

Welbilt (Halesowen) Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 01271570

FRIDAY



ABJXBBOF

A11

30/12/2022

#276

COMPANIES HOUSE

Welbilt (Halesowen) Limited

Company Information

Directors	M A Smith M D Gregory M Anastasia A Cocchi
Company secretary	Prima Secretary Limited
Registered number	01271570
Registered office	St Ann's Wharf 112 Quayside Newcastle Upon Tyne United Kingdom NE1 3DX
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Welbilt (Halesowen) Limited

Contents

	Page
Strategic Report	1 - 5
Directors' Report	6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 30

Welbilt (Halesowen) Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Business review and principal activities

The principal activity of the business continues to be the manufacturing and factoring of drink dispensing equipment to major soft drinks companies and brewers, including equipment brought in from other members of the worldwide Welbilt Group.

The statement of comprehensive income is set out in page 11 and shows a profit before tax of £29.1m (2020 - £0.5m), including the receipt of a dividend of £28m (2020 - £Nil).

Turnover increased 55% (2021 - £23.0m; 2020 - £14.9m), attributable mainly to 2020 and the start of 2021 being abnormally low due to the Covid-19 pandemic impact on the hospitality industry.

Inventory turns reduced by 3.5 turns (2021 - 3.0 v 2020 6.5) main impact being the move of the Crem manufacturing from Sweden to Halesowen and the increase in safety stocks for Multiplex to protect the business from the global material shortages.

The business continues to focus on its core customers and products whilst still investing in R&D to expand its current portfolio. With new and current products, we see a potential for expansion into new markets in the foreseeable future.

While the commercial food service industry has continued to recover from the negative impacts of Covid-19 pandemic, the extent of the ultimate impact of the Covid-19 pandemic including supply chain disturbances and shipping and logistics delays, on our operational and financial performance will depend significantly on future developments, including the duration, scope and severity of the pandemic, the actions taken to contain, mitigate or recover from its impacts in each of the countries where we operate globally (including actions taken to ease supply chain backlogs).

Throughout the year ended December 31, 2021, we continued to see increases in cost of specific commodities, components and purchased parts compared to the prior year, driven both by rising inflation rates and rising tariffs as challenges in the supply chain and shipping and logistics delays continued to persist. The availability of key components used in our equipment diminished in 2021 and to ensure supply we frequently had to source on the spot market, often at a large premium.

We continue to proactively monitor the developments surrounding Covid-19 and may take additional actions based on the requirements and recommendations of governmental and health authorities around the world to protect our stakeholders. Although we are currently unable to quantify with certainty the ultimate severity or duration of the impact of the Covid-19 pandemic on our business, we have continued to manage challenges in the supply and dispatch chains to mitigate the impact on our operating results and financial condition throughout fiscal 2022.

On 28 July 2022 Ali Holding S.r.L ("Ali Group") completed its acquisition of Welbilt, Inc and became the new ultimate parent company.

Welbilt (Halesowen) Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Impact of Military Conflict between Russia and Ukraine on our business

The current military conflict between Russia and Ukraine and the deteriorating global political and economic conditions, may adversely affect our business and results of operations. Governments in the U.S, UK and European Union have each imposed export controls on certain product and financial and economic sanctions on certain industry sectors and parties in Russia. Consequences of the conflict between Russia and Ukraine may ultimately result in additional international sanctions, embargoes, regional instability, and geographical shifts. Further escalation of geopolitical tensions related to the Russia-Ukraine conflict, including increased trade barriers or restrictions on global trade, could result in, among other things cyberattacks, additional inflation and supply chain disruptions, lower consumer demand and changes of foreign exchange rates and financial markets, any of which may adversely affect our business and results of operations. The extent of any negative effects on the global economy and our business and results of operations, cannot be predicted. The Group is no longer trading with Russian companies.

Effects of Brexit

As part of our preparations for the end of the Brexit transition period on the 31 December 2020 the company put in place a team of senior leaders from the business in the major areas that would be impacted by Brexit. Due to our planning efforts following a small amount of disruption at the ports in early January, we are pleased there has been minimal impact to our operations.

We have seen an increase to our transport cost for goods to and from the EU, however cost containment actions such as consolidation of shipments have minimized this impact.

Principal risks and uncertainties

Throughout the year, the company identifies and reviews potential risk and uncertainties that could have a material impact on performance and has put in place internal processes and controls designed to mitigate these risks. Detailed planning processes and contingency plans are in place for adverse changes to macro- economic conditions. Appropriate review and development processes are followed for all employees including for succession.

The principal risks the company is exposed to are as follows:

Supply chain disruption

Risks of continuing disruptions to our supply chain, resulting in delays, difficulties, and increased costs of acquiring raw materials. We have a dedicated procurement team working closely with all of supplier and seeking alternatives when appropriate.

Liquidity risk

The company is a participant in the group treasury function which has the objective of maintaining a balance between continuity of funding and appropriately investing in the money markets. All cash management is performed centrally, and the company's cash position is monitored weekly.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

Price risk/competitive market risk

The company is exposed to commodity price risk. The company does not manage locally its exposure to commodity price risk due to cost benefit considerations but benefits from such hedges as may from time to time be taken out at group level.

Welbilt (Halesowen) Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Foreign exchange risk

Foreign exchange risk is mitigated by taking forward cover through the corporate treasury function based in USA for any potential exposures. Group risks are dealt with in the Annual Report of Enodis Group Limited, the ultimate UK parent organisation that prepares consolidated accounts.

Staffing

Certain job markets remain very competitive, increasing the risk of not retaining and recruiting the best people. We believe that by demonstrating a strong commitment to our people by providing a diverse and inclusive culture and environment where employee input, efforts and achievements are recognized and valued.

Selected current initiatives supporting this strategic objective include:

- Talent and succession program: Focused development through tailored programs for our top talent with key succession planning identified through a robust talent assessment process.
- Reward strategy: A total rewards program that recognises outstanding employee achievement and measurable results in leadership, individual and organizational performance, innovation, and positive culture change that support the values and strategic goals of the business and attracts as well as retains talent.

Group risks are dealt with in the annual report of Welbilt Inc., the ultimate parent organisation.

Going concern

The directors have considered the impact of Covid-19 and the economic and trading uncertainties resulting from the conflict in Ukraine on forecast and projections, and although there was a historic drop in demand for commercial drink dispensing equipment in 2020 there has been a recovery in 2021 and Welbilt (Halesowen) Limited has not or is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

We continue to be cash generative and at the discretion of management, the excess is swept into a cash pool facility managed at the group level.

The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

Financial key performance indicators

	2021	2020
Growth of sales	55.2%	(42.52%)
Gross Margin	15.94%	20.80%
Operating margin (Operating profit / revenue)	(0.09%)	(3.45%)
Inventory turns (Cost of sales / stocks)	3.0	6.5

Welbilt (Halesowen) Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Section 172 Statement

Directors of Welbilt (Halesowen) Limited are required to act in a way that they consider, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in so doing have regard, among other matters to:

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

To assist them in discharging their duty under s172 Companies Act 2006, directors undertake a number of stakeholder engagement activities to provide them with the information they need to understand the views and interests of stakeholders. This information helps directors to have regard to stakeholder interests, and the likely long-term consequences, including to the reputation of Welbilt (Halesowen) Limited, when making decisions and setting strategy.

Key stakeholders were considered in 2021, they are listed below with examples of the stakeholder engagement activities that took place in 2021.

Risk Management

Throughout the year, the company identifies and reviews potential risks and uncertainties that could have a material impact on performance and has put in place internal processes and controls designed to mitigate these risks. These risks were predominantly linked to the Covid situation and included:

- Ensuring our employees' health and safety whilst on site and if needed whilst working from home. Measures were implemented in line with government guidelines and reviewed regularly to ensure compliance to the directives.
- Reviewing the overall demographic of our employees to mitigate any Brexit impact that could arise.

Employees

We strive to make Welbilt an employer of choice in our industry. We believe that we demonstrate a strong commitment to our people by providing a diverse and inclusive culture and environment where employee input, efforts and achievements are recognised and valued.

Examples of significant events include health and safety changes made to normal business operations in response to Covid-19, updated policies on what to do when an employee becomes symptomatic, tests positive or is potentially exposed to Covid-19, and an updated working from home policy.

Suppliers

Our continued strong relationships and regular communications with suppliers is critical to remain an industry leader and grow our reputation as an innovative company. This, proved vital during 2021 to enable us to manage the changing dynamics situation of the UK and EU country restrictions aiding flexibility in demand. With the move of production from Sweden to Halesowen we are undergoing a resourcing activity to more local suppliers, creating strong and fluid relationship that we can build on over both brands. Strengthening the ongoing supply chain.

Welbilt (Halesowen) Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Customers

The 2020 and 2021 Covid situation in the UK greatly impacted the hospitality industry which our customers predominantly serve, resulting lower overall demand from both the soft drinks industry as well as the pub chains due to lock-down restrictions. The strength in the relationships remains and the company strategy remains focused on the continued customer-centric product development and planning, placing the customer in the centre of our new product developments and solutions while improving operations and reducing costs across the entire value chain to better serve our customers. Our longstanding relationship with our customers allows us to work in partnership to develop beverage solutions that meet their requirements, quality, or labour efficiency initiatives. This is now also allowing us to win further market share we build on the existing relationships with major customers.

Community, Environment and Regulators

The company's approach is to create positive changes for the people and the communities with which the company interact. We actively work with UK and foreign-based standards organisations, industry associations, certification parties, and regulatory bodies to develop and promote effective and balanced standards, codes, and regulations that provide for the advancement of sustainable customer solutions, with the highest possible levels of energy efficiency, sanitation, environmental standards, safety, and food quality. For example, we work with following regulatory bodies to ensure we fully meet and continuously improve our system and processes. Lloyd's Register re ISO9001:2015 (quality systems standard) and ISO14001:2015 (environmental system standard), Packaging and Compliance Scheme, NSF (public health standards) UL (electrical safety compliance) and FDA (Federal Drugs Agency). We also have annual compliance for packaging and management of WEEE directive (Waste Electrical and Electrical Equipment recycling).

Shareholders

The Executive team and the Board of directors are openly engaged with the company shareholders as they recognise the importance of continuing an effective dialogue with the ultimate parent company Welbilt Inc. and its shareholders. The shareholders are actively engaged in the company affairs and they support the company by helping to deliver its key objectives.

This report was approved by the board on 20.12.2022 and signed on its behalf.



M D Gregory
Director

Welbilt (Halesowen) Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the business continues to be the manufacturing and factoring of drink dispensing equipment to major soft drinks companies and brewers, including equipment brought in from other members of the worldwide Welbilt Group.

Business review

A review of the business and its principal risks and uncertainties and future developments are set out in the strategic report on page 1 - 4 of these financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £29.2m (2020 - £0.5m).

The directors do not propose the payment of a final dividend (2020 - £Nil).

Directors

The directors who served during the year were:

M A Smith
M D Gregory (appointed 23 September 2022)
M Anastasia (appointed 23 September 2022)
A Cocchi (appointed 23 September 2022)
A D Gray (resigned 23 September 2022)

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 auditors 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 auditors are aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20.12.2022 and signed on its behalf.



M D Gregory
Director

Welbilt (Halesowen) Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Welbilt (Halesowen) Limited

Independent Auditor's Report to the Members of Welbilt (Halesowen) Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Welbilt (Halesowen) Limited ("the company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Welbilt (Halesowen) Limited

Independent Auditor's Report to the Members of Welbilt (Halesowen) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept, 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; or

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Welbilt (Halesowen) Limited

Independent Auditor's Report to the Members of Welbilt (Halesowen) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We considered the company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We have made enquiries of management and of the directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Neil Ebdon

DC00998B84F07404

Neil Ebdon (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Leeds

United Kingdom

21 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Welbilt (Halesowen) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	23,066	14,861
Cost of sales		(19,435)	(11,770)
Gross profit		3,631	3,091
Administrative expenses		(3,904)	(4,107)
Other income	5	58	503
Operating loss	6	(215)	(513)
Income from shares in group undertakings		28,350	-
Interest receivable and similar income	10	1,349	1,413
Interest payable and similar charges	11	(307)	(402)
Profit before tax		29,177	498
Tax on profit	12	(96)	(5)
Profit for the financial year		29,081	493

The notes on pages 14 to 30 form part of these financial statements.

Welbilt (Halesowen) Limited

Registered number: 01271570

**Statement of Financial Position
As at 31 December 2021**

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible assets	13		235		-
Tangible assets	14		1,194		952
Investments	15		20,079		20,079
			<u>21,508</u>		<u>21,031</u>
Current assets					
Stocks	16	6,524		1,813	
Debtors: amounts falling due within one year	17	56,398		38,834	
Cash at bank and in hand		170		196	
		<u>63,092</u>		<u>40,843</u>	
Creditors: amounts falling due within one year	18	(10,062)		(16,506)	
Net current assets			<u>53,030</u>		<u>24,337</u>
Total assets less current liabilities			<u>74,538</u>		<u>45,368</u>
Provisions for liabilities					
Other provisions	20		(1,397)		(1,308)
Net assets			<u><u>73,141</u></u>		<u><u>44,060</u></u>
Capital and reserves					
Called up share capital	21	1,000		1,000	
Profit and loss account	22	72,141		43,060	
Total equity			<u><u>73,141</u></u>		<u><u>44,060</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20.12.2022

M D Gregory

M D Gregory
Director

The notes on pages 14 to 30 form part of these financial statements.

Welbilt (Halesowen) Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	1,000	43,060	44,060
Comprehensive income for the year			
Profit for the year	-	29,081	29,081
Total comprehensive income for the year	-	29,081	29,081
At 31 December 2021	1,000	72,141	73,141

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	1,000	42,567	43,567
Comprehensive income for the year			
Profit for the year	-	493	493
Total comprehensive income for the year	-	493	493
At 31 December 2020	1,000	43,060	44,060

The notes on pages 14 to 30 form part of these financial statements.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Welbilt (Halesowen) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the company information page. The principal place of business is Chancel Way, Halesowen, B62 8SE. The nature of the company's operations and its principal activity is outlined in the strategic report and the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand pounds.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the impact of COVID-19 and the economic and trading uncertainties resulting from the conflict in Ukraine on forecast and projections, and although there was a historic drop in demand for commercial drink dispensing equipment in 2020 there has been a recovery in 2021 and Welbilt (Halesowen) Limited has not or is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

2.3 Exemption from preparing consolidated financial statements

The financial statements contain information about Welbilt (Halesowen) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Enodis Group Limited and copies of these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Enodis Group Limited as at 31 December 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.5 Revenue

Revenue from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer based on incoterms.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over the directors' estimate of its useful economic life of 10 years. Amortisation is recognised within administrative expenses.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other 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.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 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.

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. Assets in the course of construction are not depreciated.

Depreciation is provided on the following basis:

Leasehold land and buildings improvements	- the term of the lease or 10 years
Plant, machinery and vehicles	- 3 - 10 years
Motor vehicles	- 5 years
Fixtures and fittings	- 5 - 8 years
Computer equipment	- 3 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 within 'other operating income' in the statement of comprehensive income.

2.8 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.15 Foreign currency translation

Foreign currency transactions are translated into the company entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.16 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.

2.17 Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.19 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 statement of financial position 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 statement of financial position.

2.20 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income 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 reporting 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 statement of financial position, 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 reporting date.

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

In preparing these financial statements, the directors have applied the following judgements, where uncertainty over the amounts recognised exists.

Stock provision (note 16)

Management has judged that historic sales and usage of products will reflect their future demand, and that the provisions applied are sufficient to write the products down to the fair value.

Warranty provision (note 20)

In calculating the provision for warranty costs management has judged that future failure rates will be no worse or better than prevailed during the year, and that the cost of these repairs will not differ to the historic cost of similar repairs.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Turnover

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	15,169	10,400
Rest of Europe	7,634	3,289
Rest of the world	263	1,172
	<u>23,066</u>	<u>14,861</u>

The whole of the turnover is attributable to the principal business activity.

5. Other operating income

	2021 £000	2020 £000
Government grants receivable - furlough income	<u>58</u>	<u>503</u>

6. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	250	264
Amortisation of intangible fixed assets	6	-
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	40	38
Exchange differences	(182)	(82)
Other operating lease rentals	<u>473</u>	<u>280</u>

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	3,893	3,048
Social security costs	347	320
Cost of defined contribution scheme	169	165
	<u>4,409</u>	<u>3,533</u>

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

	2021 No.	2020 No.
Production	51	63
Management and administration	47	41
	<u>98</u>	<u>104</u>

8. Directors' remuneration

All directors are also directors of other group companies and are paid by those entities with amounts disclosed in those financial statements.

9. Income from investments in group companies

	2021 £000	2020 £000
Income from investments in group companies	<u>28,350</u>	<u>-</u>

10. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from group companies	<u>1,349</u>	<u>1,413</u>

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Interest payable and similar charges

	2021 £000	2020 £000
On loans from group undertakings	307	402

12. Taxation

	2021 £000	2020 £000
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	263	119
Effect of tax rate change on opening balance	(264)	(111)
Adjustments in respect of prior year	97	(3)
Total deferred tax	96	5
Taxation on profit on ordinary activities	96	5

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	29,177	496
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	5,544	94
Effects of:		
Non-taxable income	(5,395)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	21
Fixed asset differences	9	4
Remeasurement of deferred tax for change in rates	(201)	(111)
Adjustment to deferred tax in respect of prior year	97	(3)
Group relief surrender	27	-
Adjustment to brought forward values	11	-
Total tax charge for the year	96	5

Increase in the UK Corporation tax rate from 19% to 25% (25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset at the statement of financial position date has been calculated using the applicable rate when the asset is expected to be realised.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Intangible assets

	Patents £000	Goodwill £000	Total £000
Cost			
At 1 January 2021	344	3,057	3,401
Additions	-	241	241
At 31 December 2021	344	3,298	3,642
Amortisation			
At 1 January 2021	344	3,057	3,401
Charge for the year	-	6	6
At 31 December 2021	344	3,063	3,407
Net book value			
At 31 December 2021	-	235	235
At 31 December 2020	-	-	-

The addition in the year relates to the acquisition of the certain trade of Crem International AB.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Tangible fixed assets

	Long-term leasehold property improvements £000	Plant, machinery and vehicles £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
Cost						
At 1 January 2021	655	4,137	8	1,180	32	6,012
Additions	-	88	-	111	307	506
Disposals	-	-	-	-	(14)	(14)
Transfers	10	-	-	8	(18)	-
At 31 December 2021	<u>665</u>	<u>4,225</u>	<u>8</u>	<u>1,299</u>	<u>307</u>	<u>6,504</u>
Depreciation						
At 1 January 2021	605	3,304	8	1,143	-	5,060
Charge for the year	16	199	-	35	-	250
At 31 December 2021	<u>621</u>	<u>3,503</u>	<u>8</u>	<u>1,178</u>	<u>-</u>	<u>5,310</u>
Net book value						
At 31 December 2021	<u>44</u>	<u>722</u>	<u>-</u>	<u>121</u>	<u>307</u>	<u>1,194</u>
At 31 December 2020	<u>50</u>	<u>833</u>	<u>-</u>	<u>37</u>	<u>32</u>	<u>952</u>

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	20,079
At 31 December 2021	<u>20,079</u>

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
TRUpour Limited	Ordinary	100%	Non-trading
Welbilt (UK) Limited	Ordinary	100%	Manufacture of catering equipment

The registered address of TRUpour Limited is Cornaglia, Boyle, Roscommon, Republic of Ireland.

The registered address of Welbilt (UK) Limited is St. Ann's Wharf, 112 Quayside, Newcastle upon Tyne, United Kingdom, NE1 3DX.

16. Stocks

	2021 £000	2020 £000
Raw materials and consumables	6,049	1,693
Finished goods and goods for resale	475	120
	<u>6,524</u>	<u>1,813</u>

In the opinion of the directors there is no material difference between the amounts stated above and the replacement cost of stocks.

Stocks recognised as an expense in the year were £12,296k (2020 - £7,699k). Impairment losses recognised in statement of comprehensive income were £176k (2020 - £81k).

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	3,865	2,422
Amounts owed by group undertakings	51,485	35,235
Prepayments and accrued income	209	242
Deferred taxation (note 18)	839	935
	<u>56,398</u>	<u>38,834</u>

The impairment loss recognised in profit or loss for the period in respect of bad and doubtful trade debtors was £19k (2020 - £44k).

Amounts owed by the parent company of £35,000,000 (2020 - £35,000,000) are due on 31 January 2029 but can be repaid earlier. Further amounts owed by parent company of £14,541,000 (2020 - £Nil) are due on demand. Interest is charged at a market rate. Amounts owed by fellow subsidiary undertakings are trading related and are interest free and due on demand.

18. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	3,552	873
Amounts owed to group undertakings	4,442	14,128
Other taxation and social security	266	638
Other creditors	285	195
Accruals and deferred income	1,517	661
Financial instruments	-	11
	<u>10,062</u>	<u>16,506</u>

Amounts owed to the parent company of £Nil (2020 - £13,398,000) are due on demand. Interest is charged at a market rate. Amounts due to fellow subsidiary undertakings are trading related and are interest free and due on demand.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Deferred taxation

	2021 £000
At beginning of year	935
Charged to profit or loss	(96)
At end of year	839

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Fixed asset timing differences	511	529
Short term timing differences	328	126
Losses	-	280
	839	935

Of the deferred tax asset recognised a total of £328k (2020 - £126k) is expected to be reversed in the year ending 31 December 2021.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Provisions

	WEEE £000	Dilapidation £000	Warranty £000	Total £000
At 1 January 2021	56	605	647	1,308
Charged/(credited) to profit or loss	(7)	48	156	197
Utilised in year	-	-	(108)	(108)
At 31 December 2021	49	653	695	1,397

WEEE

Provision for obligations due under the Waste Electrical and Electronic Equipment Directive for the disposal of electrical equipment.

Dilapidations

Provision for the cost of restoring premises to their original condition on completion of the related lease agreement.

Warranty

Experience provision for the expected costs of repairs to products sold under warranty arrangements with customers.

21. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Welbilt (Halesowen) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Pension commitments

A defined contribution pension scheme is operated by the company on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £169k (2020 - £165k). There were amounts outstanding at year end totalling £Nil (2020 - £Nil).

24. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Not later than 1 year	413	386
Later than 1 year and not later than 5 years	902	1,343
	<u>1,315</u>	<u>1,729</u>

25. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the group.

26. Subsequent events

On 28 July 2022 Ali Holding S.r.L ("Ali Group") completed its acquisition of Welbilt, Inc and became the new ultimate parent company.

27. Ultimate parent and controlling party

At the reporting date the directors regarded Welbilt Inc. a company incorporated in Delaware, USA, as the ultimate parent company and controlling entity. At the reporting date Enodis Group Limited is the company's immediate parent undertaking and is the smallest group which prepares consolidated results and of which the company forms a part. These financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

At the reporting date Welbilt Inc. is the largest group which prepares consolidated results and of which the company forms a part. Copies of the financial statements of Welbilt Inc. can be obtained from the VP Investor Relations at 2227 Welbilt Boulevard, New Port Richey, Florida 34655.

As mentioned in note 26, on 28 July 2022 Ali Holding S.r.L ("Ali Group") completed its acquisition of Welbilt, Inc and became the new ultimate parent company.