awards will only vest if an employee satisfies the 'Exceptional leaver' category on cessation of employment with the Group or the employee remains in the employ of the Group when existing shareholders sell their investment in the Company and trigger an "exit". The Group will recognise the equity-settled share-based payment expense on a straight-line basis over the expected vesting period, which is based on an estimate of when an exit event will occur.

Employees will be entitled to receive dividend cash equivalents at the date of vesting should the Company pay dividends on its ordinary shares during the period between the date of grant of the RSUs and their vesting. The total number of RSUs granted at the grant date was 20,720,450. The fair value of each RSU at the grant date was €10, being the arm's length price for the Company's ordinary shares agreed as part of a shareholder transaction that completed on 17 December 2021.

**8. Interest receivable from group entities and similar income**

	2022 £000	2021 £000
Interest receivable from group companies	412	-
Other interest receivable	36	-
	<u>448</u>	<u>-</u>

**9. Interest payable and similar expenses**

	2022 £000	2021 £000
Interest on lease liabilities	34	41
Other interest payable	-	9
	<u>34</u>	<u>50</u>

**10. Other finance income**

	2022 £000	2021 £000
Net interest on pension scheme assets	3,003	1,755
	<u>3,003</u>	<u>1,755</u>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. Taxation

	2022 £000	2021 £000
Current tax on profits for the year	25,184	25,176
Adjustments in respect of previous periods	2,747	1
<b>Total current tax</b>	<b>27,931</b>	<b>25,177</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	913	305
Changes to tax rates	-	(238)
Adjustments in respect of prior periods	32	(140)
<b>Total deferred tax</b>	<b>945</b>	<b>(73)</b>
<b>Taxation on profit on ordinary activities</b>	<b>28,876</b>	<b>25,104</b>
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:		
	2022 £000	2021 £000
Profit on ordinary activities before tax	155,360	125,734
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	29,519	23,889
<b>Effects of:</b>		
Expenses not deductible for tax purposes	237	1,710
Patent box additional deduction	(3,994)	-
Adjustments to tax charge in respect of prior periods	2,747	1
Adjustments to tax charge in respect of previous periods - deferred tax	32	(140)
Remeasurement of deferred tax for changes in tax rates	415	(535)
Movement in deferred tax not recognised	(80)	179
<b>Total tax charge for the year</b>	<b>28,876</b>	<b>25,104</b>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. Taxation (continued)

## Factors that may affect future tax charges

The UK deferred tax asset as at 31 December 2022 was calculated at 25% (2021: 25%).

The substantially enacted UK Finance Act 2021 increased the corporation tax main rate from 19% to 25% from 1 April 2023. This will increase the company's future current tax charge.

The amount of temporary difference for which no deferred tax is recognised is £423,000 of which £209,000 relates to tax losses and £214,000 relates to foreign tax. Deferred tax has not been recognised for these items on the basis that Belron International Limited is not forecasting income against which the tax attributes can be recognised.

## 12. Intangible assets

	Patents £000	Trademarks £000	Computer software £000	Other intangibles £000	Total £000
<b>Cost</b>					
At 1 January 2022	96,511	337,786	-	48,255	482,552
Additions - internal	-	-	143	-	143
Reclassifications (i)	-	-	5,516	-	5,516
At 31 December 2022	<u>96,511</u>	<u>337,786</u>	<u>5,659</u>	<u>48,255</u>	<u>488,211</u>
<b>Amortisation</b>					
At 1 January 2022	27,881	-	-	20,911	48,792
Charge for the year on owned assets	6,434	-	355	4,825	11,614
Reclassifications (i)	-	-	4,531	-	4,531
At 31 December 2022	<u>34,315</u>	<u>-</u>	<u>4,886</u>	<u>25,736</u>	<u>64,937</u>
<b>Net book value</b>					
At 31 December 2022	<u>62,196</u>	<u>337,786</u>	<u>773</u>	<u>22,519</u>	<u>423,274</u>
At 31 December 2021	<u>68,630</u>	<u>337,786</u>	<u>-</u>	<u>27,344</u>	<u>433,760</u>

(i). Computer software reclassified from 'Tangible' to 'Intangible' asset.  
Reclassification adjustments net to £nil across four asset categories: 'Intangibles', 'Property, Plant and machinery' and 'Fixtures and fittings'.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. Intangible assets (continued)**

- In accordance with the requirements of IAS 36 "Impairment of Assets", a review is completed of the carrying value of intangible assets with indefinite useful lives at each year end, as well as the carrying value of intangible assets where there has been an indication of impairment during the year. An impairment review was undertaken to ensure that the carrying value of the assets are stated at no more than their recoverable amount, being the higher of net realisable value and value in use. The review has resulted in no impairment charge for 2022 (2021: £nil).

This review of intangible assets used budget information prepared in the year to calculate the long-term cash flow assumptions for Belron International Limited.

In determining the value in use, the Company has calculated the present value of the estimated future cash flows expected to arise from the continuing use of the assets using a discount rate of 8.82% (2021: 7.66%).

The discount rates are based upon the weighted average cost of capital, with appropriate adjustment for the relevant risks associated with the business and with the underlying country. Estimated future cash flows were based on the budget prepared earlier in the year to calculate the long-term cash flow assumptions, with extrapolation thereafter based on long-term average growth. The growth rate is 2% per annum (2021: 1.6%).

The key assumptions in the budget and extrapolation year value-in-use calculations are:

- a. Revenue growth
- b. Operating margins
- c. Discount rates

Margins are based on historical values achieved. Operating margins are based on historical levels suitably adjusted for increases in activity levels over the term of the cash projections. Long-term growth rates are based on historical trends.

Future cash flows are estimates that may be revised in future periods as underlying assumptions change. Should the assumptions vary adversely in the future, the value in use of intangible assets with indefinite useful lives may reduce below their carrying amounts. Based on current valuations, headroom is sufficient to comfortably absorb a normal variation in the underlying assumptions.

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 13. Tangible fixed assets

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment & software £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2022	14,427	1,183	1,803	3,471	45,832	66,716
Additions	-	-	71	79	366	516
Disposals	(228)	-	(100)	(627)	(39,124)	(40,079)
Transfers between classes (i)	(3)	-	(678)	681	(5,516)	(5,516)
At 31 December 2022	14,196	1,183	1,096	3,604	1,558	21,637
<b>Depreciation</b>						
At 1 January 2022	2,146	355	1,414	2,705	44,836	51,456
Charge for the year on owned assets	171	-	114	314	17	616
Charge for the year on right-of-use assets	-	237	-	30	-	267
Disposals	(229)	-	(564)	(159)	(39,124)	(40,076)
Transfers between classes (i)	-	-	-	-	(4,531)	(4,531)
At 31 December 2022	2,088	592	964	2,890	1,198	7,732
<b>Net book value</b>						
At 31 December 2022	12,108	591	132	714	360	13,905
At 31 December 2021	12,281	828	389	766	996	15,260

(i). Reclassification adjustments net to £nil across four asset categories: 'Intangibles', 'Property, Plant and machinery' and 'Fixtures and fittings'.

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. Tangible fixed assets (continued)**

The net book value of land and buildings may be further analysed as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Freehold	<b>12,108</b>	12,281
Short leasehold	<b>591</b>	828
	<b><u>12,699</u></b>	<b><u>13,109</u></b>

In respect of the freehold property – a legal charge dated 6 March 2019 is registered in favour of Belron - UK Pension Plan Trustees Limited.

**14. Investments**

	<b>Investments £000</b>
<b>Cost or valuation</b>	
At 1 January 2022	<b>33,016</b>
At 31 December 2022	<b><u>33,016</u></b>



**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****14. Investments (continued)****Related undertakings**

The Company has investments in the following undertakings:

<b>Name of Undertaking</b>	<b>Country of Incorporation</b>	<b>Share class</b>	<b>Direct</b>	<b>Indirect</b>	<b>Registered Office Address</b>
Auto Glass York Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Autoglass (Ireland) Limited	Ireland	£1.00 Ordinary shares	-	100%	40 Upper Mount Street, Dublin 2, Ireland
Autoglass (UK) Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Autoglass Bodyrepair Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Autoglass Distribution Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Autoglass Limited	United Kingdom	£1.00 Ordinary shares	-	100%	1 Priory Business Park, Cardington, Bedford, Bedfordshire, MK44 3US, United Kingdom
Autoglass Windshields Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Belron - UK Pension Plan Trustees Limited	United Kingdom	-	100%	-	1 Priory Business Park, Cardington, Bedford, Bedfordshire, MK44 3US, United Kingdom
Belron Technical Limited	United Kingdom	£1.00 Ordinary shares	100%	-	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Belron UK Limited	United Kingdom	£1.00 Ordinary shares	100%	-	1 Priory Business Park, Cardington, Bedford, Bedfordshire, MK44 3US, United Kingdom
Carglass (UK) Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Glass Medic Limited	United Kingdom	£1.00 Ordinary shares	100%	-	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Laddaw Limited	United Kingdom	£1.00 Ordinary shares	-	100%	1 Priory Business Park, Cardington, Bedford, Bedfordshire, MK44 3US, United Kingdom
Motor Check Limited	United Kingdom	£1.00 Ordinary shares	100%	-	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Nationwide Plant Glazing Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom
Windshields Limited	United Kingdom	£1.00 Ordinary shares	-	100%	Milton Park, Stroude Road, Egham, Surrey, TW20 9EL, United Kingdom

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
External loan	<b>2,227</b>	<b>2,073</b>
	<b>2,227</b>	<b>2,073</b>
Debtors due after more than one year are non-interest bearing.		
<b>Due within one year</b>		
Trade debtors	<b>3,072</b>	-
Amounts owed by group undertakings	<b>84,005</b>	<b>162,078</b>
Other debtors	<b>17,328</b>	<b>8,614</b>
Prepayments and accrued income	<b>4,257</b>	<b>7,755</b>
	<b>110,889</b>	<b>180,520</b>

The Group operates a cash pool facility and the balance due from the Company at year-end was £41m (2021: £148m). The cash pool bears average interest at 1.4%. In addition, there were other Amounts owed by group undertakings of £43.m (2021: £14m) mainly comprising of internal franchise fees and other recharges which are non-interest bearing and due within 30 days. All Debtors' balances comprise of loans and receivables and the carrying amount of Debtors equal the fair value.

**16. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>965</b>	<b>366</b>
	<b>965</b>	<b>366</b>

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>3,176</b>	<b>9,935</b>
Amounts owed to group undertakings	<b>7,145</b>	<b>9,031</b>
Corporation tax	<b>9,840</b>	<b>18,216</b>
Other taxation and social security	<b>1,256</b>	<b>1,045</b>
Lease liabilities	<b>732</b>	<b>919</b>
Other creditors	<b>1,191</b>	<b>1,408</b>
Accruals and deferred income	<b>31,589</b>	<b>20,072</b>
	<b><u>54,929</u></b>	<b><u>60,626</u></b>

Creditors relate to other financial liabilities and are non-interest bearing. The carrying amount equals the fair value and contractual cash flows.

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****18. Deferred taxation**

	<b>2022 £000</b>
At beginning of year	(57,495)
Charged to profit or loss	(945)
Charged to other comprehensive income	31,154
<b>At end of year</b>	<b><u>(27,286)</u></b>

The provision for deferred taxation is made up as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Accelerated capital allowances	504	662
Provisions	299	331
Pension surplus	(28,369)	(58,488)
Other timing difference	280	
	<b><u>(27,286)</u></b>	<b><u>(57,495)</u></b>

**19. Share capital**

	<b>2022 £000</b>	<b>2021 £000</b>
<b>Authorised, allotted, called up and fully paid</b>		
482,552,600 (2021 - 482,552,600) Ordinary shares shares of £1.00 each	<b><u>482,553</u></b>	<b><u>482,553</u></b>

**20. Reserves****Actuarial reserves**

The actuarial reserve comprises all actuarial gains and losses recognised on the Company's defined benefit plans, net of tax.

**Other reserves**

The share-based payment reserve is used by the Company to recognise the credit entry in relation to awards issued under equity-settled share-based payment schemes.

## BELRON INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21. Capital commitments

##### a) Commitments and contingencies

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group, and failure by other members of the Group would give rise to additional liabilities for the Company.

##### b) Guarantees

At 31 December 2022 Belron International Limited (the "Guarantor") is a guarantor in respect of the obligations of Belron Finance Limited, Belron Luxembourg S.à r.l., Belron Finance US LLC and Belron Finance 2019 LLC (together the "Borrowers") under a credit agreement dated 7 November 2017 (as amended on 13 November 2018, 30 October 2019, 27 August 2020 and 13 April 2021) and entered into between, amongst others, the Borrowers, J.P. Morgan Europe Limited and Wilmington Trust (London) Limited (the "Credit Agreement").

The obligations of the Guarantor under such guarantee principally relate to the guaranteeing of the obligations of the Borrowers in respect of the repayment of the principal amounts of the outstanding term loans and revolving credit facility. The details of which are as follows: (i) term loan of USD 436.8 million, which matures on 13 November 2025 (ii) term loan of USD 805.1 million, which matures on 30 October 2026, (iii) term loan of USD 1.59bn and EUR 840 million, which mature on 13 April 2028 ((i), (ii) and (iii) together being the "Term Loans") and (iv) a revolving credit facility of EUR 665 million, which matures on 13 May 2025 (the "RCF") (and, in each case, interest thereon (and, in respect of the RCF, in respect of amounts drawn thereunder) calculated in accordance with the relevant provisions of the Credit Agreement).

Amounts outstanding under the Term Loans are quoted to the nearest EUR 1m, and as at 31 December 2022.

## BELRON INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 22. Pension commitments

##### Characteristics of the Plan and Risks associated with the Belron UK Pension Plan (The "Plan")

##### a) Information about the characteristics of the Plan

The Plan has two defined benefit sections: the Final Earnings Section and the Retirement Capital Section. The Final Earnings Section was closed to new members in 2003 and the Retirement Capital Section was closed to new members in May 2011. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement subject to a maximum of 5%. On 31 May 2015, the Final Earnings and Retirement Capital Sections were closed to future accrual. All current members were transferred to defined contribution arrangements. For the Final Earnings Section, the final salary link was maintained for accrued pensionable salary. A full actuarial valuation of the UK Plan was carried out as at 31 March 2020. This valuation was updated to 31 December 2022 by a qualified independent actuary for the purpose of meeting the requirements of IAS 19.

Funding valuations are carried out every three years which determine the contribution requirement to the UK Plan. The latest Actuarial Funding Valuation for the UK Plan, with an effective valuation date of 31 March 2020, was completed and signed in the prior year. The full valuation results include the Recovery Plan and Schedule of Contributions. The valuation resulted in a deficit of £10.8m at 31 March 2020, comprising liabilities of £444.2m and plan assets of £433.4m. Although a deficit exists, the Company and Trustees have agreed no deficit recovery contributions would be required until June 2026 when allowing for outperformance of the Plan's assets relative to the technical provisions discount rate in the 12 month period following the valuation.

The pension plan is governed by the trustees, some of whom are appointed by the Group, and some by the members. Under the terms of the Pensions Act 2004 the funding rate for the UK Plan and recovery plan to fund any deficit must be agreed. As the statutory funding objective was met on the valuation date, the trustees do not need to prepare a recovery plan.

Equal treatment in pension provision for males and females of the UK Plan has been required since 17 May 1990, however, there has been uncertainty on whether and how pension schemes should equalise for the effect of Guaranteed Minimum Pensions ("GMPs"), which are unequal under legislation. After the judgment on the Lloyds Banking Group high court hearing in 2018, the liability calculation includes an allowance of 0.4% of total liabilities for GMP equalization (2021: 0.4%).

The assumed difference between RPI (Retail Price Index) and CPI (Consumer Price Index) assumptions has decreased from 0.6% p.a. as at 31 December 2021 to 0.55% p.a. as at 31 December 2022. Despite the large movements in bond yields and high current levels of inflation, the Group's defined benefit scheme still remains in surplus as at 31st December 2022. In addition, the scheme has sufficient liquidity in the invested funds to avoid any collateral calls as a result of falling gilt prices as the amount invested in leveraged gilt funds is not a significant portion of total assets (15% in 2022 and 9% in 2021).

The Group has chosen not to adjust pension mortality assumptions for COVID-19 as the impact on the scheme members is still uncertain.

**BELRON INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**22. Pension (continued)**

The Group recognises all actuarial gains and losses in other comprehensive income.

*b) Information about the risks of the Plan to the Employers*

The ultimate cost of the Plan to the Employers will depend upon actual future events rather than the assumptions made. Many of the assumptions made are unlikely to be borne out in practice and as such the cost of the Plan may be higher (or lower) than disclosed.

In general, the risk to the Employers is that the assumptions underlying the disclosures, or the calculation of contribution requirements are not borne out in practice and the cost to the Employers is higher than expected. This may also impact the Employers' ability to grant discretionary benefits or other enhancements to members.

More specifically, the assumptions not being borne out in practice could include:

- (i) The return on the Plan's assets being lower than assumed or the return available on the investment of future income being lower than the return available at the date of the disclosures, resulting in a requirement for the Employers to pay contributions.
- (ii) Falls in asset values (particularly equities) not being matched by similar falls in the value of liabilities.
- (iii) A change in the Plan's investment strategy to lower yielding assets, perhaps as a result of a perceived weakening in the financial strength of the Employers.
- (iv) Unanticipated future changes in mortality patterns leading to an increase in the Plan's liabilities. Future mortality rates cannot be predicted with certainty. This is especially so bearing in mind that the youngest Plan members could be expected to still be alive in 80 years or more and it is not possible to reliably predict what medical advances may or may not have occurred by this time.
- (v) The potential exercise (by members or others) of options, for example taking early retirement or exchanging a portion of pension for a cash lump sum, being different to that assumed.

Conversely, there is a risk that the cost to the Employers is lower than expected, due to the assumptions underlying the disclosures not being borne out in practice. This could lead to additional surplus assets in the Plan which are not immediately recoverable by the Employers.

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. Pension (continued)****The Plan's investment strategy**

There have been no changes to the Plan's investment strategy in the year.

**Expected future cashflows to and from the Plan**

In accordance with the 2020 schedule of contributions, the Employer is expected to pay contributions of approximately £1.2m over the next accounting period. This includes employer contributions at a rate of 10.6% of the expected pensionable salary roll for the Final Earnings Section members and employer contributions at a rate of 4.2% of the expected pensionable salary roll for the Retirement Capital Section members in respect of certain ill-health retirement and death in service benefits for In-Service Deferred Pensioners.

The above employer contribution rates include an allowance to meet all the expenses of running the Plan, including administration expenses, death in service lump sum insurance premiums. However, the employer contribution rates exclude statutory levies, which are payable in addition.

The liabilities of the Plan are based on the current value of expected benefit payment cashflows to members of the Plan over approximately the next 80 years. The average duration of the liabilities is approximately 23 years.

A full actuarial valuation of the Plan was carried out as at 31 March 2020, and has been updated to 31 December 2022 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	<b>2022</b>	<b>2021</b>
Discount rate	<b>4.8%</b>	<b>1.8%</b>
Inflation assumption (RPI)	<b>3.1%</b>	<b>3.2%</b>
Inflation assumption (CPI)	<b>2.5%</b>	<b>2.6%</b>
Rate of increase in salaries	<b>4.8%</b>	<b>4.9%</b>
Rate of increase to pensions in payment accrued pre 6/4/97	<b>2.4%</b>	<b>2.5%</b>
Rate of increase to pensions in payment accrued post 6/4/97	<b>3.0%</b>	<b>3.1%</b>

Assumed life expectancies on retirement at age 65 are:

	<b>2022</b>	<b>2021</b>
Retiring today – males	<b>21.7 years</b>	<b>21.8 years</b>
Retiring in 20 years time – males	<b>23.0 years</b>	<b>24.3 years</b>
Retiring today – females	<b>24.1 years</b>	<b>23.1 years</b>
Retiring in 20 years time – females	<b>25.5 years</b>	<b>25.8 years</b>



## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 22. Pension (continued)

The assets in the scheme were:

	2022	2021
	£'000	£'000
Quoted equity instruments and	15,890	24,700
Pooled investment assets		
Fixed interest government bonds	17,330	4,740
Index linked government bonds	84,290	231,600
Non-government bonds and others	193,417	296,416
Cash and cash equivalents	5,160	2,480
Fair value of scheme assets	<u>316,087</u>	<u>559,936</u>

The actual return on assets over the period was: (235,392) 13,516

Fair value of plan assets	316,087	559,936
Present value defined benefit obligations	<u>(235,027)</u>	<u>(393,316)</u>
Surplus in funded scheme	81,060	166,620
Net asset in balance sheet	<u>81,060</u>	<u>166,620</u>

Belron Group S.A. considers that it has a right (subject to trustee agreement) to a refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent.

## Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2022	2021
	£'000	£'000
Benefit obligation at beginning of year	393,316	420,600
Current service cost	698	783
Interest cost	6,998	5,402
Past service cost	-	-
Curtailments	-	-
Net remeasurement - financial	(188,236)	(20,404)
Net remeasurement - experience	35,491	1,435
Net remeasurement - demographic	(3,393)	(3,578)
Benefits paid	<u>(9,847)</u>	<u>(10,922)</u>
Benefit obligation at end of year	<u>235,027</u>	<u>393,316</u>

## Reconciliation of opening and closing balances of the fair value of scheme assets

	2022	2021
	£'000	£'000
Fair value of scheme assets at beginning of year	559,936	556,024
Interest income on scheme assets	10,003	7,166
Return on assets, excluding interest income	(244,655)	7,086
Contributions by employers	1,390	1,318
Benefits paid	(9,847)	(10,922)
Scheme administrative cost	<u>(740)</u>	<u>(736)</u>
Fair value of scheme assets at end of year	<u>316,087</u>	<u>559,936</u>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 22. Pension (continued)

The amounts recognised in the Balance sheet are analysed as follows:

	2022 £'000	2021 £'000
Fair value of plan assets	316,087	559,936
Present value defined benefit obligations	<u>(235,027)</u>	<u>(393,316)</u>
	<u>81,060</u>	<u>166,620</u>

The amounts recognised through Other Comprehensive Income including historical experiences are as follows:

	2022 £'000	2021 £'000
Actual gains/(losses) on the liabilities		
- Net remeasurement – financial	188,236	20,404
- Net remeasurement – experience	3,393	3,578
- Net remeasurement – demographic	(35,491)	(1,435)
Return on assets, excluding interest income	<u>(244,655)</u>	<u>7,086</u>
	<u>(88,517)</u>	<u>29,633</u>
Contributions from group entities	-	-
	<u>(88,517)</u>	<u>29,633</u>

There are £1,072m (2021: £1,010m) of contributions from other group entities which are recognised as a credit to the Profit and Loss Statement.

The amounts recognised in the Profit and Loss statement are as follows:

	2022 £'000	2021 £'000
Current service cost	(698)	(783)
Past service cost	-	-
Curtailments	-	-
Administrative costs	(740)	(736)
Net pension interest income	3,005	1764
Contributions from group entities	<u>1,072</u>	<u>1,010</u>
Gain recognised in the Profit and loss	<u>2,639</u>	<u>1,255</u>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 22. Pension (continued)

The following table represents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation at 31 December 2022 and 31 December 2021 would have been affected by changes in the relevant actuarial assumption that was reasonably possible at the balance sheet date. The sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

The results in the disclosures are inherently volatile, particularly the figures shown on the balance sheet. The resulting disclosures are dependent on the assumptions chosen by the directors. The table below shows the sensitivity of the balance sheet position as at 31 December 2022 to changes in assumptions to illustrate this volatility:

£'000s	(Increase)/decrease in defined benefit obligation as at 31 December 2022	(Increase)/decrease in defined benefit obligation as at 31 December 2021
<b>Discount rate</b>		
<i>Increase by 50 basis points</i>	18,000	40,000
<i>Decrease by 50 basis points</i>	(21,000)	(46,000)
<b>Rate of salary increase</b>		
<i>Increase by 50 basis points</i>	(4,000)	(4,000)
<i>Decrease by 50 basis points</i>	3,000	4,000
<b>Rate of inflation increase</b>		
<i>Increase by 50 basis points</i>	(7,000)	(12,000)
<i>Decrease by 50 basis points</i>	6,000	12,000
<b>Rate of pension increase</b>		
<i>Increase by 50 basis points</i>	(9,000)	(21,000)
<i>Decrease by 50 basis points</i>	9,000	20,000
<b>Life expectancy</b>		
<i>Increase in longevity by one additional year</i>	(7,000)	(18,000)

The Company contributed £318,509 to the Plan in respect of Belron International Limited in the year, of which £nil were additional fixed contributions (2021: £315,786 of which £nil were additional fixed contributions).

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. Pension (continued)****Belron Ireland Pension Plan**

On 4th April 2019 Carglass Limited ("CL") transferred the liabilities of its defined benefit pension plan to Belron International Limited, this consisted of a net deficit of £0.6m (€0.7m) comprising assets of £2.6m (€3.1m) offset by liabilities of £3.2m (€3.8m).

The Belron Ireland Pension Plan (the "Ireland Plan") has been closed to future accrual since 2008 and post transfer all obligations of the Ireland Plan transferred from CL to the Company.

Assumed life expectancies on retirement at age 65 are:

	2022	2021
Retiring today – males	23.3 years	23.3 years
Retiring in 20 years time – males	23.3 years	25.0 years
Retiring today – females	25.5 years	25.5 years
Retiring in 20 years time – females	25.5 years	27.1 years

The assets in the Irish scheme were:

	2022	2021
	£'000	£'000
Equities	1,444	1,859
Government bonds	473	513
Corporate bonds	465	456
Cash	163	69
Other	432	418
Property	209	195
Fair value of scheme assets	<u>3,186</u>	<u>3,510</u>
The actual return on assets over the period was:	(503)	432
Fair value of plan assets	3,186	3,510
Present value defined benefit obligations	<u>(2,348)</u>	<u>(3,725)</u>
Surplus/(Deficit) in the plan	<u>838</u>	<u>(215)</u>
Net asset/(liability) in balance sheet	<u>838</u>	<u>(215)</u>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 22. Pension asset (continued)

## Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2022	2021
	£'000	£'000
Benefit obligation at beginning of year	3,725	4,359
Interest cost	50	31
Net remeasurement – financial	(1,505)	(421)
Net remeasurement – experience	(26)	13
Net remeasurement – demographic	-	-
Benefits paid	(91)	(6)
Effect of movements in exchange rates	<u>195</u>	<u>(251)</u>
Benefit obligation at end of year	<u>2,348</u>	<u>3,725</u>

The average duration of the liabilities is approximately 22 years.

## Reconciliation of opening and closing balances of the fair value of scheme assets

	2022	2021
	£'000	£'000
Fair value of scheme assets at beginning of year	3,510	3,191
Expected return on plan assets	48	23
Actuarial gain / (loss)	551	414
Contributions by employers	88	83
Benefits paid	(91)	(6)
Effect of movements in exchange rates	<u>(920)</u>	<u>(195)</u>
Fair value of scheme assets at end of year	<u>3,186</u>	<u>3,510</u>

The amounts recognised in the Balance sheet are analysed as follows:

	2022	2021
	£'000	£'000
Fair value of plan assets	3,186	3,510
Present value benefit obligation	<u>(2,348)</u>	<u>(3,725)</u>
	<u>838</u>	<u>(215)</u>

## BELRON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 22. Pension asset (continued)

The amounts recognised through Other Comprehensive Income including historical experiences are as follows:

	2022 £'000	2021 £'000
Actual gains on the liabilities	<u>938</u>	<u>822</u>

The amounts recognised in the Profit and Loss statement are as follows:

	2022 £'000	2021 £'000
Curtailments and settlements	-	-
Net pension interest expense	<u>(2)</u>	<u>(8)</u>
Expenses recognised in Profit and Loss	<u>(2)</u>	<u>(8)</u>

The results in the disclosures are inherently volatile, particularly the figures shown on the balance sheet. The table below shows the sensitivity of the balance sheet position as at 31 December 2022 to changes in assumptions to illustrate this volatility:

£'000s	(Increase)/decrease in defined benefit obligation as at 31 December 2022	(Increase)/decrease in defined benefit obligation as at 31 December 2021
<b>Discount rate</b>		
Increase by 50 basis points	(239)	488
Decrease by 50 basis points	276	(526)
<b>Rate of inflation increase</b>		
Increase by 50 basis points	216	(402)
Decrease by 50 basis points	(189)	347
<b>Life expectancy</b>		
Increase in longevity by one additional year	66	(140)

Rate of pension increase/decrease in basis points are either fixed under the rules or in line with inflation.

**BELRON INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****23. Related party transactions****Key management personnel transactions**

Loans to the members of the managerial and supervisory bodies are presented as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January	<b>1,946</b>	<b>4,268</b>
Advanced	-	-
Repaid	-	(2,322)
	<u><b>1,946</b></u>	<u><b>1,946</b></u>

**Balance at 31 December**

The loans do not attract interest and are repayable between 24-48 months from the date the funds are advanced or on exit.

During the reporting period dividends paid to key management personnel on their shares in Belron Group SA were €4.5m (2021: €24m).

No Group company shares held by members of key management personnel were redeemed during the reporting period (2021: 134,624 for €1.3m).

At the reporting period end, 30,290,370 shares in Belron Group SA were held by key management personnel (2021: 30,290,370).

During the year, the Company donated £126,893 (2021: £0) to The Ronnie Lubner Charitable Foundation ('Foundation'). Gary Lubner (resigned 28 February 2023) and Susan Ormiston are directors of the Company and trustees of the Foundation.

**24. Post balance sheet events**

On 14 April 2023, a dividend of £60m was paid to the Company's immediate parent undertaking Belron Finance Limited

In April 2023 new debt was raised by the group resulting in new borrowing of USD 870 million maturing 17 April 2029. The new debt is held by Belron Luxembourg Sarl. The Company remains a guarantor to the new and existing debt.

**25. Controlling party****Ultimate parent company**

The largest and smallest group in which the results of the Company are consolidated is that headed by Belron Group S.A. ("BGSA").

The consolidated financial statements of Belron Group S.A. may be obtained from their registered office at Belron Group S.A., 9b Boulevard Prince Henri, L-1724, Luxembourg R.C.S., Luxembourg B216991.

The Company is a subsidiary of Belron Finance Limited, incorporated in England and Wales.

The directors of the Company consider D'leteren Group SA/NV (previously called SA D'leteren NV) to be the ultimate beneficial owner of the Company by virtue of voting rights.