
MORGAN HOLDINGS LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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MORGAN HOLDINGS LIMITED

COMPANY INFORMATION

Directors	P A Boulton (appointed 18 April 2016) E K Martin (appointed 16 December 2021) W Chime (appointed 21 September 2022)
Company secretary	S Arsenic (appointed 21 September 2022, resigned 30 June 2023)
Registered number	01956134
Registered office	York House Sheet Street Windsor United Kingdom SL4 1DD
Bankers	Lloyds Bank Plc Po Box 72, Bailey Drive Gillingham Business Park Gillingham Kent United Kingdom ME8 0LS

MORGAN HOLDINGS LIMITED

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MORGAN HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic report on Morgan Holdings Limited ('the Company') for the year ended 31 December 2022. In preparing the Strategic report, the Directors have complied with s414c of the Companies Act 2006.

Business review, future developments and principal activity

The Company is a wholly-owned subsidiary of Morgan Advanced Materials plc (Morgan Group) and operates as an investment holding company. There were no additions to investments in the year however the impairment held against the investment in Terrassen Holdings Limited was partially reversed. Full disclosure of the Company's investment activities during the year are detailed in note 7. The Directors do not envisage any change to the business of the Company in the foreseeable future.

Principal risks and uncertainties

The Company's ultimate holding company is Morgan Advanced Materials plc and the principal risks and uncertainties of the Group are given in the Annual Report and Account of Morgan Advanced Materials plc for the year ended 31 December 2022.

Results

The profit before tax for the year was £24,163,000 (2021: £65,785,000). Reversal of impairments in respect of investments in subsidiaries in the year were £7,635,000 (2021: £65,785,000). Dividends of £16,528,000 (2021: £nil) were received from subsidiaries in the year. Net assets as at 31 December 2022 were £220,415,000 (2021: £212,780,000).

Section 172 statement

The Company shares a clear purpose with the Morgan Group, to use advanced materials to help make more efficient use of the world's resources and to improve the quality of life. The Morgan Group is committed to the creation of value through sustainable growth and delivers its strategy whilst always working safely, ethically and inclusively, to strengthen and grow the business and to promote its long-term success.

When making decisions relating to the Company's activities as an investment holding company, the Company's directors comply with the requirements of s172 of the Companies Act, in alignment with the Morgan Group's purpose and its key stakeholders.

This report was approved by the board on 25 September 2023 and signed on its behalf.



E K Martin
Director

MORGAN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

The Company is a member of the Morgan Advanced Materials plc group (Morgan Group), which, from March 2016, managed its operations on a global business unit basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Results and dividends

The profit for the year, after taxation, amounted to £24,163,000 (2021 - £65,785,000).

An interim dividend totalling £16,528,000 (2021: £nil) in respect of the year ended 31 December 2022 was paid during the year. The Directors do not recommend the payment of a final dividend (2021: £nil).

Directors

The directors who served during the year to date of signing were:

P A Boulton (appointed 18 April 2016)
E K Martin (appointed 16 December 2021)
W Chime (appointed 21 September 2022)
S H Mackie (appointed 28 June 2018, resigned 4 July 2022)

MORGAN HOLDINGS LIMITED

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

Going Concern

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Morgan Advanced Materials plc, to meet its liabilities as they fall due for that period.

Morgan Advanced Materials plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The current economic climate continues to have an impact on the Morgan Group, its customers and its suppliers. The Morgan Advanced Materials plc Board and Executive Committee have regular reporting and review processes in place in order to monitor the ongoing operational and financial performance of the Group closely. These processes include the ongoing review of the impact of the cyber security incident on the Group and its stakeholders.

As at 31 December 2022, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £418.3 million. The amount drawn under these facilities was £264.3 million, which together with net cash and cash equivalents of £116.2 million, gave a total headroom of £270.3 million. The multi-currency revolving credit facility was £76.0 million drawn. £34.5 million of senior notes are due to mature in October 2023. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside, including the impact of the cyber security incident on 2023 cashflows, show the Group operating within its debt financial covenants.

The Morgan Advanced Materials plc Board also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels. Based on this assessment, a combined reduction in EBITDA of 40% and an increase in net debt of 45% would still allow the Group to operate within its financial covenants and the Directors continue to adopt a going concern basis.

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

Financial Risk Management

The management of financial risk is as described in the Morgan Advanced Materials 2022 Annual Report.

Streamlined Energy and Carbon Reporting

Streamlined Energy and Carbon Reporting is as described in the Morgan Advanced Materials 2022 Annual Report.

Future Developments

The Directors do not envisage any change to the business of the Company in the foreseeable future.

Post balance sheet events

Information relating to events since the end of the year is given in note 10 to the financial statements.

MORGAN HOLDINGS LIMITED

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

This report was approved by the board on 25 September 2023 and signed on its behalf.



E K Martin
Director

MORGAN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

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

MORGAN HOLDINGS LIMITED

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

	Note	2022 £000	2021 £000
Turnover		-	-
Operating profit		-	-
Income from shares in group undertakings		16,528	-
Reversal of impairments on investments		7,635	65,785
Profit before tax	4	24,163	65,785
Tax on profit	6	-	-
Profit for the financial year		<u>24,163</u>	<u>65,785</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		<u>24,163</u>	<u>65,785</u>

The notes on pages 9 to 17 form part of these financial statements.

All of the above figures relate wholly to continuing operations.

MORGAN HOLDINGS LIMITED
REGISTERED NUMBER: 01956134

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments	7	220,412	212,777
		<u>220,412</u>	<u>212,777</u>
Current assets			
Cash at bank and in hand		3	3
		<u>3</u>	<u>3</u>
Total assets less current liabilities		<u>220,415</u>	<u>212,780</u>
Net assets		<u>220,415</u>	<u>212,780</u>
Capital and reserves			
Called up share capital	8	1,000	1,000
Capital contribution reserve		7,291	7,291
Profit and loss account		212,124	204,489
		<u>220,415</u>	<u>212,780</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2023.



E K Martin
Director

The notes on pages 9 to 17 form part of these financial statements.

MORGAN HOLDINGS LIMITED

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

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	1,000	7,291	138,704	146,995
Comprehensive income for the year				
Profit for the year and other comprehensive income	-	-	65,785	65,785
At 1 January 2022	1,000	7,291	204,489	212,780
Comprehensive income for the year				
Profit for the year and other comprehensive income	-	-	24,163	24,163
Dividends	-	-	(16,528)	(16,528)
At 31 December 2022	1,000	7,291	212,124	220,415

The notes on pages 9 to 17 form part of these financial statements.

MORGAN HOLDINGS LIMITED

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

1. General information

Morgan Holdings Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Taxation

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

MORGAN HOLDINGS LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2.5 Consolidation

The Company is a wholly owned subsidiary of Morgan Advanced Materials plc. It is included in the consolidated financial statements of Morgan Advanced Materials plc, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.

2.6 Investment in subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment. The Company tests the investment balances for impairment annually or when there are indicators of impairment. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

2.7 Financial guarantee contracts

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

MORGAN HOLDINGS LIMITED

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

2. Accounting policies (continued)

2.8 Going concern

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Morgan Advanced Materials plc, to meet its liabilities as they fall due for that period.

Morgan Advanced Materials plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The current economic climate continues to have an impact on the Morgan Group, its customers and its suppliers. The Morgan Advanced Materials plc Board and Executive Committee have regular reporting and review processes in place in order to monitor the ongoing operational and financial performance of the Group closely. These processes include the ongoing review of the impact of the cyber security incident on the Group and its stakeholders.

As at 31 December 2022, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £418.3 million. The amount drawn under these facilities was £264.3 million, which together with net cash and cash equivalents of £116.2 million, gave a total headroom of £270.3 million. The multi-currency revolving credit facility was £76.0 million drawn. £34.5 million of senior notes are due to mature in October 2023. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside, including the impact of the cyber security incident on 2023 cashflows, show the Group operating within its debt financial covenants.

The Morgan Advanced Materials plc Board also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels. Based on this assessment, a combined reduction in EBITDA of 40% and an increase in net debt of 45% would still allow the Group to operate within its financial covenants and the Directors continue to adopt a going concern basis.

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

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

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Management identifies the assumptions required in investment impairment assessments as a key source of estimation uncertainty with a significant risk of a material adjustment to the asset carrying values of the Company. Assessment of impairment relies on the use of estimates of the future probability in a multiple based valuation, which may differ from the actual results achieved. See note 7 for a sensitivity analysis.

MORGAN HOLDINGS LIMITED

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

4. Profit before tax

The profit before taxation is stated after charging/(crediting):

	2022 £000	2021 £000
Reversal of impairment relating to investment in subsidiaries	(7,635)	(65,785)
Income from shares in group undertakings	(16,528)	-
	<u>(24,163)</u>	<u>(65,785)</u>

5. Employees

The Company has no employees (2021: none)

The Directors performed no qualifying services for the Company in respect of the current or preceding periods and therefore received no emoluments.

6. Taxation

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>24,163</u>	<u>65,785</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	4,591	12,499
Effects of:		
Income not taxable for tax purposes	(4,591)	(12,499)
Total tax charge for the year	<u>-</u>	<u>-</u>

MORGAN HOLDINGS LIMITED

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

7. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	220,412
At 31 December 2022	220,412
At 1 January 2022	7,635
Reversal of impairment losses	(7,635)
At 31 December 2022	-
Net book value	
At 31 December 2022	<u>220,412</u>
At 31 December 2021	<u>212,777</u>

In the prior year, the provision made to the investment in Terrassen Holdings Limited was partially reversed by £65,785,000. A reversal of £7,635,000 has been made in the year ending 31 December 2022.

A 2% increase or decrease in either the profit or the multiple would not affect the carrying value of shares in Group undertakings at 31 December 2022. Management considers these changes in assumptions to be reasonably possible.

MORGAN HOLDINGS LIMITED

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

7. Fixed asset investments (continued)

The companies in which the Company's interest at the year end is 20% or more (in ordinary shares unless otherwise stated) are as follows:

Name	Country of Incorporation	Registered Office Address	Principle Activity	% of Shares held
Subsidiary undertakings - directly owned				
Terrassen Holdings Limited	UK	York House, Sheet Street, Windsor, United Kingdom, SL4 1DD	Holding Company	91.8%
Subsidiary undertakings - indirectly owned				
Carbo San Luis S.A.	Argentina	Talcahuano 736, 4th Floor, Buenos Aires, C1013AAP, Argentina	Manufacturing	99.9%
Morganite Brasil Ltda	Brazil	Avenida do Taboão 3265, Taboão, São Bernardo do Campo, São Paulo, CEP 09656-000, Brazil	Manufacturing	23.4%
Carbo Chile S.A.	Chile	Avenida San Eugenio 12462, Sitio 3, Loteo Estrella del Sur, Santiago, Chile	Manufacturing	99.9%
Morgan Guangzhou Trading Company Limited	China	Room 204, No. 10, Dalang North Street, Huangpu District, Guangzhou, China	Manufacturing	91.8%
Thermal Ceramics de Colombia	Colombia	Calle 18 No. 23-31, Bodega 1, Guadalajara de Buga-Valle, AA 5086, Colombia	Manufacturing	84.5%
Morgan Carbon France SAS	France	6 Rue Du Reservoir, 68420 Eguishem, France	Manufacturing	90%
Thermal Ceramics de France S.A.S.U.	France	Centre de Vie BP 75, 3 rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	Manufacturing	90%
Thermal Ceramics SA	France	Centre de Vie BP 75, 3 rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	Manufacturing	90%

MORGAN HOLDINGS LIMITED

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

7. Fixed asset investments (continued)

Morgan AM&T Hong Kong Company Ltd	Hong Kong	Units 4-6, 11/F, Siu Wai Industrial Centre, 29-33 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	Manufacturing	91.8%
Ciria India Ltd	India	P-11 Pandav Nagar, Mayur, Vihar Phase-1, Delhi, 110091, India	Manufacturing	64.3%
Morganite Crucible (India) Limited	India	B-11, MIDC Industrial Area, Waluj, Aurangabad, 431 136, Maharashtra, India	Manufacturing	33.5%
Morgan Carbon Italia Srl	Italy	Via Roma, 338, Martinsicuro TE, 64014, Italy	Manufacturing	91.8%
Thermal Ceramics Italiana S.R.L.	Italy	Via Delle Rogge 6, Casalpusterlengo, 26841 LODI, Italy	Manufacturing	91.8%
Morganite Carbon Kabushiki Kaisha	Japan	30-31 Enoki-Cho, Suita City, Osaka, 564-0053, Japan	Manufacturing	91.8%
Morgan Technical Ceramics S.A. de CV	Mexico	Av. Fulton No.20, Fracc. Ind. Valle de Oro, San Juan del Rio, Queretaro C.P. 76802, Mexico	Manufacturing	90%
Morgan AM&T B.V.	Netherlands	Oude Veiling 3, 1689 AA Zwaag, The Netherlands	Manufacturing	91.8%
Morgan Holding Netherlands B.V.	Netherlands	Oude Veiling 3, 1689 AA Zwaag, The Netherlands	Holding Company	91.8%
Morgan Terrassen B.V.	Netherlands	Oude Veiling 3, 1689 AA Zwaag, The Netherlands	Manufacturing	91.8%
Morgan Carbon Polska Sp.zoo	Poland	ul. Iskry 26, 01-472 Warszawa, Poland	Manufacturing	91.8%
Morganite South Africa (Pty) Ltd	South Africa	149 South Rand Road, Tulisa Park, Johannesburg, 2197, South Africa	Manufacturing	91.8%
Morganite Ujantshi (Pty) Ltd	South Africa	149 South Rand Road, Tulisa Park, Johannesburg, 2197, South Africa	Manufacturing	68.8%

MORGAN HOLDINGS LIMITED

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

7. Fixed asset investments (continued)

Thermal Ceramics South Africa (Pty) Ltd	South Africa	149 South Rand Road, Tulisa Park, Johannesburg, 2197, South Africa	Manufacturing	91.8%
Morganite Española S.A.	Spain	Juan Pablo II, no 6. 2e Local A, 12003 Castellon, Spain	Manufacturing	91.7%
Morgan Matroc S.A. (in liquidation)	Spain	Roger de Lluria 104 5º-2ª, 08037 Barcelona, Spain	Manufacturing	91.8%
Thermal Ceramics España S.L.	Spain	Juan Pablo II, no. 6, 2, Local A, 12003 Castellon, Spain	Manufacturing	91.8%
Morgan Karbon Grafit Sanayi Anonim Sirketi	Turkey	Osmangazi Mahallesi 2647, Sokak No:27/3 Kirac Esenyurt, Istanbul, 34522, Turkey	Manufacturing	91.8%

8. Share capital

	2022	<i>2021</i>
	£000	<i>£000</i>
Authorised, allotted, called up and fully paid		
1,000,000 (2021 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u><i>1,000</i></u>

9. Contingent liabilities

The Company participates in a cash pooling arrangement provided by Lloyds Bank plc with other UK Group companies. As part of that pooling arrangement, the Company has provided a Guarantee for any liabilities of the other participating companies to the bank, limited to the lower of:

- a) an amount equal to the base currency amount of the total liabilities in the cash pool; and
- b) an amount equal to the base currency amount of such guarantor's own net credit balance in the cash pool.

At the balance sheet date, the guaranteed amount was £2,180 (2021: £nil).

MORGAN HOLDINGS LIMITED

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

10. Post balance sheet events

The Morgan Group, including the Company, experienced a cyber security incident in January 2023, having detected unauthorised activity on the network. Immediate steps were taken to contain the incident, launch incident response plans, engage specialist support services and embark on restoring systems, with the Company now being operational.

This has been treated as a non-adjusting post balance sheet event and there has been no impact on the financial results reported for the year ended 31 December 2022. The Directors are confident that this does not impact the going concern status of the Company.

11. Ultimate parent company

The immediate and ultimate parent company is Morgan Advanced Materials plc, a company incorporated and registered in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by Morgan Advanced Materials plc. The Consolidated accounts of Morgan Advanced Materials plc are available to the public and may be obtained from its registered office situated at York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.