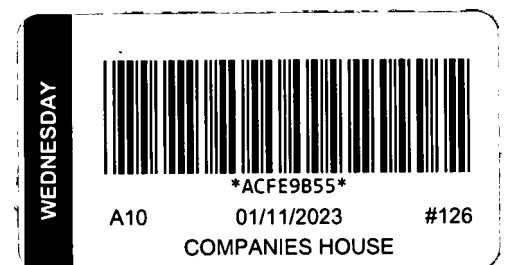


Financial Statements

Dynacast Holdings Limited

For the year ended 31 December 2022



Registered number: 03182991

Company Information

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------|
| Directors | F. Iannielli (resigned 1 March 2023) Z. McCorkle (appointed 1 March 2023) D. Angell (appointed 1 March 2023) |
| Registered number | 03182991 |
| Registered office | 1 Fisher Road Offa's Dyke Business Park Buttington Welshpool Powys SY21 8JF |
| Independent auditor | Grant Thornton Chartered Accountants & Statutory Audit Firm 13-18 City Quay Dublin 2 |
| Bankers | J.P. Morgan Bank NA, London Bournemouth United Kingdom BH7 7DA |

Contents

| | Page |
|----------------------------------------------|---------|
| Strategic report | 1 |
| Directors' report | 2 - 3 |
| Directors' responsibilities statement | 4 |
| Independent auditor's report | 5 - 8 |
| Statement of comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 - 12 |
| Notes to the financial statements | 13 - 24 |

Strategic report

For the year ended 31 December 2022

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

Principal activity and review of business

The Company's principal activity is to act as an intermediate holding company. The Company has not traded during the year or the preceding financial year. The directors do not expect any change in activity in the foreseeable future.

Principal risks and uncertainties

The directors consider that the principal risk and uncertainties faced by the Company are the following categories:

Financial instrument risk

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

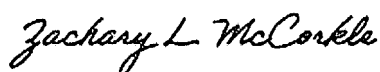
Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and assessing recoverability of receivables on a regular basis.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other group companies.

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



Z. McCorkle Director

Date: 25 October 2023

Directors' report

For the year ended 31 December 2022

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

Results and dividends

The profit for the year, after taxation, amounted to £14,440k (2021: £13,856k).

The Company paid a dividend during the year of £14,376k (2021: £23,179k).

Directors

The director who served during the year was:

F. Iannielli (resigned 1 March 2023)

The following directors have been appointed in 2023:

D. Angell (appointed 1 March 2023)

Z. McCorkle (appointed 1 March 2023)

Political contributions

The Company made no political contributions nor incurred any political expenditure during the financial year (2021: £NIL).

Events after reporting date

There were no events subsequent to the financial year end date, which require adjustment to, or disclosure in the financial statements.

Qualifying third party indemnity provisions

The Company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

Future developments

The directors do not expect any change in the activity in the foreseeable future.

Going concern

The Company is a wholly indirectly owned subsidiary of Form Technologies Inc. and is reliant on the continuing financial success and support of the group which has been confirmed in writing. The group management team has prepared profit & loss and cash flow forecasts extending to the end of 2024. The management team has sensitised the forecasts and under a range of scenarios, the forecasting model demonstrates the group can continue as a going concern. Should sales demand fall below the forecasts, the management team would promptly focus on cost cutting measures and cash optimisation.

Consequently the directors have concluded there is a reasonable expectation the group has sufficient resources to continue in operation for the foreseeable future and, for this reason, the directors consider adoption of the going concern basis in preparing the financial statements is appropriate. The directors of the Company have therefore continued to adopt the going concern basis in the preparation of the Company's Annual report and financial statements.

Directors' report (continued)

For the year ended 31 December 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 directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

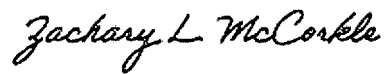
Auditor

During the financial year, Grant Thornton, were appointed as auditor and have expressed their willingness to continue in office.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



Z. McCorkle
Director

Date: 25 October 2023

Directors' responsibilities statement

For the year ended 31 December 2022

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

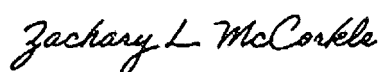
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

On behalf of the board:



Z. McCorkle
Director

Date: 25 October 2023

Independent auditor's report to the members of Dynacast Holdings Limited

Opinion

We have audited the financial statements of Dynacast Holdings Limited, (the "Company") which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 December 2022, and the related 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).

In our opinion, Dynacast Holdings Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the date 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.

Other matter

The financial statements of Dynacast Holdings Limited for the year ended 31 December 2021 were audited by Grant Thornton UK LLP who expressed an unmodified opinion on those statements on 21 December 2022.

Independent auditor's report to the members of Dynacast Holdings Limited (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Strategic Report and the Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.
- the Directors were not entitled to take advantage of the small companies' exemptions from the requirement in preparing the Report of the Directors.

Independent auditor's report to the members of Dynacast Holdings Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 the Data Privacy law, 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 preparation of the financial statements such as the local law and tax Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team including valuation experts etc as applicable to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. 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 posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

Independent auditor's report to the members of Dynacast Holdings Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- review of minutes of Board of Directors' meetings, regulatory and legal correspondences during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of investment in subsidiaries, and;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

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



Blaithín O'Neill (Senior statutory auditor)
for and on behalf of

Grant Thornton
Chartered Accountants &
Statutory Audit Firm
Dublin 2

Date: 25 October 2023

Statement of comprehensive income

For the year ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---------------------------------------------------|------|---------------|---------------|
| Administrative expenses | | (2,736) | (321) |
| Operating loss | 4 | (2,736) | (321) |
| Dividend income | 6 | 17,840 | 14,578 |
| Impairment loss on investment in subsidiary | 10 | (441) | - |
| Interest receivable and similar income | 7 | 1,041 | 617 |
| Interest payable and similar expenses | 8 | (450) | (374) |
| Other finance expenses | | (5) | (24) |
| Profit before tax | | 15,249 | 14,476 |
| Tax on profit | 9 | (809) | (620) |
| Profit for the financial year | | 14,440 | 13,856 |
| Other comprehensive income for the year | | | |
| Actuarial gains on defined benefit pension scheme | | 43 | 701 |
| Movement of deferred tax relating to pension | | (11) | (167) |
| Total comprehensive income for the year | | 14,472 | 14,390 |

The notes on pages 13 to 24 form part of these financial statements.

Dynacast Holdings Limited

Registered number:03182991

Statement of financial position

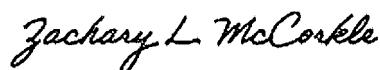
As at 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---------------------------------------------------------|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 10 | 18,563 | 11,877 |
| | | <u>18,563</u> | <u>11,877</u> |
| Current assets | | | |
| Debtors | 11 | 21,985 | 24,447 |
| Cash and cash equivalents | 12 | 2,511 | 302 |
| | | <u>24,496</u> | <u>24,749</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 13 | (29,136) | (32,180) |
| Net current liabilities | | <u>(4,640)</u> | <u>(7,431)</u> |
| Creditors: amounts falling due after more than one year | 14 | (9,462) | - |
| Pension liability | | (268) | (349) |
| Net assets | | <u>4,193</u> | <u>4,097</u> |
| Capital and reserves | | | |
| Called-up share capital | 16 | - | - |
| Share premium | 17 | 2,500 | 2,500 |
| Profit and loss account | 17 | 1,693 | 1,597 |
| | | <u>4,193</u> | <u>4,097</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006. The Company's registered number is 03182991.

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

Z. McCorkle
Director



Date: October 25th, 2023

The notes on pages 13 to 24 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2022

| | Called up share capital | Share premium | Profit and loss account | Total equity |
|-----------------------------------------------------|----------------------------|------------------|----------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2022 | - | 2,500 | 1,597 | 4,097 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 14,440 | 14,440 |
| Actuarial gains on pension scheme - net of tax | - | - | 43 | 43 |
| Deferred tax movements | - | - | (11) | (11) |
| Other comprehensive income for the year | - | - | 32 | 32 |
| Total comprehensive income for the year | - | - | 14,472 | 14,472 |
| Contributions by and distributions to owners | | | | |
| Dividend payments | - | - | (14,376) | (14,376) |
| At 31 December 2022 | - | 2,500 | 1,693 | 4,193 |

The notes on pages 13 to 24 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

| | Called up share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total equity £'000 |
|-----------------------------------------------------|-------------------------------------|---------------------------|-------------------------------------|-----------------------|
| At 1 January 2021 | - | 2,500 | 10,386 | 12,886 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 13,856 | 13,856 |
| Actuarial gains on pension scheme | - | - | 701 | 701 |
| Deferred tax movements | - | - | (167) | (167) |
| Other comprehensive income for the year | - | - | 534 | 534 |
| Total comprehensive income for the year | - | - | 14,390 | 14,390 |
| Contributions by and distributions to owners | | | | |
| Dividend payments | - | - | (23,179) | (23,179) |
| At 31 December 2021 | - | 2,500 | 1,597 | 4,097 |

The notes on pages 13 to 24 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Dynacast Holdings Limited is a private Company limited by shares and incorporated in England and Wales. Its registered head office is located at 1 Fisher Road, Offa's Dyke Business Park, Welshpool, Powys, SY21 8JF.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

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

2.3 Going concern

The Company is a wholly indirectly owned subsidiary of Form Technologies Inc. and is reliant on the continuing financial success and support of the group which has been confirmed in writing. The group management team has prepared profit & loss and cash flow forecasts extending to the end of 2024. The management team has sensitised the forecasts and under a range of scenarios, the forecasting model demonstrates the group can continue as a going concern. Should sales demand fall below the forecasts, the management team would promptly focus on cost cutting measures and cash optimisation.

Consequently the directors have concluded there is a reasonable expectation the group has sufficient resources to continue in operation for the foreseeable future and, for this reason, the directors consider adoption of the going concern basis in preparing the financial statements is appropriate. The directors of the Company have therefore continued to adopt the going concern basis in the preparation of the Company's Annual report and financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional currency and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Interest income

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

2.6 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.

2.7 Taxation

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

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

2.8 Investment in subsidiary

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivables 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.

2.10 Cash and cash equivalents

Cash is represented by 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.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.11 Creditors

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

2.12 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 reporting 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.

2.13 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, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), 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.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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.

Impairment of investments

The directors perform an assessment of potential indicators of impairment of investments based on the net asset position and performance of the group companies the investment is held with or in. Where an indicator of impairment is identified the recoverable amount of the investment is assessed. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Company to make an estimate of the expected cashflows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of these cashflows. No other material judgements were made in applying accounting policies and no material estimation uncertainties exist for the year under review.

Pensions

Actuarial assumptions are made in valuing future defined benefit pension obligations as set out in note 21 and are updated periodically. The principal assumptions relate to the rate of inflation and the discount rate. The assumed rate of inflation affects the rate at which salaries grow and therefore the size of the pensions that employees receive on retirement, as a result, there is uncertainty that these assumptions will continue in the future.

No other material judgements were made in applying accounting policies and no other material estimation uncertainties exist for the year under review.

4. Operating loss

The operating loss is stated after charging:

| | 2022 | 2021 |
|-----------------|-------|-------|
| | £'000 | £'000 |
| Exchange losses | 2,665 | 301 |

Notes to the financial statements

For the year ended 31 December 2022

5. Employees

The directors were the only employees of the Company during the current and prior financial year. They received no remuneration for their services to the Company during either year. The directors of the Company who served during the year were also directors of a number of the companies within the Form Technologies Inc. group. The directors' services to the Company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 31 December 2022 or the year ended 31 December 2021.

The average monthly number of employees, including directors, during the year was nil (2021 - nil).

6. Dividend income

| | 2022 £'000 | 2021 £'000 |
|-----------------|---------------|---------------|
| Dividend income | 17,840 | 14,578 |
| | <u>17,840</u> | <u>14,578</u> |

7. Interest receivable

| | 2022 £'000 | 2021 £'000 |
|------------------------------------------|---------------|---------------|
| Interest receivable from group companies | 1,041 | 617 |
| | <u>1,041</u> | <u>617</u> |

8. Interest payable and similar expenses

| | 2022 £'000 | 2021 £'000 |
|-------------------------------|---------------|---------------|
| Loans from group undertakings | 450 | 374 |
| | <u>450</u> | <u>374</u> |

9. Taxation

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Corporation tax | | |
| Current tax on profits for the year | 809 | 620 |
| Tax on profit | <u>809</u> | <u>620</u> |

Notes to the financial statements

For the year ended 31 December 2022

9. Taxation (continued)

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 | 15,249 | 14,476 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | 2,897 | 2,750 |
| Effects of: | | |
| Income not tax deductible | (3,370) | (2,770) |
| Effects of overseas tax rates | 813 | 679 |
| Adjustments to tax charge in respect of prior periods | 66 | (12) |
| Effects of group relief/other reliefs | 401 | 12 |
| Tax rate changes | 2 | (57) |
| Deferred tax not provided | - | 18 |
| Total tax charge for the year | 809 | 620 |

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The rate will remain at 19% until that date. This amendment was enacted by parliament on 24 May 2021 and received Royal Assent on 10 June 2021 and will increase the amount of corporation tax payable in the future.

Notes to the financial statements

For the year ended 31 December 2022

10. Fixed asset investments

| | Investments in subsidiary and associate companies £'000 |
|--------------------------|------------------------------------------------------------------------|
| Cost or valuation | |
| At 1 January 2022 | 11,877 |
| Additions | 7,127 |
| At 31 December 2022 | <u>19,004</u> |
| Impairment | |
| Charge for the period | 441 |
| At 31 December 2022 | <u>441</u> |
| Net book value | |
| At 31 December 2022 | <u>18,563</u> |
| At 31 December 2021 | <u>11,877</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------|
| PT Dynacast | Jalan Rambutan Lot 517 Batamindo Industrial Park Muka Kuning, Batam | Ordinary | 95% |
| New Dynacast de Mexico SA de CV | Parque Industrial San Martin Obispo Av. Tejocotes, Iote 77 A, interior 2-A, San Martin Obispo Cuautilan Izcalli, Estado de Mexico 54763 | Ordinary | 91% |
| Dynacast Loz d.o.o | Unec 25, Unec, 1381 Rakek | Ordinary | 70% |
| Dynacast Korea Limited | 43, Sinwon-ro 133 beongil Danwon- gu, Ansan-si Gyeonggi-do, Republic of Korea 15409 | Ordinary | 90% |
| Dynacast (Melaka) Snd Bhd | Plot 154 Alor Gajah Industrial Estate Alor Gajah, Melaka 78000 | Ordinary | 100% |
| Dynacast Shanghai | No. 389 South JingTang Road QianDeng, Kunshan 215341 | Ordinary | 100% |
| Dongguan Dynacast Precision Automotive | No. 88 Qiufu Road DistrictFumin Industrial Park 2Dalang, Dongguan, Guangdong 523778 | Ordinary | 100% |

Notes to the financial statements

For the year ended 31 December 2022

10. Fixed asset investments (continued)

Subsidiary undertakings (continued)

All investments held are classified as subsidiaries other than the investment in Sundaram Dynacast Limited which is classified as an investment in associate with the 49% holding.

In 2022, the Company recorded an impairment of £441k relating to Investment in Korea.

During the year, the Company made an additional capital contribution to Dynacast Mexico of £7,127k.

11. Debtors

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Amounts due from group companies | 21,782 | 24,354 |
| Other debtors | 131 | - |
| Deferred taxation | 72 | 93 |
| | <u>21,985</u> | <u>24,447</u> |

The amounts due from fellow group undertakings are unsecured with no fixed repayment terms. Interest is receivable on the loans at a rate between 0% and 5.96% per annum.

12. Cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|--------------|---------------|---------------|
| Cash at bank | <u>2,511</u> | <u>302</u> |

13. Creditors: amounts falling due within one year

| | 2022 £'000 | 2021 £'000 |
|-----------------------------------|---------------|---------------|
| Amounts due to group undertakings | 29,136 | 31,815 |
| Corporation tax | - | 365 |
| | <u>29,136</u> | <u>32,180</u> |

The amounts due to fellow group undertakings are unsecured with no fixed repayment terms. Interest is payable at a rate between 0% and 5.96%.

Notes to the financial statements

For the year ended 31 December 2022

14. Creditors: Amounts falling due after more than one year

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 9,462 | - |

The amounts due to fellow group undertakings are unsecured with no fixed repayment terms. Interest is payable at a rate between 0% and 5.96%

15. Deferred taxation

| | 2022 £'000 | 2021 £'000 |
|---------------------------------------|---------------|---------------|
| At beginning of year | 93 | 229 |
| Charged to profit or loss | (10) | 31 |
| Charged to other comprehensive income | (11) | (167) |
| At end of year | 72 | 93 |

The deferred tax asset is made up as follows:

| | 2022 £'000 | 2021 £'000 |
|---------------------------------|---------------|---------------|
| Fixed asset timing differences: | 5 | 6 |
| Other timing differences: | 67 | 87 |
| | 72 | 93 |

16. Called-up share capital

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------------------------|---------------|---------------|
| Authorised, allotted, called up and fully paid | | |
| 100 (2021: 100) Ordinary shares of £1 each | - | - |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

Notes to the financial statements

For the year ended 31 December 2022

17. Reserves

Share premium account

Share premium includes the excess of the consideration received on the issue of shares less the nominal value of the shares.

Profit and loss account

Profit and loss account includes cumulative gains and losses recognised in the statement of comprehensive income less any dividend payments during the year.

18. Pension commitments

The Company operates a Defined benefit pension scheme.

The scheme valuation is updated each year by a quality actuary.

The company is participating member of the Spiers (Dynacast UK) group scheme. The date of the most recent full actuarial valuation was 31 December 2022.

Notes to the financial statements

For the year ended 31 December 2022

18. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

| | 2022 £'000 | 2021 £'000 |
|------------------------------------------------------------|---------------|---------------|
| Reconciliation of present value of plan liabilities | | |
| At the beginning of the year | 349 | 1,097 |
| Interest cost | 5 | 24 |
| Actuarial gains/losses | (43) | (701) |
| Contributions | (43) | (71) |
| | <u>(268)</u> | <u>(349)</u> |
| Present value of plan liabilities | <u>(268)</u> | <u>(349)</u> |

The amounts recognised in profit or loss are as follows:

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Interest income on plan assets | (5) | (24) |
| Total | <u>(5)</u> | <u>(24)</u> |

Reconciliation of fair value of plan liabilities were as follows:

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------------|---------------|---------------|
| Opening defined benefit obligation | (701) | - |
| Actuarial gains and (losses) | (43) | (701) |
| Closing defined benefit obligation | <u>(744)</u> | <u>(701)</u> |

Reconciliation of fair value of plan assets were as follows:

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Opening fair value of scheme assets | 606 | - |
| Interest income on plan assets | (5) | (24) |
| Contributions by employer | (43) | (71) |
| Actuarial losses | 43 | 701 |
| | <u>601</u> | <u>606</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £514k (2021 - £471k).

Notes to the financial statements

For the year ended 31 December 2022

18. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

| | 2022 | 2021 |
|------------------------------------------------------------|------|------|
| | % | % |
| Discount rate | 5.08 | 1.73 |
| Future pension increases | 3 | 3.00 |
| Inflation assumption | 3 | 3.00 |
| Mortality rates | | |
| - Male life expectancy at 75 for current 75 year old | 12 | 12.0 |
| - Female life expectancy at age 86 for current 86 year old | 5.3 | 5.3 |

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

| | 2022 | 2021 |
|----------------------------------------------|-------|-------|
| | £000 | £000 |
| Defined benefit obligation | (268) | (349) |
| Experience adjustments on scheme liabilities | 43 | 701 |

The company expects to contribute £43,000 (2021: £7,000) to its defined benefit pension scheme in 2022.

19. Related party transactions

The Company meets the definition of a qualifying entity under FRS 102 and has availed of the exemption available in relation to Section 33 Related Party Disclosures to disclose information surrounding key management personnel compensation and related party transactions and balances with fellow group undertakings.

20. Events after reporting date

There were no events subsequent to the financial year end date which require adjustment to, or disclosure in the financial statements.

21. Controlling party

The immediate parent company is Dynacast UK Parent Limited, which is incorporated in England and Wales.

The smallest and largest group into which the results of the Company are consolidated is that headed by Form Technologies Inc. Copies of the financial statements are available from the Company Secretary, Form Technologies Inc, 11325 N Community House Road, Suite 300, Charlotte, NC 28277.

Partners Group, a company registered in the USA, is the ultimate controlling party.