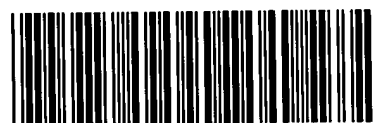


Company registration number 00702790 (England and Wales)

HARSCO METALS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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HARSCO METALS GROUP LIMITED

COMPANY INFORMATION

Directors	S Cooper M Curi C Reitemeier S Zaman	(Appointed 6 April 2022)
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Company number	00702790
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Registered office	Carlton House Regent Park 299 Kingston Road Leatherhead Surrey KT22 7SG
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Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
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Bankers	HSBC UK Bank plc 1 Centenary Square Birmingham B1 1HQ
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HARSCO METALS GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 8
Independent auditors' report	9 - 12
Statement of comprehensive income	13
Balance sheet	14 - 15
Statement of changes in equity	16
Notes to the financial statements	17 - 40

HARSCO METALS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

Overall turnover for the year increased to £112,396,000, (2021: £108,478,000) as a result of a new plant in the Steelphalt business and contract price increases, offset by the termination of a contract during 2021. Operating loss was £24,000 (2021: operating profit of £3,792,000) due to a decrease in management fees from a group undertaking in 2022 and an increase in raw material and consumable costs. The profit from the previous year also included one off gains on disposal of tangible fixed assets from non renewed contracts.

At the year end, the company had net assets of £92,044,000 (2021: £92,861,000). The Directors have forecast that there are sufficient resources available to the company to continue with its current strategy as there are undrawn amounts on various facilities which are available, if so required from other group companies.

The company continues to be managed on a global divisional basis as part of the Enviri Corporation (formerly Harsco Corporation), which is listed on the New York Stock Exchange.

Principle risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from national and international competitors and key customer activity levels affected by market pressures and the company's ability to maintain margins in manufactured product, due to price increases of raw materials and consumables and other environmental issues. The company can mitigate these risks by finding solutions for environmental issues and provide additional innovative services and build competitive advantage.

From the perspective of the company, the principal risks and uncertainties are aligned to the principal risks of the Enviri Corporation (formerly Harsco Corporation) and are not managed separately. The group strategy to overcome competition includes enterprise business optimisation programs, international customer expansion, particularly in emerging economies, and the diversification, streamlining and consolidation of operations.

Development and performance

The company has expanded the Steelphalt section of the business during the last half of 2021 which has increased revenues during 2022.

The company continues to develop its Applied Products with various customers in order to gain new contracts to mitigate any impact of lost contracts in previous years and expand its environmental solutions to the metals industry.

Key performance indicators

The directors manage the business operations on a global divisional basis and therefore using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of Harsco Metals Group Limited.

CO2 emissions and intensity ratios can be referred to in the Directors' report under the Streamlined Energy and Carbon reporting.

Section 172(1) statement

Under S172(1) the Directors consider the following, to enable them to reach key decisions and assess the impact of those decisions to promote the success of the Harsco Environmental division that the company is part of.

Promoting the success of the company

Long range forecasts

As part of the annual Long Range Plan review, the company produces forecasts on a site basis to be able to monitor financial information and make strategic decisions based on the information and scenarios prepared and understand the impact of those decisions on a Divisional basis.

HARSCO METALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Employees

Our employees are integral to the company and health, safety and well being of our employees is one of our primary considerations. In this respect, the group has adopted a zero harm philosophy and regularly reports and reviews accident rates across the company and its subsidiaries, in order to keep its employees safe from injury. Any issues arising are dealt with on a timely basis to continually improve safety. This has been further highlighted during the Covid-19 global pandemic where the company has continued to engage closely with its employees facilitating regular updates on well being and mental health with facilitation through its Corporate website.

The company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the division and the various sites. Employees' representatives are consulted on a wide range of matters affecting their current and future interests.

Business relationships

The company and its Directors follow the core values of Enviri Corporation (formerly Harsco Corporation) in conducting business with all its business partners, by use of the Harsco code of conduct which provides guidance and establishes requirements to ensure that business is conducted with integrity and in accordance with professional, cultural and ethical, legal and social governance. Continuous training is provided by Enviri's compliance and ethics team to ensure that these core values are known and enacted by all employees and business partners so that its reputation for high standards and integrity is maintained.

Community and environment

The company and its Directors as part of the Harsco Environmental division of Enviri Corporation (formerly Harsco Corporation) is committed to its role as a responsible corporate citizen. As part of this commitment the company provides environmental solutions within the steel and metals industry and partners with its customers to manage and mitigate environmental challenges and improve our customers and Enviri's environmental footprint through enhanced operational efficiency and continuous improvement. As part of this commitment the company also encourages civic engagement efforts by employees through volunteering their time and talent to help local community.

On behalf of the board



S Cooper
Director

26 September 2023

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of specialised services throughout the entire metals production process of the steel industry within the United Kingdom and the provision of management services.

Results and dividends

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

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J J Sweeney (Resigned 31 March 2022)

S Cooper

M Curi

C Reitemeier

A Mitchell

(Resigned 1 September 2023)

S Zaman

(Appointed 6 April 2022)

Financial instruments

Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, liquidity risk, interest rate cash flow risk and credit risk.

Liquidity risk

The company has access to a mixture of short-term debt facilities that ensure that the company has sufficient available funds for operations and planned expansions.

The company is a participating employer of the defined benefit section of the Harsco Pension Scheme. Cashflows for the deficit contributions of the scheme are managed on a group wide basis (see note 24).

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances, which earn interest at 0.40% (2021: 0.40%) above the banks base rate. The company also has a bank overdraft, on which interest is charged at 1.00% (2021: 1.00%) above the base rate.

Amounts owed by group undertakings bear interest at a rate of 0.08% to 1.57% (2021: 0.03% to 1.25%) per annum depending on the lifetime and interest periods of the respective loans.

Amounts owed to group undertakings bear interest at a rate of 1.70% to 3.20% (2021: 1.53% to 1.58%) per annum depending on the lifetime and interest periods of the respective loans.

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Price risk

The company is subject to inflationary price increases, this exposure is managed through standard annual price escalation clauses within contracts.

Research and development

Research and development on new products is primarily carried out at Enviri Corporation (formerly Harsco Corporation) sites worldwide, but locally some product development costs are incurred on new innovations for use throughout the business.

Disabled persons

The following policy has been applied in respect of the employment of disabled persons.

The company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Employee involvement

Employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company values its employees highly and engages in regular appraisal and assessment to ensure that the company and its employees work to their best and fullest potential, this also includes annual Enviri (formerly Harsco) employee engagement surveys to gain feedback on health & safety, communication and conditions so that the company can review employee perception of its communication and decisions, and act on them accordingly.

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business relationships

The company is dedicated to administering and promoting its business system through a Code of Conduct and Business Partner Code of Conduct and values of integrity, respect, inclusion and employee care with agents, contractors, consultants, distributors, suppliers, customers and others. The company expects and encourages all Business Partners to apply the principles in Business Partner Code of Conduct and act in ways that are consistent with the Policy and ensure good business practices. Training is given where required to the respective business partner to make sure that there is an understanding of the Envi policies. We have frequent meetings and correspondence with customers and major suppliers where concerns and requirements can be aired. This results in a collaborative effort where misunderstandings are minimised and contribute to the future profitability of the company.

Community and environment

Please refer to the Strategic report.

Post reporting date events

During 2023 Mastclimbers Limited went into liquidation and declared a pre liquidation dividend of £3,862,671, with a loss on disposal for the Company of £3,862,471.

Future developments

The company will continue with its innovation and technology development programme and is looking to develop existing services and bring new services to existing and new markets. See Strategic report.

Independent Auditors

In accordance with the company's articles a resolution proposing that PricewaterhouseCoopers LLP, be reappointed as independent auditors of the company will be put to a general meeting.

Streamlined energy and carbon reporting

Streamlined Energy and Carbon Reporting (SECR) mandates that defined companies must include energy and carbon emissions in their annual reports, and a narrative on the principal measure taken to increase the business's energy efficiency. The company discloses the following annual energy consumption and associated greenhouse gas emissions.

	2022	2021
	kWh	kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	32,339,660	43,239,172
- Electricity purchased	3,833,619	3,978,971
- Fuel consumed for plant and transport	54,259,057	57,784,885
	<u>90,432,336</u>	<u>105,003,028</u>

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<i>Emissions of CO2 equivalent</i>	2022 metric tonnes	2021 metric tonnes
Scope 1 - direct emissions		
- Gas combustion	5,946.00	7,935.00
- Fuel consumed for mobile and fixed plant	13,588.00	14,271.00
	<u>19,534.00</u>	<u>22,206.00</u>
Scope 2 - indirect emissions		
- Electricity purchased	1,086.00	1,337.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the Company	380.00	528.00
	<u>21,000.00</u>	<u>24,071.00</u>
Total gross emissions	21,000.00	24,071.00
<i>Intensity ratio</i>		
tCO2e per tonne of production	<u>0.0045</u>	<u>0.0037</u>

Quantification and reporting methodology

Scope 1 - Emissions are direct emissions from owned or controlled sources.

Scope 2 - Emissions are indirect emissions from the generation of purchased energy.

Scope 3 - Emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the Company.

Emissions are calculated using a spend-based methodology from supplier invoices, fuel cards and employee expenses received through accounting and IT systems and then applying relevant Government Conversion Factors for Company Reporting.

Data has been collected from the following sources:

- Gas & Electricity – Utility Bills/invoices & meter readings
- Gas Oil (Mobile & Fixed Plant) - extracted from computerised reporting systems (e.g. 'Fuel by Vehicle Reports')
- Transport (Business Mileage) – Miles claimed extracted from Expenses Claim System
- Transport (Fuel Card data) – Litres purchased data extracted from computerised reporting system

For business mileage the vehicle type / size data is not currently available therefore Conversion Factors for an 'Average car' have been used. Where fuel type was not specified in the claim the 'Unknown' Conversion factor was used.

Intensity measurement

The company overall decreased its CO2 emissions by 3,071t in comparison to 2021. The reduction is due to the Scunthorpe site ceasing operations at the end of May 2021.

Although tonnes of CO2 reduced the intensity ratio increased by 0.0008t CO2e. This was due to the asphalt plant changing the type of fuel, due to price and Government restrictions. Natural gas and red diesel were significantly reduced with a replacement of fuel oil. Fuel oil has a higher emission factor which has increased the intensity ratio.

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Measures taken to improve energy efficiency

Energy efficiency measures adopted during the 2022 reporting period include:

- Continuing the use of recycled plastic pellets into the asphalt making process. The recycled plastic pellets alter the behaviour of bitumen. They reduce the amount of bitumen required by the process and facilitate the use of as former waste produce as a resource. It is estimated that this achieved a reduction of 193.6t of CO₂e in 2022.
- Installation of Electric Vehicle Charging Points – Charging points have been installed on most sites in the UK.
- An energy assessment survey was carried out at the asphalt plant during 2022 and the continuation of the Government IETF funded feasibility study into heat recovery to investigate and assess how Scope 1 and 2 emissions can be reduced.

Statement of directors' responsibilities

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

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

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

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

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure to independent auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's independent auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's independent auditors are aware of that information.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to there being sufficient resources available to the company from various loan agreement facilities from other group companies. The company has produced forecasts that have also been sensitised to reflect plausible downside scenarios which could affect the company, which have been reviewed by the directors. These demonstrate the company has cash reserves and access to financing through facilities from other group companies to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

HARSCO METALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

A handwritten signature in black ink, appearing to read 'S Cooper', written over a horizontal line.

S Cooper
Director

26 September 2023

Independent auditors' report to the members of Harsco Metals Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Harsco Metals Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent auditors' report to the members of Harsco Metals Group Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent auditors' report to the members of Harsco Metals Group Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to journal entries designed to manipulate financial performance and/or financial position of the company and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management around known or suspected instances of non-compliance with laws and regulations; claims and litigation, and instances of fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing journal entries meeting specific risk criteria, including unexpected account combinations impacting revenue;
- testing accounting estimates for indication of management bias including, but not limited to, assumptions used to determine the recoverability of debtors; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of this report

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

Independent auditors' report to the members of Harsco Metals Group Limited (continued)

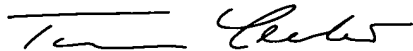
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
26 September 2023

HARSCO METALS GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Notes		
Turnover	3	112,396	108,478
Other operating income		-	307
Raw materials and consumables		(27,528)	(21,473)
Staff costs	4	(36,131)	(38,629)
Depreciation and other amounts written off tangible and intangible fixed assets	6	(9,207)	(8,587)
Gain on disposal of tangible fixed assets	8	107	6,158
Other operating expenses		(39,661)	(42,462)
Operating (loss)/profit	6	(24)	3,792
Interest receivable and similar income	9	187	39
Interest payable and similar expenses	10	(809)	(408)
(Loss)/profit before taxation		(646)	3,423
Tax on (loss)/profit	11	(171)	491
(Loss)/profit for the financial year		(817)	3,914

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income for the year.

HARSCO METALS GROUP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	12		9,663		12,423
Other intangible assets	12		1,376		490
Total intangible assets			11,039		12,913
Tangible assets	13		20,164		22,471
Investments	14		49,022		49,022
			80,225		84,406
Current assets					
Stocks	16	4,193		3,345	
Debtors falling due after more than one year	17	49		102	
Debtors - deferred tax	23	9,011		8,026	
Debtors falling due within one year	17	57,566		43,587	
Cash at bank and in hand		12		2,243	
			70,831		57,303
Creditors: amounts falling due within one year	18	(49,477)		(47,108)	
Net current assets			21,354		10,195
Total assets less current liabilities			101,579		94,601
Creditors: amounts falling due after more than one year	19		(8,565)		(737)
Provisions for liabilities					
Provisions	22	970		1,003	
			(970)		(1,003)
Net assets			92,044		92,861
Capital and reserves					
Called up share capital	25		118,523		118,523
Share premium account			5		5
Profit and loss account	26		(26,484)		(25,667)
Total equity			92,044		92,861

The notes on pages 17 to 40 form part of these financial statements.

HARSCO METALS GROUP LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 26 September 2023 and are signed on its behalf by:



S Cooper
Director

Company Registration No. 00702790

HARSCO METALS GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2021	118,523	5	(29,581)	88,947
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	3,914	3,914
Credit to equity for equity settled share-based payments	-	-	909	909
Other movements	-	-	(909)	(909)
Balance at 31 December 2021	118,523	5	(25,667)	92,861
Year ended 31 December 2022:				
Loss and total comprehensive loss for the year	-	-	(817)	(817)
Credit to equity for equity settled share-based payments	-	-	1,162	1,162
Other movements	-	-	(1,162)	(1,162)
Balance at 31 December 2022	118,523	5	(26,484)	92,044

HARSCO METALS GROUP LIMITED

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

1 Accounting policies

Company information

Harsco Metals Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Carlton House, Regent Park, 299 Kingston Road, Leatherhead, Surrey, KT22 7SG.

1.1 Accounting convention

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

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

The financial statements have been consistently applied and have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12, from preparing a statement of cashflows, financial instrument disclosures and share based payment arrangements, paragraph 4.12(a) statement of financial position and paragraph 33.7 for non disclosure of related party on the basis that it is a qualifying entity and its ultimate parent company, Enviri Corporation (formerly Harsco Corporation), includes this information in its own consolidated financial statements.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Harsco Metals Group Limited is a wholly owned subsidiary of Enviri Corporation (formerly Harsco Corporation) and the results of Harsco Metals Group Limited are included in the consolidated financial statements of Enviri Corporation (formerly Harsco Corporation) which are available from Two Logan Square, 17th Floor 100-120 North 18th Street, Philadelphia, Pennsylvania 19103, USA.

1.2 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to there being sufficient resources available to the company from various loan agreement facilities from other group companies. The company has produced forecasts that have also been sensitised to reflect plausible downside scenarios which could affect the company, which have been reviewed by the directors. These demonstrate the company has cash reserves and access to financing through facilities from other group companies to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

1.3 Turnover

Turnover represents income from the invoiced value of goods and services supplied to customers (excluding value added tax and trade discounts) and amounts (excluding value added tax) derived from the provision of services to fellow group companies during the year.

Revenue from services is recognised as earned at the point when the company obtains the right to consideration in exchange for completion of its performance. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

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

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets - goodwill

Goodwill, representing the excess of the fair value of the consideration for subsidiaries and other business over the fair values of the net assets acquired, is capitalised and written off in equal annual instalments over its expected useful economic life of twenty years.

The carrying value of goodwill is evaluated when an impairment event is identified to determine if there has been impairment in value which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

1.6 Intangible fixed assets other than goodwill

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

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

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

Software	3 - 5 years
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1.7 Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned as summarised below. The spread of lives recognises the diversity of the assets within each class:

Land and buildings freehold	Over periods up to 15 years
Short leasehold land and buildings	Over lease term
Plant and machinery	4 - 10 years
Fixture and fittings	3 - 5 years
Office equipment	3 - 5 years
Vehicles	3 - 6 years

Freehold land and assets in the course of construction are not depreciated.

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

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.9 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.10 Stocks

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

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

Cost is calculated using the weighted average method.

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

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

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

Fair value measurement of financial instruments

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

Basic financial assets

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

Certain trade debtors have been factored, where the risk has passed to the factor the debtor is no longer recognised as the risk and reward has transferred, any difference between the transaction price of the trade debtor and the cash received from the factor is recognised immediately as a financing cost in profit or loss.

Other financial assets

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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

Debt instruments are subsequently carried at amortised cost, any interest and fees payable are recognised in profit or loss over the relevant period using the effective interest rate method.

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

Derecognition of financial liabilities

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

1.13 Equity instruments

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

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

1.16 Provisions

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

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

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

In particular:

Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal constructive obligation to carry out the restructuring.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

1.17 Employee benefits

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

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

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

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

1.18 Retirement benefits

The company participates, with other group companies in a contributory defined benefit pension scheme in respect of some full time permanent employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to reflect the accounting as if the defined benefit scheme were a defined contribution scheme as disclosed in note 24. With effect from 1 January 2009, existing members did not accrue any further service in their sections of the defined benefit scheme and were transferred to the defined contribution section for future service.

The deficit and the related pension costs are disclosed in the ultimate employer Harsco Investment Limited.

The company also operates a contributory defined contribution section of the scheme in respect of some full time employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Once the contributions have been paid the company has no further payment obligations. Amounts not paid are shown in accruals in the balance sheet. The amounts charged to the profit and loss account in respect of defined contribution schemes represent the contributions payable under the rules of the schemes.

1.19 Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in relation to the potential shares issued to the number of participating employees.

1.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.22 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

There are no key judgments that have significant effect on amounts recognised in the financial statements.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and apply a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the reporting date was £9,663,000 (2021: £12,423,000) and in the Directors' judgement, it is not impaired (note 12).

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience and trading position (note 17). The carrying amount of trade debtors at the reporting end date was £15,307,000 (2021: £11,578,000) after provisions for impairment of £72,000 (2021: £9,000).

Deferred taxation

Determining whether deferred taxation is impaired requires an estimation of the value of the UK group tax position that Harsco Metals Group Limited is a part of under current tax legislation. The value calculation requires the company to estimate the future tax utilisation forecasts expected to arise from the UK tax group. The carrying amount of deferred taxation at the reporting end date was £9,011,000 (2021: £8,026,000) the increase was mostly due to an increase in accelerated capital allowances, (2021: impairment £nil). Details of the unrecognised deferred tax are set out in (note 23).

Investment valuation

Determining whether the company's investment in subsidiaries is impaired requires an estimation of the recoverable amount of the value of the cash generating units which is usually through value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. This will only resolve upon sale or closure of the subsidiary. The carrying amount of investments at the reporting end date was £49,022,000 (2021: £49,022,000) after provision for impairment of £nil (2021: £270,000) (note 14).

3 Turnover

An analysis of the company's turnover is as follows:

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Specialised goods for steel industry	38,531	30,201
Steel industry services	41,376	44,464
Management services	32,489	33,813
	<u>112,396</u>	<u>108,478</u>

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover (Continued)

	2022 £'000	2021 £'000
Turnover analysed by geographical market		
United Kingdom	80,024	74,784
Rest of Europe	17,525	19,031
North America	7,054	6,609
South America	3,844	2,367
Africa	1,241	1,084
Rest of world	2,708	4,603
	<u>112,396</u>	<u>108,478</u>

4 Employees

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

	2022 Number	2021 Number
Administration	108	110
Operations	386	463
Total	<u>494</u>	<u>573</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	25,998	28,050
Social security costs	2,891	3,102
Other pension costs	7,242	7,477
	<u>36,131</u>	<u>38,629</u>
Redundancy payments made or committed	<u>166</u>	<u>202</u>

Included in wages and salaries are share based payment expense of £1,162,000 (2021: £909,000). The company recognises the share-based payment expense established by a group company based on an allocation of its share of the group's total expense, calculated in relation to the potential shares issued to the number of participating employees.

Redundancy payments made or committed have been shown in other operating expenses in the statement of comprehensive income.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	1,784	2,075
Amounts receivable under long term incentive schemes	357	356
Company pension contributions to defined contribution schemes	61	60
	<u>2,202</u>	<u>2,491</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 3).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 5 (2021 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	803	865
Amounts receivable under long term incentive schemes	-	24
Company pension contributions to defined contribution schemes	-	9
	<u>-</u>	<u>33</u>

The highest paid director has been entitled to receive shares under a long term incentive scheme during the year, paid by Enviri Corporation Group (formerly Harsco Corporation Group).

Included in the Directors' remuneration are amounts paid by other companies within the Enviri Corporation Group (formerly Harsco Corporation Group) of companies of £465,000 (2021; £725,000) in remuneration for qualifying services and £nil (2021; £9,000) in company pension contributions to defined contribution schemes.

6 Operating (loss)/profit

	2022 £'000	2021 £'000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	41	46
Research and development costs	673	646
Government grants	-	(272)
Depreciation of owned tangible fixed assets	6,153	5,702
Depreciation of tangible fixed assets held under finance leases	145	48
Amortisation of intangible assets	2,909	2,837
Cost of stocks recognised as an expense	18,583	15,468
Impairment of stocks recognised or reversed	(74)	(106)
Share-based payments	1,162	909
Operating lease charges	<u>1,473</u>	<u>1,836</u>

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Auditors' remuneration

	2022 £'000	2021 £'000
Fees payable to the company's independent auditors and associates:		
For audit services		
Audit of the financial statements of the company	180	170

The audit fee of £180,000 (2021: £170,000) includes remuneration paid in respect of other group companies amounting to £42,000 (2021: £30,000).

8 Gain on disposal of tangible fixed assets

	2022 £'000	2021 £'000
Profit on disposal of tangible fixed assets	(107)	(6,158)

In 2021 the company received one off gains from disposal of tangible fixed assets largely due to the non renewal of contracts on various sites.

9 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	5	1
Interest receivable from group undertakings	182	38
Total income	187	39

10 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	88	41
Interest on invoice finance arrangements	84	-
Interest payable to group undertakings	585	345
Interest on finance leases and hire purchase contracts	52	22
	809	408

11 Tax on (loss)/profit

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current year	1,065	486
Adjustments in respect of prior years	91	233
Total current tax	1,156	719

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tax on (loss)/profit	(Continued)	
	2022 £'000	2021 £'000
Deferred tax		
Origination and reversal of timing differences	(854)	571
Changes in tax rates	-	(1,926)
Adjustment in respect of prior years	(131)	145
Total deferred tax	(985)	(1,210)
Total tax charge/(credit)	171	(491)

The Corporation Tax rate for the financial year is 19.00% enacted in Finance Bill 2020.

The deferred tax asset as at 31 December 2022 has been calculated based on the enacted rate of 25.00% (2021: 25.00%).

On 24 May 2021 the 2021 Finance bill was enacted and received Royal Assent which included a legislative change to increase the rate of corporation tax to 25.00% from 19.00% with effect from 1st April 2023. The deferred tax asset has been recognised based on the future tax rate of 25.00% when the company expects the deferred tax asset to be utilised.

Management has assessed the possibility of utilisation of the deferred tax assets over a 10 year period and have made no adjustment based on future utilisation forecasts available to date (2021: £nil). Total deferred tax not recognised in respect of capital allowances is £13,633,000 (2021: £13,633,000).

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

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(646)	3,423
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(123)	650
Tax effect of expenses that are not deductible in determining taxable profit	37	30
Adjustments in respect of prior years	(40)	378
Amortisation on assets not qualifying for tax allowances	525	525
Research and development tax credit	-	19
Share based payment charge	153	(12)
Depreciation on assets qualifying for tax allowances	-	(13)
Effect of changes in tax rate on deferred tax asset	(224)	(1,926)
Super deduction	(157)	(142)
Total taxation charge/(credit) for the year	171	(491)

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 January 2022	57,231	8,872	66,103
Additions	-	1,137	1,137
Disposals	-	(1,098)	(1,098)
At 31 December 2022	57,231	8,911	66,142
Amortisation and impairment			
At 1 January 2022	44,808	8,382	53,190
Amortisation charged for the year	2,760	149	2,909
Disposals	-	(996)	(996)
At 31 December 2022	47,568	7,535	55,103
Carrying amount			
At 31 December 2022	9,663	1,376	11,039
At 31 December 2021	12,423	490	12,913

Goodwill with a carrying amount of £9,663,000 (2021: £12,423,000) has a remaining amortisation period of 3.5 years.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

	Land and buildings freehold £'000	Short leasehold land and buildings £'000	Assets under construction £'000	Plant and machinery £'000	Fixture and fittings £'000	Office equipment £'000	Vehicles £'000	Total £'000
Cost								
At 1 January 2022	1,500	2,687	2,519	85,427	1,575	1,397	4,735	99,840
Additions	-	155	743	2,708	39	116	233	3,994
Disposals	-	(56)	-	(418)	(5)	(672)	(524)	(1,675)
Transfers	-	290	(1,982)	1,608	-	3	81	-
At 31 December 2022	1,500	3,076	1,280	89,325	1,609	844	4,525	102,159
Depreciation and impairment								
At 1 January 2022	344	2,389	-	68,494	610	1,228	4,304	77,369
Depreciation charged in the year	27	120	-	5,613	235	106	197	6,298
Eliminated in respect of disposals	-	(56)	-	(418)	(5)	(672)	(521)	(1,672)
At 31 December 2022	371	2,453	-	73,689	840	662	3,980	81,995
Carrying amount								
At 31 December 2022	1,129	623	1,280	15,636	769	182	545	20,164
At 31 December 2021	1,156	298	2,519	16,933	965	169	431	22,471

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

(Continued)

The net carrying value of tangible assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £145,000 (2021: £48,000) for the year.

	2022 £'000	2021 £'000
Plant and machinery	1,227	1,368
Fixture and fittings	7	11
	<u>1,234</u>	<u>1,379</u>

14 Fixed asset investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	15	<u>49,022</u>	<u>49,022</u>

Fixed asset investments not carried at market value

The investments in subsidiaries are all stated at cost less provision for impairment.

Movements in fixed asset investments

	Shares in subsidiaries £'000
Cost or valuation	
At 1 January 2022	49,292
Disposals	(270)
At 31 December 2022	<u>49,022</u>
Impairment	
At 1 January 2022	270
Disposals	(270)
At 31 December 2022	<u>-</u>
Carrying amount	
At 31 December 2022	<u>49,022</u>
At 31 December 2021	<u>49,022</u>

During November 2022 Harsco Metals 373 Limited, MultiServ Logistics Limited and MultiServ Limited were liquidated with neither a gain or loss due to impairment being recognised in prior years.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for Enviro Corporation (formerly Harsco Corporation) are prepared and publicly available.

These financial statements are separate company financial statements for Harsco Metals Group Limited.

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Atek Melting Solutions Limited	1	Aluminium processing support services	Ordinary shares	100.00	-
Faber Prest Limited	1	Non-trading	Ordinary shares	100.00	-
Mastclimbers Limited	1	Non-trading	Ordinary shares	100.00	-
The Slag Reduction Company Limited	1	Dormant	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

1 All subsidiaries have the same registered office as Harsco Metals Group Limited

16 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	4,193	3,345

Stocks are stated after provision for impairment of £153,000 (2021: £146,000).

17 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	15,307	11,578
Amounts owed by group undertakings	37,068	27,285
Other debtors	303	409
Prepayments and accrued income	4,888	4,315
	57,566	43,587

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Debtors

(Continued)

	2022 £'000	2021 £'000
Amounts falling due after more than one year:		
Prepayments and accrued income	49	102
Deferred tax asset (note 23)	9,011	8,026
	<u>9,060</u>	<u>8,128</u>
Total debtors	<u>66,626</u>	<u>51,715</u>

Trade debtors disclosed above are measured at amortised cost.

Trade debtors are stated after provisions for impairment of £72,000 (2021: £9,000).

Amounts owed by group undertakings falling due within one year of £10,193,000 (2021: £10,866,000) are unsecured, do not bear interest and are repayable on demand.

Amounts owed by group undertakings falling due within one year of £26,875,000 (2021: £16,419,000) are unsecured, and interest is charged at rates ranging from 0.08% and 1.57% (2021: 0.03% and 1.25%) and are repayable on demand.

Included in prepayments and accrued income is £2,593,000 (2021: £2,249,000) of accrued income not billed.

18 Creditors: amounts falling due within one year

	Notes	2022 £'000	2021 £'000
Bank loans and overdrafts	20	523	-
Obligations under finance leases	21	434	411
Trade creditors		9,156	8,382
Gross amounts owed to contract customers		158	59
Amounts owed to group undertakings		33,807	33,959
Corporation tax		487	-
Other taxation and social security		1,795	784
Other creditors		3	4
Accruals and deferred income		3,114	3,509
		<u>49,477</u>	<u>47,108</u>

Bank loans and overdrafts are unsecured and interest is charged at 1.00% (2021: 1.00%) above the base rate and repayable on demand.

Amounts owed to group undertakings of £22,598,000 (2021: £22,136,000) are unsecured and interest was charged at rates ranging from 1.70% to 3.20% (2021: 1.53% to 1.58%) and are repayable on demand.

Amounts owed to group undertakings of £11,209,000 (2021: £11,823,000) are unsecured, interest free and repayable on demand.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Creditors: amounts falling due after more than one year

	Notes	2022 £'000	2021 £'000
Obligations under finance leases	21	304	737
Amounts owed to group undertakings		8,261	-
		<u>8,565</u>	<u>737</u>

Amounts owed to group undertakings of £8,261,000 (2021: £nil) are unsecured and interest was charged at rates ranging from 2.02% to 3.20% (2021: nil%) and are repayable on 15 months notice.

20 Bank loans and overdrafts

	2022 £'000	2021 £'000
Bank overdrafts	523	-
	<u>523</u>	<u>-</u>
Payable within one year	523	-
	<u>523</u>	<u>-</u>

21 Finance lease obligations

	2022 £'000	2021 £'000
Future minimum lease payments due under finance leases:		
Within one year	434	411
In two to five years	304	737
	<u>738</u>	<u>1,148</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and fixture and fittings. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years for plant and machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	2022 £'000	2021 £'000
Insurance	704	794
Severance	110	-
Property dilapidations	156	209
	<u>970</u>	<u>1,003</u>

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Provisions for liabilities

(Continued)

Movements on provisions:

	Insurance	Severance	Property dilapidations	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	794	-	209	1,003
Additional provisions in the year	125	166	5	296
Reversal of provision	(173)	-	(46)	(219)
Utilisation of provision	(42)	(56)	(12)	(110)
At 31 December 2022	<u>704</u>	<u>110</u>	<u>156</u>	<u>970</u>

The insurance provision relates to Harsco Metals Group Limited's liability for known outstanding claims and incurred but not yet reported claims for bodily injury and damage sustained by third parties arising from the company's activities. The liability arises under the insurance policy deductibles, which apply to the company's Employers' liability and Public/Products Liability policies of insurance. The insurance provision should be utilised when claims are received.

The severance provision represents team restructures and should be utilised during 2023.

The property provision represents costs to be incurred in respect of premises and this will be utilised over the next five years.

23 Deferred taxation

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

	Assets 2022 £'000	Assets 2021 £'000
Balances:		
Accelerated capital allowances	8,775	7,959
Other timing differences	<u>236</u>	<u>67</u>
	<u>9,011</u>	<u>8,026</u>
Movements in the year:		2022 £'000
Asset at 1 January 2022		(8,026)
Credit to profit or loss		<u>(985)</u>
Asset at 31 December 2022		<u>(9,011)</u>

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Deferred taxation

(Continued)

Deferred tax is not recognised in respect of capital allowances of £13,633,000 (2021: £13,633,000) as it is not probable that they will be recovered against future taxable profits. This has been calculated using the enacted rate of 25.00%.

The deferred tax asset as at 31 December 2022 has been calculated based on the enacted rate of 25.00% (2021: 25.00%).

On 24 May 2021 the 2021 Finance bill was enacted and received Royal Assent which included a legislative change to increase the rate of corporation tax to 25.00% from 19.00% with effect from 1st April 2023. The deferred tax asset has been recognised based on the future tax rate of 25.00% when the company expects the deferred tax asset to be utilised.

Management has assessed the possibility of utilisation of the deferred tax assets over a 10 year period and have made no adjustment based on future utilisation forecasts available to date (2021: £nil).

24 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	7,242	7,477

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

Defined benefit schemes

The company is a participating employer of the Harsco Pension Scheme ("the Scheme"). Harsco Investment Limited is the principal employer. All participating employers taken together are referred to as the "Group". The Scheme comprises ten sections: seven defined benefit sections relating to the Harsco Environmental division subsidiaries ("the Harsco Environmental section of the Scheme"), two defined benefit sections relating to Harsco Infrastructure subsidiaries ("the Harsco Infrastructure section of the Scheme") and one combined defined contribution section.

The Harsco Pension Scheme has defined benefit sections which is accounted for by the principal employer Harsco Investment Limited. However, the contributions paid by the company are accounted as if the scheme were a defined contribution scheme.

With effect from 1 January 2009, existing members did not accrue any further service in their sections of the defined benefit scheme and were transferred to the defined contribution section for future service.

Enviri Corporation (formerly Harsco Corporation), the ultimate parent entity, has put in place a guarantee for all future agreed contributions to the Scheme up to a maximum of £225,000,000.

The cost of contributions to the defined benefit sections of the Harsco Pension Scheme amount to £6,240,000 (2021 : £6,410,000) representing deficit funding contributions. From 1 January 2009, contributions to these sections were entirely in respect of deficit funding contributions, and are managed on a group wide basis. These are based on pension costs across the group as a whole and additional contributions will continue in line with the schedule of contributions agreed to 2025 with the company and trustees of the pension scheme. The schedule of contributions is reviewed every 3 years and updated based on the latest actuarial valuation.

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Called up share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	118,522,769	118,522,769	118,523	118,523

The company has one class of ordinary shares which carry no right to fixed income.

26 Profit and loss account

No ordinary dividends were proposed or declared or paid in the financial year.

27 Financial commitments, guarantees and contingent liabilities

The company is party to an unlimited cross guarantee in favour of other Harsco Environmental companies and Enviri Group companies (formerly Harsco Group) as part of a cash pooling arrangement. This arrangement is underwritten by Enviri Corporation (formerly Harsco Corporation). At 31 December 2022, the contingent liability under this guarantee was £1,099,000 (2021: £136,000).

The company has a guarantee for tax duty deferment with HM Revenue & Customs of £300,000 (2021: £300,000). This arrangement is underwritten by Enviri Corporation (formerly Harsco Corporation).

28 Operating lease commitments

Lessee

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

	2022 £'000	2021 £'000
Within one year	515	527
Between two and five years	1,043	1,411
	<u>1,558</u>	<u>1,938</u>

29 Capital commitments

At 31 December the company had capital commitments as follows:

	2022 £'000	2021 £'000
Acquisition of tangible fixed assets	2,098	770
Acquisition of intangible assets	211	292
	<u>2,309</u>	<u>1,062</u>

HARSCO METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

30 Events after the reporting date

During 2023 Mastclimbers Limited went into liquidation and declared a pre liquidation dividend of £3,862,671, with a loss on disposal for the Company of £3,862,471.

31 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services provided		Services received	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Entities within the group not wholly owned	208	558	366	390

Related party transactions relate to transactions with Ilserv SRL and Tosyali Harsco Geri Kazanim Teknolojileri Anonim Sirkei, are unsecured, interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	2022	2021
	£'000	£'000
Amounts due to related parties		
Entities within the group not wholly owned	18	48

The following amounts were outstanding at the reporting end date:

	2022	2021
	£'000	£'000
Amounts due from related parties		
Entities within the group not wholly owned	53	404

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that all such transactions are between companies that are ultimately wholly owned by Enviri Corporation (formerly Harsco Corporation).

HARSCO METALS GROUP LIMITED

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

32 Ultimate controlling party

The company's immediate parent company is Harsco (UK) Group Limited a company registered in England and Wales at the registered office Carlton House, Regent Park, 299 Kingston Road, Leatherhead, Surrey, KT22 7SG.

Harsco Investment Limited, a company incorporated in England and Wales, is the company's ultimate UK parent company.

Enviri Corporation (formerly Harsco Corporation), a company incorporated in the United States of America, is the company's ultimate controlling entity and the ultimate parent company for which group financial statements are drawn up. It is also the parent of the largest and the smallest group to consolidate these financial statements. Copies of the group financial statements of Enviri Corporation (formerly Harsco Corporation) may be obtained from Enviri Corporation, Two Logan Square, 17th Floor 100-120 North 18th Street, Philadelphia, Pennsylvania 19103, USA.