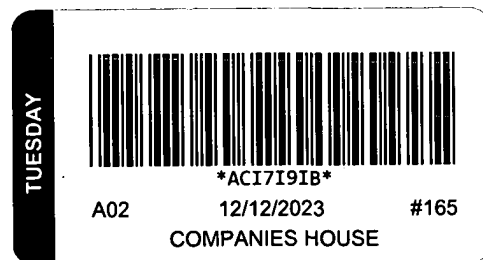


**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2022**  
**for**  
**Unifrax Limited**



**Unifrax Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2022**

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**Unifrax Limited**

**Company Information  
for the Year Ended 31 December 2022**

**DIRECTORS:**

J C Dandolph IV  
S D Horrigan  
W K Piotrowski

**SECRETARY:**

E Smith

**REGISTERED OFFICE:**

Mill Lane  
Rainford  
St. Helens  
Merseyside  
WA11 8LP

**REGISTERED NUMBER:**

04007148 (England and Wales)

**AUDITORS:**

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
UNITED KINGDOM  
M3 3AT

## Unifrax Limited

**Strategic Report  
for the Year Ended 31 December 2022**

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

**GENERAL BUSINESS REVIEW****Principal activity:**

The principal activity of the company in the year was that of the manufacture of high temperature refractory and insulation materials.

**Statement of income :**

Turnover increased by £5,263,305 in the year to £30,708,003 (2021: £25,444,698).

During the year, the Company made an operating profit of £4,268,381 (2021: £3,209,220). The result before taxation was a profit of £7,289,447 (2021: £6,020,413). Sales increased by 20.7% in the year due to higher sales volumes in 2022.

The Company made a profit for the financial year, net of taxation of £6,338,966 (2021: £5,250,187).

Operating profit increased by £1,059,161 or 33% in 2022. The increase in operating profit is mainly due to the increase in gross margin as discussed below in KPI's, and a reduction in administrative expenses compared to 2021, mainly the impact of foreign exchange gains of £113,140 (2021: foreign exchange losses £169,998), and the prior year loss on disposal of fixed assets of £194,001 with the current year being nil. Please refer to note 7 Operating Profit for more details.

**Analysis of Financial Key Performance Indicators:**

Unifrax Limited measures its performance on a number of key performance indicators in line with all other companies in the Group, these are as follows;

	<u>2022</u>	<u>2021</u>
Gross margin	£8,315,603	£7,702,370
Gross margin %	27.08%	30.27%
EBITDA	£4,776,414	£3,765,847
Manufacturing variances	£4,727,722	£2,091,916

Gross margin increased year on year by £613,233 mainly due to higher sales demand, and gross margin percentage decreased year on year by 3.19%, mainly due to inflation and increased utility prices.

EBITDA increased year on year by £1,010,567 or 26.84% for the same reasons as stated above for operating profit.

Manufacturing variances are the difference between the actual costs of manufacturing and the standard costs of manufacturing. The manufacturing variances have increased in the year, as a result of higher production volumes in relation to the Covid pandemic recovery in the year, but were adversely affected by higher inflationary factors than were expected, particularly in relation to higher energy prices.

Inventories increased year on year by £328,168, and cash decreased year on year by £77,086, as the business responded to prevailing conditions relating mainly to inflation.

The pension asset decreased year on year by £1,576,000 because of inflation over the year being higher than assumed under FRS 102; partially offset by a decrease in the defined benefit obligation, and an update in the post retirement mortality assumption over the year which reduced the defined benefit obligation.

Other non-financial KPI's that the company monitors and reviews throughout the year are safety, complaints and waste.

**Future developments**

The Directors are looking forward in 2023 and 2024 to a continuation of the good progress in 2022. All signs indicate that the demand for our products remains steady in the UK and export markets.

There are no plans to change the principal activity of the company in the foreseeable future, but the company is working with customers to investigate new opportunities, by diversifying into potential new markets.

Unifrax Limited

Strategic Report  
for the Year Ended 31 December 2022

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Foreign exchange risk**

The company is exposed to currency risk as a high proportion of its sales are invoiced in Euros. However, it has significant inter-company debt and purchases in Euros with other European companies of the Unifrax group, which helps to naturally hedge this risk.

**Credit risk**

Risk of non-payment by any of our customers is assessed by the directors. The company aims to minimise this risk by management of credit limits and monthly review of debtor days.

**Liquidity risk**

The directors closely monitor the liquidity of the company. Due to the continued support of the group and the intercompany loan facilities available, the directors feel that liquidity risk is sufficiently mitigated, and have confirmed that there is no intention to call in the intercompany loans prior to 31 December 2023.

**Valuation of investments risk**

The company carries investments in its subsidiaries at cost less impairment. It is the opinion of the directors that the aggregate value of these investments is not less than the amount at which they are stated in the financial statements. Impairment reviews are carried out on an annual basis to minimise the risk of material misstatement.

**Defined benefit pension risk**

The company operates a defined benefit pension scheme for some of its employees. Actuarial gains and deficits could be affected by changes in interest rates, the market values of the investments held in the pension scheme and the increasing longevity of the scheme's members. Actuarial deficits could lead to an increase in costs to meet the pension scheme's liabilities. The performance of the pension scheme is regularly reviewed by the company and the trustees of the scheme, taking actuarial advice where applicable.

**Interest rate risk**

Interest rates on the inter company loans are based on market conditions at the time the loan was taken out, or linked to specific rates for external loans taken out by the lender.

The directors have no way of managing the interest rate risk but feel that it is not a major issue, provided that financial support is available from the group.

**Russia / Ukraine Conflict**

The recent conflict events between Russia and Ukraine have created a cause for concern for everyone globally, both emotionally and financially. As a result of the global sanctions imposed on Russia, we have been required to consider our own interactions with Russia and evaluate, what, if any implications this will have on our business. The two main areas of risk identified for the Company are the utilities price impact and the trade with Russian customers. For our Russian customers, the Alkegen legal department has placed tight restrictions on their accounts and each dispatch must be paid for in full and vetted for sanctions prior to dispatch. The other main impact we are seeing relates to the utilities prices, particularly gas and electricity, seeing significant price rises in comparison with prior years. These price rises are being monitored on a daily basis by plant management senior leadership and procurement teams, to understand and react as quickly as possible when required. For both of these impacts, the Directors believe that the actions that have been introduced sufficiently mitigates any risk that might be posed to the company.

**SECTION 172(1) STATEMENT**

Section 172 of the Companies Act 2006 requires a Director of the company to act in a certain way. Specifically, they must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole:

- 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.
- The need to act fairly as between members of the company.

The Directors of the company during the year were Vincent Chambon, John Dandolph IV, Scott Horrigan and William Piotrowski. All of the Directors are based outside of the UK. John Dandolph IV, Scott Horrigan and William Piotrowski are all based in the US at the Group head office in Tonawanda and are on the Board of directors of the Group. John Dandolph IV is the President and CEO of Unifrax I LLC, Scott Horrigan is the Senior Vice President and CFO of Unifrax I LLC, William Piotrowski is the Senior Vice President Legal Counsel of Unifrax I LLC. Vincent Chambon was based in France and was the Global Operations Director of the Emission Control management pillar of the business. The Board of Directors meet frequently as the Groups leadership team, they review financial results on a monthly basis and have regular contact and open communications with all of the business pillar leadership teams. This gives the Directors regular direct contact regarding individual companies and business units, this provides the Directors with the information required in order to drive the business to meet their target and growth ambitions. In addition to the regular monthly updates regarding financial performance, the Directors do perform visits to sites all over the world. However, in 2021 as a result of the Covid Pandemic, international restrictions and a global 'no travel' policy put in place to safeguard all staff, the Directors were not able to travel to visit sites. However, with those policies relaxed in 2022 we saw multiple site visits from the Directors during the year, in addition to regular video call meetings via Microsoft teams. This provides the Directors with a better feel for the business and maintains direct communication lines between the individual companies and their management teams. Directors are then able to make informed business decisions on what they think is the best way forward for the Alkegen Group.

This statement intends to set out how our Board of Directors, both individually and collectively, has had regard to the above factors when undertaking their duties in 2022.

The following details the interaction that the Directors have had in the year with Key Stakeholders in the business and how they have exercised their duty as Directors to ensure that all aspects of section 172 of the companies act has been adhered to.

**Unifrax Limited**

**Strategic Report  
for the Year Ended 31 December 2022**

**WORKFORCE:**

The Directors consider all employees, temporary staff and contractors working on all sites as the workforce.

In 2021, prior to the acquisition of Lydall at the end of 2021, the Unifrax Group employed 2,400 people across 21 countries. After acquisition the total numbers exceeded 5,600. Of the total employees, 99 of these were employees of Unifrax Limited.

The main concerns and issues for the Workforce are as follows:

- Health and safety;
- Training and career development;
- Tools to do the job;
- Wellbeing;
- Rewards and remuneration; and
- Culture and values.

As Directors, we rely heavily on the workforce to achieve our business goals whilst living and breathing our company's core values.

**Engagement:**

During the year to December 2022, there were a number of platforms available for our workforce to have communication with the members of the Board of Directors. Ordinarily, the main way in which we, as Directors, engage with staff is with site visits which were back on the agenda this year after Covid travel restrictions were lifted. In addition the company introduced Microsoft Teams in 2021 to all staff, this has given all employees the ability to continue to have face-to-face meetings without being in the same place. Regular meetings are arranged between senior leadership teams and all staff to maintain the two way open communication. Directors always save time at the end of presentations and calls to open the floor to questions, where people can ask questions, anonymously if they wish. This has been a successful as well as the face-to-face 'Town Hall' meetings held when Directors visit the sites.

Additionally, through our Global Peakon Survey (formerly Pulse Survey), carried out on a quarterly basis, most recently February 2023, Directors asked the workforce a number of select questions that covered areas such as site leadership, global leadership, systems, processes, performance, communication and engagement. As these surveys are anonymous, this gives all employees a platform to be honest in providing feedback without feeling any pressures.

Global safety calls are held on a monthly basis, with site representatives from all manufacturing plant locations and senior leadership team members. As Alkegen's number one priority, it is vitally important that communication lines are available in order to monitor and maintain robust safety measures and offer the opportunity for any sites to offer any observations, concerns and suggestions for improvement.

**Considerations and outcomes:**

To further improve overall Engagement and protect the integrity of the data, the Company engaged an external provider to administer and manage our Global Engagement surveys - Peakon. This enabled us to obtain real time insight into what actions were required in order to engage and empower our people. 2022 results evidence that communication and recognition were areas where improvements could be made, along with professional development and growth. In order to address this, quarterly 'town hall' meetings were introduced in order to ensure consistent messages were being delivered regularly and our people were given opportunities to provide feedback and improvement ideas directly to senior plant leadership. The Company continued to develop in the area of recognition by rebranding the Global communication platform released in the previous year, Unifrax Thanks, as Alkegen Appreciation and implemented service awards for each year of service completed on an escalating scale. The Alkegen Appreciation platform provides the entire workforce with a communication tool that reaches all parts of the business and encourages positive communication between colleagues, offering incentives for those going above and beyond their normal work duties. In terms of development and growth, the Company has launched 5 leadership development programmes in 2023, aiming to offer continuous professional development to all levels of the business.

As Safety is Alkegen's number one priority, they continued to run the 'STOP' initiative throughout all plants across the world. This initiative allows any of the workforce to immediately stop production should they believe that the health and safety of the staff is in jeopardy. Directors understand that it is not them who should determine what is safe or not whilst operating machinery, but the workforce, given their individual work environments. They place the responsibility on the process operators and local management to decide what is safe or not.

Directors provide management and staff with all the necessary tools in order to be able to conduct their jobs safely and to the best of their ability. This includes giving all staff the power to identify and react to a potential harmful situation, rather than go through different command chains to get things stopped. Plant managers and site safety personnel were also tasked with communicating a safety bulletin report on a timely basis, which is distributed to all staff members.

**CUSTOMERS**

As an international Company dealing with many different industries and nationalities, maintaining communication with our customers is of the utmost importance. One of our core values is customer focus. Our business is built on retaining existing businesses and being able to take opportunities when they present themselves to engage in new business relationships by understanding their perspective and needs. This is what will drive the company towards success and continuous growth. Demands for each customer vary, however all customers expect that we deliver the quality material that we have produced for a number of years. Customers rely on the quality of our products to be able to successfully conduct their own business and maintain their relationships with their own customers. While the vast majority of the company's customers are external, there are also a number of internal customers. While the management of these internal customers is carried out differently, they are measured on the same KPI's as the supply of high quality materials, on time, to internal customers, and is equally as important as the products we provide to external customers.

**Unifrax Limited**

**Strategic Report  
for the Year Ended 31 December 2022**

**Engagement**

Given the importance of customers to the company, and maintaining successful relationships. There is a structure set in place by the board that provides customers with a direct point of contact regarding their accounts. These contacts are well trained and are provided with the necessary tools in order to ensure they can provide the best service to their business contacts. Non-executive sales directors also have regular contact with customers to ensure that all parties are maintaining their ethical responsibilities, without compromise.

The Group holds regular, Global, Voice of Customer meetings that reviews customer complaints, comments and suggestions.

In addition to this, one of the Directors, and group CEO John Dandolph IV, recognises the importance of the relationships with the customers and takes it upon himself to engage directly with a number of customers on a regular basis. This significantly opens up the communication lines in which the customers have to the Board of Directors.

**Considerations and outcomes:**

The company's constant engagement with customers enables the Directors to understand and gauge the market better. This enables them to make strategic decisions in terms of the pricing of products to ensure that the company continues to be competitive.

They are also able to make strategic decisions including acquisitions, from understanding customer needs and reacting to those by diversifying the group. This contact with the customer is key in helping grow the business and drive the group to further success.

**SUPPLIERS**

The Directors understand that the supply chain is integral to the business continuing being a success and maintaining these relationships is a key focus at all times. Their focus is on creating a reliable, user friendly, proactive and responsive supply chain that ultimately helps our customers be more profitable, by obtaining quality products at a fair price from suppliers. The Directors believe that engaging with suppliers who share the same ethical integrity and follow the same ethical standards as the company, is critically important and will promote sustainability throughout the supply chain. Along with our suppliers, we work together, to create a mutual beneficial relationship with regular contact and the aim of successful long-term relationships. In addition to the external suppliers, the supply chain can also be internal. These internal supplies are equally as critical as those from external suppliers and there are dedicated teams in place to ensure the smooth running of each of the plants, communication is key in ensuring that materials are where they need to be, ultimately in order to meet customer demands.

**Engagement:**

Due to the structure of the group, there are procurement departments throughout at various levels of the business who keep regular contact with our suppliers. Quality of product received is a topic of constant discussion as well as ensuring that we buy from companies that have a similar focus on safety of their employees and quality of work that Unifrax has. We believe that our produce is world class and that is a function of maintaining these close bonds with our suppliers. In addition to this, one of the Directors, and group CEO John Dandolph IV, recognises the importance of the relationships with suppliers and takes it upon himself to engage directly with a number of major suppliers. This gives the supplier an opportunity to speak directly to a board member and voice any concerns with the relationship.

**Considerations and outcomes:**

The Directors consider all feedback when making business decisions. From discussions held in the year through various outlets, it was evident that due to global conditions that generally costs would be increasing in almost all areas. As a result, procurement were challenged in finding more favourable prices to counter act the inflation expected in the year. This action was widely accepted by the procurement team as the request was not unreasonable and justifiable.

**ENVIRONMENT**

As Directors of a manufacturing company, the Directors are fully aware and actively engage with environmental agencies regarding the waste management. As with most manufacturers, the site produces emissions that are highly regulated and very closely monitored. Directors have an ethical responsibility to ensure that the impact the company has on the environment is minimized as much as possible. It is also important to note that some of our products actively help maintain the environment as some of our filtration products are used to filter impurities that would otherwise be released into the environment.

**Engagement:**

The Directors have implemented Safety and Environmental teams worldwide that work to reduce waste, cost and complexity. These teams work closely with plant management teams to ensure that Unifrax and its operation has as little of an impact on the environment as possible. We focus our teams on Continuous Improvement in the manufacturing processes, in the hope that we can continue to reduce our environmental impact on the planet whilst still growing the company in line with the Directors' ambitions.

**Considerations and outcomes:**

Our constant improvement cycle has provided results that have reduced or eliminated waste water and our environmental impact. While no process is perfect, we continue to improve our processes, working closely with local leaders and reduce our impact. The ultimate goal, leave lesser of a footprint on the world as well as the local environments we work in.

**INVESTORS AND THE GROUP**

The Directors understand the importance of the Group companies within the full group structure and the private equity investors.

Ultimately, it is the investors that allow the Directors to operate the Group and allow us to grow by providing the support, funding and sanctioning acquisitions that enable the Unifrax group of companies to continually grow.

**Unifrax Limited**

**Strategic Report  
for the Year Ended 31 December 2022**

**Engagement:**

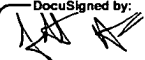
The Board of Directors for the Unifrax Group include John Dandolph IV and Scott Horrigan who are both Directors of Unifrax Limited, and meet on a regular basis to discuss the performance of the group. In addition to this, there are formal meetings with investors of the Group on a monthly basis, to discuss worldwide results and once a year to discuss the business plan for the following year. Due to the importance of the Groups' investors, the Directors themselves, without delegation or sub-committee undertake this process. Feedback from the investors is provided directly to the Directors in these meetings. This provides the Directors with the information they need in order to steer the business, to grow in line with their ambitions. The Board of Directors then discuss their ambitions with the wider Senior leadership team who then commence to cascade the information down through the relevant channels, to the plant managers and other key personnel on an individual company basis.

**Considerations and outcomes:**

Our relationship with our investors is strong and we are responsive to their needs and requirements. The Directors keep their focus on results and performance and make the tough decisions required to run a profitable business. These decisions are then cascaded down to the relevant business units by the senior leadership teams, via a clear organisation structure.

Investors are key to our cash flow and strongly believe in the Directors of Unifrax. Those investors continue to provide funding of acquisitions in the current environment that is clearly a level of belief in the Alkegen way.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
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S D Horrigan - Director

8 December 2023

**Unifrax Limited**

**Report of the Directors  
for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

**DIVIDENDS**

No dividend was paid in the year ended 31 December 2022 (2021: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

J C Dandolph IV

S D Horrigan

Other changes in directors holding office are as follows:

V Chambon - resigned 27 December 2022

W K Piotrowski - appointed 30 December 2022

**PROFIT FOR THE YEAR**

The Company made a profit for the financial year, net of taxation of £6,338,966 (2021: £5,250,187).

**GOING CONCERN**

The Company's Balance Sheet has net assets of £96,747k (2021: £92,532k), and at the year end reported net current assets of £79,234k (2021: £73,603k). Although the Company has local cash resources, the Company's cash is managed as part of the Global treasury function and so shares cash resources and intercompany loan arrangements with the global Unifrax Group. The Company's forecasts and budgets identify that it is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. However, a key assumption in the Company's forecasts is the continuing availability of funds that are available within the global Unifrax Group and the intercompany loans provided by the global Unifrax Group to the Company and other UK based fellow subsidiaries.

Unifrax Limited has received a letter of financial support from the Company's indirect parent company, Unifrax I LLC, which confirms the global Unifrax Group, if required, will provide financial support to Unifrax Limited and all other UK subsidiaries for the period of at least 12 months from the date of signing the financial statements, and will not recall any of the intercompany loans within this period.

The Directors of Unifrax Limited have considered information regarding the global Unifrax Group's ability to provide support to the Company. This information included preparing and providing detailed cashflow forecasts and considering potential outcomes of the global pandemic. These stress tests on the Global cash flow forecasts confirmed that the global Unifrax Group has sufficient resources available in order to support the UK group of companies including Unifrax Limited for at least 12 months from the date of signing the financial statements.

The Directors of Unifrax Limited are also on the board of Directors of Unifrax I LLC, so are comfortable that the indirect parent company has the ability and resources to be able to support the group of UK companies including Unifrax Limited.

The Directors of the Company have concluded that the global Unifrax Group will be able to provide financial support to Unifrax Limited. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due for a period at least 12 months from the date of signing these financial statements and that it remains appropriate to prepare the financial statements on a going concern basis.

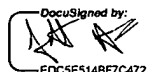
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, BDO LLP, who were appointed in the year 2020, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
EDC5E514BF7C472...

S D Horrigan - Director

8 December 2023

**Unifrax Limited**

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2022**

The directors are responsible for preparing the Report of the Directors 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), 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 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; 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.

**Report of the Independent Auditors to the Members of  
Unifrax Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIFRAX 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 2022 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 Unifrax Limited ("the Company") for the year ended 31 December 2022 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 are 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.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors 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.

**Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, 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.

**Report of the Independent Auditors to the Members of  
Unifrax Limited**

**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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be FRS 102 (UK GAAP) and the Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the relevant taxation legislation, health and safety legislation, and the Bribery Act 2010.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition in relation to revenue transactions that occur around year end, and revenue recognition in relation to unpaid revenue.

Our procedures in respect of the above included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posed with descriptions containing specific keywords;
- testing a sample of revenue transactions unpaid in the financial year in order to gain assurance that the revenue exists; and
- testing a sample of revenue transactions within a specified cut off window to determine if they have been recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

**Report of the Independent Auditors to the Members of  
Unifrax Limited**

**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.

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

DocuSigned by:

*Steven Roberts*

49BD0A55E7C14AD...  
Steven Roberts (Senior Statutory Auditor)  
for and on behalf of BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
UNITED KINGDOM  
M3 3AT

8 December 2023

## Unifrax Limited

**Statement of Comprehensive  
Income  
for the Year Ended 31 December 2022**

		2022		2021	
	Notes	£	£	£	£
<b>REVENUE</b>	4		<b>30,708,003</b>		<b>25,444,698</b>
Cost of sales			<b>22,392,400</b>		<b>17,742,328</b>
<b>GROSS PROFIT</b>			<b>8,315,603</b>		<b>7,702,370</b>
Distribution costs		<b>1,363,285</b>		<b>1,285,534</b>	
Administrative expenses		<b>2,683,937</b>		<b>3,207,616</b>	
			<b>4,047,222</b>		<b>4,493,150</b>
<b>OPERATING PROFIT</b>	7		<b>4,268,381</b>		<b>3,209,220</b>
Interest receivable and similar income	9		<b>5,887,691</b>		<b>5,280,259</b>
			<b>10,156,072</b>		<b>8,489,479</b>
Interest payable and similar expenses	10		<b>2,866,625</b>		<b>2,469,066</b>
<b>PROFIT BEFORE TAXATION</b>			<b>7,289,447</b>		<b>6,020,413</b>
Tax on profit	11		<b>950,481</b>		<b>770,226</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<b>6,338,966</b>		<b>5,250,187</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
Actuarial (loss)/gain on pension			<b>(2,622,000)</b>		<b>1,719,000</b>
Income tax relating to other comprehensive (loss)/income			<b>498,180</b>		<b>(326,610)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX</b>			<b>(2,123,820)</b>		<b>1,392,390</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<b>4,215,146</b>		<b>6,642,577</b>


The notes form part of these financial statements

## Unifrax Limited (Registered number: 04007148)

Statement of Financial Position  
31 December 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Intangible assets	12	2,223	4,240
Property, plant and equipment	13	3,467,959	3,773,168
Investments	14	9,581,243	9,581,243
		<u>13,051,425</u>	<u>13,358,651</u>
<b>CURRENT ASSETS</b>			
Inventories	15	1,978,518	1,650,350
Debtors	16	153,837,311	137,997,912
Cash at bank		766,956	844,042
		<u>156,582,785</u>	<u>140,492,304</u>
<b>CREDITORS</b>			
Amounts falling due within one year	17	(77,349,098)	(66,889,535)
<b>NET CURRENT ASSETS</b>		<u>79,233,687</u>	<u>73,602,769</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>92,285,112</u>	<u>86,961,420</u>
<b>DEFERRED TAX LIABILITY</b>	19	(1,548,258)	(2,015,712)
<b>PENSION ASSET</b>	21	6,010,000	7,586,000
<b>NET ASSETS</b>		<u>96,746,854</u>	<u>92,531,708</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	15,828,069	15,828,069
Retained earnings		80,918,785	76,703,639
<b>SHAREHOLDERS' FUNDS</b>		<u>96,746,854</u>	<u>92,531,708</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2023 and were signed on its behalf by:

DocuSigned by:  
  
 EDC5E514BF7C472...

S D Horrigan - Director

## Unifrax Limited

Statement of Changes in Equity  
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2021</b>	15,828,069	70,061,062	85,889,131
<b>Changes in equity</b>			
Profit for the year	-	5,250,187	5,250,187
Other comprehensive income	-	1,392,390	1,392,390
Total comprehensive income	-	6,642,577	6,642,577
<b>Balance at 31 December 2021</b>	15,828,069	76,703,639	92,531,708
<b>Changes in equity</b>			
Profit for the year	-	6,338,966	6,338,966
Other comprehensive income	-	(2,123,820)	(2,123,820)
Total comprehensive income	-	4,215,146	4,215,146
<b>Balance at 31 December 2022</b>	15,828,069	80,918,785	96,746,854

The notes form part of these financial statements

## Unifrax Limited

**Notes to the Financial Statements  
for the Year Ended 31 December 2022**

**1. STATUTORY INFORMATION**

Unifrax Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 04007148 and the company's registered office is Mill Lane, Rainford, St Helens, Merseyside, WA11 8LP.

**2. STATEMENT OF COMPLIANCE**

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

**3. ACCOUNTING POLICIES****Basis of preparing the financial statements**

The financial statements are prepared under the historical cost convention and in accordance with the applicable UK accounting standards.

**Going Concern**

The Company's Balance Sheet has net assets of £96,747k (2021: £92,532k), and at the year end reported net current assets of £79,234k (2021: £73,603k). Although the Company has local cash resources, the Company's cash is managed as part of the Global treasury function and so shares cash resources and intercompany loan arrangements with the global Unifrax Group. The Company's forecasts and budgets identify that it is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. However, a key assumption in the Company's forecasts is the continuing availability of funds that are available within the Group and the intercompany loans provided by the Group to the Company and other UK based fellow subsidiaries.

Unifrax Limited has received a letter of financial support from the Group's indirect parent company, Unifrax I LLC, which confirms the Group, if required, will provide financial support to Unifrax Limited and all other UK subsidiaries for the period of at least 12 months from the date of signing the financial statements, and will not recall any of the intercompany loans within this period.

The Directors of Unifrax Limited have considered information regarding the Group's ability to provide support to the Company. This information included preparing and providing detailed cashflow forecasts and considering potential outcomes of the global pandemic. These stress tests on the Global cash flow forecasts confirmed that the Group has sufficient resources available in order to support the UK group of companies including Unifrax Limited for at least 12 months from the date of signing the financial statements.

The Directors of Unifrax Limited are also on the board of Directors of Unifrax I LLC, so are comfortable that the indirect parent company has the ability and resources to be able to support the group of UK companies including Unifrax Limited.

The Directors of the Company have concluded that the Group will be able to provide financial support to Unifrax Limited. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due for a period at least 12 months from the date of signing these financial statements and that it remains appropriate to prepare the financial statements on a going concern basis.

**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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

The accounts have been prepared in accordance with FRS102. There were no material departures from that standard.

The presentational and functional currency is sterling.

**Preparation of consolidated financial statements**

The financial statements contain information about Unifrax Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, ASP Unifrax Holdings Inc, 600 Riverwalk Parkway, Suite 120, Tonawanda, NY 14150, USA.

**Related party exemption**

The company has taken the advantage of the exemption conferred by FRS102 Section 33 Related Party Disclosures paragraph 33.1A not to disclose transactions with Group companies on the grounds that 100% of the voting rights in the company are controlled by the Group.

## Unifrax Limited

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued****Turnover**

Revenue is measured at the fair value of the consideration received or receivable, for the sale of goods, excluding discounts, rebates, value added tax and other sales taxes.

The Company's most common delivery method is delivered at place ("DAP") shipping point. Consequently, the Company generally considers control of all products to transfer at a single point in time when control is transferred to the customer, generally when the products are shipped in accordance with an agreement and/or purchase order. Control is defined as the ability to direct the use of and obtain substantially all of the remaining benefits of the product.

The Company satisfies its performance obligations under a contract with a customer by transferring goods and services in exchange for monetary consideration from the customer. The Company considers the customer's purchase order, and the Company's corresponding sales order acknowledgement as the contract with the customer. Payment terms for these types of contracts generally require payment within 30-60 days.

Taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

**Intangible assets**

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on all intangible assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Computer software - 2 to 5 years

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings - over 15 to 50 years

Plant and machinery - over 5 to 20 years

Fixtures, fittings and tools - over 5 to 10 years

Computer equipment - over 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed overheads based on a normal level of activity.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 3. ACCOUNTING POLICIES - continued

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Operating leases**

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

**Pension costs and other post-retirement benefits**

The company operates a defined benefit pension scheme, which requires contributions to be made to a trustee administered fund. The amounts charged to operating profit, as part of staff costs, are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period to which vesting occurs. The interest cost and the expected return on assets are shown net of other finance costs, or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, and deposits held at call with banks.

**Financial instruments****(i) Financial assets**

Basic financial assets, including trade debtors, cash at bank, and balances with fellow group companies are initially recognised at transaction price, then revalued at each month end using the applicable rate of foreign exchange, with the changes recognised in profit or loss.

**(ii) Financial liabilities**

Basic financial liabilities, including trade creditors, and balances with fellow group companies are initially recognised at transaction price, then revalued at each month end using the applicable rate of foreign exchange, with the changes recognised in profit or loss.

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 3. ACCOUNTING POLICIES - continued

**Investments**

Investment in subsidiaries is stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Interest**

Revenues and costs are recognised as interest accrues using the effective interest method.

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operate. The amounts of such provisions is based on various factors such as experience with tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Significant judgements and estimates**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount if the asset or liability affected in future periods. The company bases its key assumptions and estimates on parameters available when the financial statements are prepared.

The following estimates have had the most significant effect on amounts recognised in the financial statements: Pension scheme valuation, recoverability of trade and intercompany debtors, inventory, impairment of investments and depreciation.

**Pension scheme valuation:**

The cost of the defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Reasonable checks are carried out to ensure bonds are only used where the prices supplied and yields are consistent.

Mortality rates are based on publicly available information. Future salary increases are based on 0.5% above RPI. Pension increases are based on RPI subject to a maximum of 5%.

**Recoverability of intercompany debtors:**

The company makes a judgement on the recoverability of inter company loans based on overall Group statement of financial positions and available cash resources compared to the estimated requirements at the end of each accounting period.

**Recoverability of trade receivables:**

The company makes a judgement on the recoverability of trade receivables based on the ageing of the debt, potential likelihood of default, and current economic conditions.

**Inventory:**

Provisions for obsolescence and slow moving stock are made by the company based on the movement of stock items within the preceding twelve month period and information provided by technical sales staff regarding the market conditions for various product lines.

**Impairment of investments:**

Investments in subsidiaries are carried in the financial statements at historic cost due to the complexity and cost of fair value revaluation. However the company does carry out an impairment review on each entity and makes a judgement based on several factors including current and forecast trading conditions, valuation of assets and recoverability of debtors.

**Depreciation:**

Residual values and estimated useful lives of property, plant and equipment are based on the nature of the assets, period of use and the historical experience.

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 4. REVENUE

Turnover, profit before tax and net assets are in respect of the company's principal area of continuing activity, that of the manufacture of high temperature ceramic fibre materials.

	2022	2021
	£	£
United Kingdom	4,003,456	3,665,134
Europe	21,258,943	17,436,442
Rest of the World	5,445,604	4,343,122
	<u>30,708,003</u>	<u>25,444,698</u>

## 5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	6,200,603	6,011,591
Social security costs	802,129	709,440
Other pension costs	822,487	867,630
	<u>7,825,219</u>	<u>7,588,661</u>

The average number of employees during the year was as follows:

	2022	2021
	No.	No.
Production and distribution	77	75
Administration and sales	22	24
	<u>99</u>	<u>99</u>

This includes remuneration paid to directors of the company (note 6) of £nil (2021: £nil) including defined benefit pension contributions.

At 31 December 2022 there were outstanding pension contributions of £152,441 (2021: £86,548).

## 6. DIRECTORS' EMOLUMENTS

The Directors of the company were also Directors of a number of fellow group companies during the years ended 31 December 2022 and 2021. Their remuneration is paid by those fellow group companies. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the company and their services as Directors of the fellow group undertakings.

## 7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	53,195	38,633
Other operating leases	105,892	134,198
Depreciation - owned assets	506,016	553,436
Loss on disposal of fixed assets	-	194,001
Computer software amortisation	2,017	3,191
Foreign exchange (gain)/loss	(113,140)	169,998
Restructuring costs	<u>102,919</u>	<u>170,952</u>

The 2022 and 2021 restructuring costs relate to the rationalisation of production processes at the company's factories in Rainford, resulting in the reorganisation of the company's labour force.

## 8. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors for other services:		
Auditors remuneration - audit services	<u>43,400</u>	<u>49,000</u>

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Other interest income	4,530	2,187
Interest income from amounts due from subsidiary	5,725,161	5,195,072
Retirement benefits net finance income	158,000	83,000
	<u>5,887,691</u>	<u>5,280,259</u>

## 10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Interest payable from amounts owed to parent	2,863,134	2,468,909
Other interest	3,491	157
	<u>2,866,625</u>	<u>2,469,066</u>

## 11. TAXATION

## Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	753,009	297,772
Foreign corporation tax	486	157
Prior year adjustments	166,260	(13,884)
Total current tax	<u>919,755</u>	<u>284,045</u>
Deferred tax:		
Origination and reversal of timing differences	29,829	86,873
Impact of change in tax rates	(5,787)	391,460
Prior year adjustments	6,684	7,848
Total deferred tax	<u>30,726</u>	<u>486,181</u>
Tax on profit	<u>950,481</u>	<u>770,226</u>

UK corporation tax has been charged at 19% (2021 - 19%).

## Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>7,289,447</u>	<u>6,020,413</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>1,384,995</u>	<u>1,143,878</u>
Effects of:		
Adjustments to tax charge in respect of previous periods	172,944	(6,036)
Expenses not deductible for tax purposes	73,462	1,893
Effects of differences in tax rates	(107,347)	98,373
Tax on imputed interest	12,142	11,190
Group relief received	(580,414)	(870,689)
Impact of change in tax rate	(5,787)	391,460
Unrecoverable WHT	486	157
Total tax charge	<u>950,481</u>	<u>770,226</u>

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 11. TAXATION - continued

## Tax effects relating to effects of other comprehensive income

	Gross £	2022 Tax £	Net £
Actuarial (loss)/gain on pension	<u>(2,622,000)</u>	<u>498,180</u>	<u>(2,123,820)</u>
	Gross £	2021 Tax £	Net £
Actuarial gain / (loss) on pension	<u>1,719,000</u>	<u>(326,610)</u>	<u>1,392,390</u>

## Factors affecting future charge

The main rate of corporation tax will increase from 19% to 25% from 1 April 2023, having been substantively enacted on 24 May 2021.

The deferred tax in these financial statements has been provided for at rates between 23.52% to 25% (2021: 19% to 25%).

## 12. INTANGIBLE FIXED ASSETS

	Computer software £
<b>COST</b>	
At 1 January 2022	
and 31 December 2022	<u>1,011,192</u>
<b>AMORTISATION</b>	
At 1 January 2022	<u>1,006,952</u>
Amortisation for year	<u>2,017</u>
At 31 December 2022	<u>1,008,969</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>2,223</u>
At 31 December 2021	<u>4,240</u>

## 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Construction in progress £	Plant and machinery £
<b>COST</b>			
At 1 January 2022	3,939,621	126,126	16,049,227
Additions	-	178,203	1,863
Reclassification/transfer	-	(93,807)	21,975
At 31 December 2022	<u>3,939,621</u>	<u>210,522</u>	<u>16,073,065</u>
<b>DEPRECIATION</b>			
At 1 January 2022	2,798,519	-	14,029,846
Charge for year	87,802	-	322,575
At 31 December 2022	<u>2,886,321</u>	<u>-</u>	<u>14,352,421</u>
<b>NET BOOK VALUE</b>			
At 31 December 2022	<u>1,053,300</u>	<u>210,522</u>	<u>1,720,644</u>
At 31 December 2021	<u>1,141,102</u>	<u>126,126</u>	<u>2,019,381</u>

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 13. PROPERTY, PLANT AND EQUIPMENT - continued

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2022	1,353,675	788,807	22,257,456
Additions	-	20,741	200,807
Reclassification/transfer	-	71,832	-
At 31 December 2022	1,353,675	881,380	22,458,263
<b>DEPRECIATION</b>			
At 1 January 2022	882,820	773,103	18,484,288
Charge for year	68,076	27,563	506,016
At 31 December 2022	950,896	800,666	18,990,304
<b>NET BOOK VALUE</b>			
At 31 December 2022	402,779	80,714	3,467,959
At 31 December 2021	470,855	15,704	3,773,168

Included in costs of freehold property is freehold land of £7,806 (2020: £7,806) which is not depreciated.

## 14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	9,581,243
<b>NET BOOK VALUE</b>	
At 31 December 2022	9,581,243
At 31 December 2021	9,581,243

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Unifrax India Private Ltd**

Registered office: Unit No 102, C Wing 1st Floor, Business Square, Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra 400 093, India

Nature of business: Manufacture and sale of ceramic fibres

Class of shares:	%
Ordinary	holding 100.00

**Unifrax Italia srl**

Registered office: Via Volonterio 19, Saronno, 21047 (Varese) Italy

Nature of business: Sales agents of ceramic fibres

Class of shares:	%
Ordinary	holding 95.00

**IMCO (62000) Limited\***

Registered office: Mill Lane, Rainford, St Helens, Merseyside, WA11 8LP, United Kingdom

Nature of business: Holding company

Class of shares:	%
Ordinary	holding 100.00

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 14. FIXED ASSET INVESTMENTS - continued

**Unifrax (Derby) Ltd**

Registered office: Mill Lane, Rainford, St Helens, Merseyside, WA11 8LP, United Kingdom  
Nature of business: Manufacture and sale of ceramic fibres

	%
Class of shares:	holding
Ordinary	100.00

**Unifrax Japan Limited\*\***

Registered office: WBG Marive East 14F, 2-6-1 Nakase, Mihama, Chiba, 261-7114 Japan  
Nature of business: Manufacture and sale of ceramic fibres

	%
Class of shares:	holding
Ordinary	100.00

**Saffil 2011 Limited**

Registered office: Mill Lane, Rainford, St Helens, Merseyside WA11 8LP, United Kingdom  
Nature of business: Parent undertaking

	%
Class of shares:	holding
Ordinary	100.00

**Saffil Limited\***

Registered office: Mill Lane, Rainford, St Helens, Merseyside WA11 8LP, United Kingdom  
Nature of business: Manufacture and sale of alumina fibres

	%
Class of shares:	holding
Ordinary	100.00

**Unifrax Emission Control Europe Limited \*\*\***

Registered office: Mill Lane, Rainford, St Helens, Merseyside WA11 8LP, United Kingdom  
Nature of business: Reprocessing and sale of alumina fibres

	%
Class of shares:	holding
Ordinary	100.00

**Unifrax Yüksek İsi İzolasyon Çözümleri Ticaret Limited**

Registered office: Oda 22-V, Saray Mah. D, Dr. Adnan Büyükdenez Cad., No:4 Akkom Office Park 2 Blok Kat, 10 Ümraniye / İstanbul, Turkey  
Nature of business: Sales agent of ceramic fibres

	%
Class of shares:	holding
Ordinary	99.97

**Unifrax Emission Control South Africa (PTY) Limited\*\*\***

Registered office: 31 Kohler Road, Perseverance Industrial Park, Port Elizabeth, South Africa 6001  
Nature of business: Reprocessing and sale of alumina fibres

	%
Class of shares:	holding
Ordinary	100.00

**EURL Saffil Automotive France\*\*\*\***

Registered office: 25 Rue des Bas, 92600 Asnieres Sur seine, France  
Nature of business: Sales agent

	%
Class of shares:	holding
Ordinary	100.00

For all the investments above the investment holding is only in ordinary shares.

In the opinion of the directors the aggregate value of the company's investment in its subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

\* Subsidiary of Saffil 2011 Limited.

\*\* Subsidiary of Saffil Limited.

\*\*\* Subsidiary of IMCO (62000) Limited.

\*\*\*\* Subsidiary of Unifrax Emission Control Europe Limited.

Information in respect of subsidiary undertakings whose results or financial position does not, in the opinion of the Directors, have a material impact upon these financial statements has not been disclosed in line with the Companies Act 2006 s231.

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 15. INVENTORIES

	2022	2021
	£	£
Raw materials	373,851	292,282
Finished goods	583,466	441,291
Consumables	1,021,201	916,777
	<u>1,978,518</u>	<u>1,650,350</u>

Inventory recognised as an expense in the period was £5,215,955 (2021: £4,849,974).

Inventory impaired and written off in the period was £21,834 (2021: £58,225).

## 16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	2,727,558	1,902,985
Amounts owed by parents	10,419,084	7,323,535
Amounts owed by subsidiaries	138,511,514	126,418,239
Amounts owed by other group companies	1,161,348	859,310
Other debtors	135,868	105,516
Corporation tax	285,281	916,550
Tax	8,660	8,660
Prepayments	587,998	463,117
	<u>153,837,311</u>	<u>137,997,912</u>

Amounts owed by subsidiaries includes a loan owing from Saffil 2011 Limited of £137,834,463 (2021: £126,025,109) which is unsecured, attracts interest of 4.5% per annum, has no fixed date of repayment, and is repayable on demand. All other amounts owed by parents, subsidiaries and other group companies are unsecured, interest free, have no fixed date of repayment, and are repayable on demand.

## 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	2,884,885	2,022,735
Amounts owed to parent	72,835,627	62,332,079
Amounts owed to subsidiaries	156,855	79,532
Amounts owed to other group companies	333,945	307,899
Other taxes and social security	193,778	237,945
Other creditors	152,441	86,548
Accruals and deferred income	791,567	1,822,797
	<u>77,349,098</u>	<u>66,889,535</u>

Amounts owed to parent includes a loan owing to Unifrax Europe Holdings Limited of £72,526,603 (2021: £62,180,204) which is unsecured, attracts interest of 4.5% per annum, has no fixed date of repayment, and is repayable on demand. All other amounts owed to subsidiaries and other group companies are unsecured, interest free, have no fixed date of repayment, and are repayable on demand.

## 18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	74,749	102,886
Between one and five years	123,186	146,937
	<u>197,935</u>	<u>249,823</u>

There are no leasing arrangements for land and buildings.

## 19. DEFERRED TAX LIABILITY

	2022	2021
	£	£
Deferred tax liability	<u>1,548,258</u>	<u>2,015,712</u>

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 19. DEFERRED TAX LIABILITY - continued

	Deferred tax £
Balance at 1 January 2022	2,015,712
Accelerated capital allowances	38,739
Other timing differences	(112,193)
Pension asset	(394,000)
Balance at 31 December 2022	<u>1,548,258</u>

The deferred taxation provision comprises:

	2022 £	2021 £
Accelerated capital allowances	198,928	160,189
Provision on pension asset	1,502,500	1,896,500
Other timing differences	(153,170)	(40,977)
	<u>1,548,258</u>	<u>2,015,712</u>

Provisions of £153,170 (2021: £40,977) relating to other timing differences, and £19,893 (2021: £12,540) relating to accelerated capital allowances are expected to reverse within a year.

Deferred tax has been calculated at rates of between 23.52% and 25% (2021: 19% to 25%).

The main rate of corporation tax will increase to 25% from 1 April 2023, having been substantively enacted on 24 May 2021.

## 20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
15,828,069	Ordinary	£1	<u>15,828,069</u>	<u>15,828,069</u>

## 21. EMPLOYEE BENEFIT OBLIGATIONS

The group operates a defined benefit pension scheme, the Unifrax UK Pension Plan ('the Plan') which commenced on 1 November 2001. Prior to that date, employees participated in the Carborundum Company Limited Employees Pension Scheme (the 'Carborundum Scheme'). The Plan is closed to new employees and the assets are held in a separate trustee-administered fund. Pension costs of the Plan are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with their employers. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. Contributions as a percentage of Pensionable Earnings are expected to increase in future years.

The most recent actuarial valuation has been updated to 31 December 2022 by an independent qualified actuary in accordance with FRS102. The date of the most recent full actuarial valuation was 16 January 2023. The pension asset at 31 December 2022 amounts to £6,010,000 (2021: pension asset £7,586,000).

The estimated amount of total employer contributions expected to be paid to the plan during 2023 is £1,047,000 (2022 - actual: £1,407,000).

Asset limit:

Under FRS102 a surplus can only be recognised as an asset in the Statement of Financial Position to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the Scheme. The opinion is that any surplus will be recoverable by the Company in the form of a future refund from the Scheme, so the surplus has been recognised in full.

The following table sets out additional FRS102 assumptions used for the plan regarding life expectancy.

Assumptions	2022 (p.a)	2021 (p.a)	2020 (p.a)
Life expectancy of male/female aged 65 at 2022	21.3/23.8	21.5/23.9	21.5/23.9
Life expectancy of male/female age 65 20 years after 2022	22.5/25.2	22.7/25.4	22.8/25.3

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Current service cost	519,000	588,000
Net interest from net defined benefit asset	(158,000)	(83,000)
Past service cost	-	-
	<u>361,000</u>	<u>505,000</u>
Actual return on plan assets	<u>(16,268,000)</u>	<u>1,064,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Opening defined benefit obligation	43,205,000	45,050,000
Current service cost	519,000	588,000
Contributions by scheme participants	65,000	69,000
Interest cost	801,000	572,000
Experience loss	2,057,000	297,000
Actuarial gain	(16,662,000)	(1,607,000)
Benefits paid	(2,703,000)	(1,764,000)
	<u>27,282,000</u>	<u>43,205,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Opening fair value of scheme assets	50,791,000	51,012,000
Contributions by employer	1,407,000	410,000
Contributions by scheme participants	65,000	69,000
Expected return	959,000	655,000
Actuarial return on plan assets less interest	(17,227,000)	409,000
Benefits paid	(2,703,000)	(1,764,000)
	<u>33,292,000</u>	<u>50,791,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Actuarial loss/(gain)	2,622,000	(1,719,000)
Deferred tax on actuarial loss/(gain)	(498,180)	326,610
	<u>2,123,820</u>	<u>(1,392,390)</u>

## Unifrax Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

## 21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2022	2021
Equities	18%	21%
Bonds	81%	76%
Other	1%	3%
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022	2021
Discount rate	4.80%	1.90%
Future pension increases	3.20%	3.40%
Price inflation	3.40%	3.50%

Future salary increases are expected to be 0.5% per annum above CPI (2021: 0.5% per annum above CPI).

## 22. ULTIMATE PARENT COMPANY

The immediate parent undertaking of the company is Unifrax UK Holdco Limited, a company registered in England and Wales.

In the opinion of the directors Ulysses Investment Holdco, Inc. is the ultimate parent undertaking and controlling party of Unifrax Limited. The parent undertaking of the largest group of undertakings for which group financial statements are prepared and of which the company is a member, is ASP Unifrax Holdings, Inc, a company incorporated in the United States of America.

The financial statements of ASP Unifrax Holdings, Inc are available from 600 Riverwalk Parkway, Suite 120, Tonawanda, NY 14150, USA.