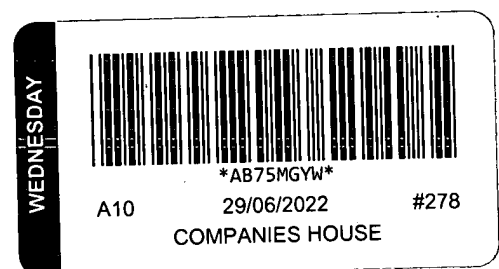


Registered number: 05315911

SIG EUROPEAN HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



SIG EUROPEAN HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Steve Francis Andrew Watkins (appointed 31 March 2021)
Company secretary	Andrew Watkins
Registered number	05315911
Registered office	Adsetts House 16 Europa View Sheffield Business Park Sheffield South Yorkshire S9 1XH
Independent auditors	Ernst & Young LLP Statutory Auditor 1 More London Place London SE1 2AF
Bankers	The Royal Bank of Scotland Plc Corporate Banking 3rd Floor 2 Whitehall Quay Leeds LS1 4HR
Solicitors	Pinsent Masons 1 Park Row Leeds LS1 5AB

SIG EUROPEAN HOLDINGS LIMITED

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SIG EUROPEAN HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the Company during the year was that of an intermediate holding company. The Company owns the beneficial interest in a number of SIG plc's Mainland European operations.

Business review

The Company generated a loss after tax of £10.9m (2020: £10.2m) due to interest costs which fund its investments in its subsidiaries. The Company's net liabilities are £38.8m at the end of the year (2020: net liabilities £27.9m).

Key performance indicators and principal risks and uncertainties

The Company does not have any key performance indicators as it is an investment holding company.

The main risk it faces is the potential diminution in the carrying values of the investments which the Company holds that would arise as a result of the risks faced by each subsidiary undertaking. Risks faced by subsidiary undertakings include risks around cyber security; health and safety; macro-economic uncertainty; attraction, recruitment and retention of people; data quality and governance; environmental, social and governance; mergers and acquisitions; legal or regulatory compliance; digitalisation and change management.

The Company is also exposed to currency rate risks where any fluctuations in exchange rates would give rise to translation differences on overseas earnings streams when translated into Sterling.

Future developments

The Directors intend for the Company to continue operating as an intermediate holding company for the foreseeable future.

This report was approved by the Board on 9 June 2022 and signed on its behalf.



Andrew Watkins
Director

SIG EUROPEAN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £10.9m (2020: £10.2m loss).

The Company has not paid any dividends during the year (2020: £ nil). Between 31 December 2021 and the date of signing these Financial Statements, no dividends have been proposed or paid.

Directors

The Directors who served during the year were:

Kulbinder Dosanjh (resigned 31 March 2021)

Steve Francis

Andrew Watkins (appointed 31 March 2021)

Going concern

For the year ended 31 December 2021 the Company made a loss before tax of £10.9m (2020: £10.9m) and at the end of the year had net current liabilities of £158.6m (2020: £147.7m) and net liabilities of £38.8m (2020: £27.9m). The Company has no third-party bank loans but has entered into a cross guarantee arrangement in relation to the obligations of SIG plc under its debt arrangements, as disclosed in Note 12. In determining whether the Company's 2021 Financial Statements can be prepared on a going concern basis, the Directors considered all factors likely to affect its future development, performance and its financial position including uncertainties relating to cash flows, liquidity position and its trading activities. The Directors have also received a letter of support from the Company's ultimate parent company, SIG plc, confirming that it will continue to provide financial support to the Company in meeting its liabilities as and when they fall due if needed. This financial support will continue from the date of approval of these financial statements to 30 June 2023.

The Directors have considered SIG plc's ability to provide this financial support in order to assess whether it is appropriate to place reliance on it and have considered the impact of uncertainties on the cashflows of the SIG plc Group ("the Group") and the Company.

The Directors have considered the Group's forecasts which support the view that the Group and Company will be able to continue to operate within its banking facilities and comply with its banking covenants. The Directors of SIG European Holdings Limited have considered the following principal risks and uncertainties that could potentially impact the Group and Company's ability to fund its future activities and adhere to its banking covenants, including:

- A decline in market conditions resulting in lower than forecast sales;
- Continued implementation of the Return to Growth strategy taking longer than anticipated to deliver forecast increases in revenue and profit;
- Potential impact of material shortages on forecast sales; and
- Further waves of the Covid-19 pandemic having an impact on trading.

The forecasts on which the going concern assessment is based have been subject to sensitivity analysis and stress testing to assess the impact of the above risks and the Directors have also reviewed mitigating actions that could be taken.

The Directors have considered the impact of climate-related matters on the going concern assessment, but the impact on the Company is not considered to create any material uncertainties related to events or conditions that could cast significant doubt upon the Company's ability to continue as a going concern.

SIG EUROPEAN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

On consideration of the above, the Directors believe that the Group has adequate resources to continue in operational existence for the forecast period to 30 June 2023 and the Directors therefore consider it appropriate to adopt the going concern basis in preparing the 2021 Financial Statements.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' report and the audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited Financial Statements for each financial year. Under that law the Directors have elected to prepare the audited Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the audited 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 audited Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 audited 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.

This report was approved by the Board on 9 June 2022 and signed on its behalf.



Andrew Watkins
Director

SIG EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIG EUROPEAN HOLDINGS LIMITED

Opinion

We have audited the financial statements of SIG European Holdings Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related Notes 1 to 13, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss 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.

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 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.

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 to 30 June 2023 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

SIG EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIG EUROPEAN HOLDINGS LIMITED

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 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 obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 directors' responsibilities statement set out on page 3 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.

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.

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

SIG EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIG EUROPEAN HOLDINGS LIMITED (CONTINUED)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements United Kingdom Generally Accepted Accounting Practice and the relevant tax laws and regulations in the UK). We understood how SIG European Holdings Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We inspected documentation to verify controls have been put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding discussions internally and with management to understand where it was considered there was a susceptibility to fraud and what entity-level controls are in place to prevent fraud. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved auditing the full population of journals, with a focus on manual consolidation journals, and journals indicating large or unusual transactions based on our understanding of the business. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards, and UK legislation.

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

Use of our report

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

Ernst & Young LLP

Colin Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London, United Kingdom
Date: 9 June 2022

SIG EUROPEAN HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Interest payable and similar expenses	5	(10,874)	(10,874)
Loss before tax		<u>(10,874)</u>	<u>(10,874)</u>
Tax on loss	6	-	682
Loss for the financial year		<u><u>(10,874)</u></u>	<u><u>(10,192)</u></u>

There was no other comprehensive income in either year other than that included in the results above, therefore, no separate Statement of Comprehensive Income has been presented. The results for the year are attributable to continuing operations.

The notes on pages 10 to 21 form part of these Financial Statements.

SIG EUROPEAN HOLDINGS LIMITED
REGISTERED NUMBER:05315911

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Fixed asset investments	7	119,800	119,800
		<u>119,800</u>	<u>119,800</u>
Current assets			
Debtors	8	683	683
Cash at bank and in hand		1	1
		<u>684</u>	<u>684</u>
Current liabilities			
Creditors: Amounts Falling Due Within One Year	9	(159,239)	(148,365)
Net liabilities		<u>(38,755)</u>	<u>(27,881)</u>
Capital and reserves			
Called up share capital	10	-	-
Retained losses		(38,755)	(27,881)
		<u>(38,755)</u>	<u>(27,881)</u>

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 9 June 2022.



Andrew Watkins
Director

The notes on pages 10 to 21 form part of these Financial Statements.

SIG EUROPEAN HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Retained (losses)/ profits £000	Total equity £000
At 1 January 2020	(17,689)	(17,689)
Loss for the year	(10,192)	(10,192)
At 1 January 2021	(27,881)	(27,881)
Loss for the year	(10,874)	(10,874)
At 31 December 2021	(38,755)	(38,755)

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

Basis of preparation of Financial Statements

The Company is a private company and is incorporated and domiciled in the UK. The address of the registered office is Adsetts House, 16 Europa View, Sheffield Business Park, Sheffield, South Yorkshire, S9 1XH.

The Financial Statements are presented in Pounds Sterling, the Company's functional currency.

Consolidated Financial Statements have not been prepared, as the Company is an wholly owned subsidiary undertaking of SIG plc, a company registered in England and Wales, which prepares consolidated Financial Statements.

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a qualifying entity that would otherwise apply the recognition, measurement and disclosure requirements of UK adopted international accounting standards. The Company is a qualifying entity for the purposes of FRS 101. Note 13 details the Company's ultimate parent and from where its Consolidated Financial Statements, prepared in accordance with IFRS, can be obtained.

Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Impact of new international reporting standards, amendments and interpretations

None of the standards, interpretations, and amendments effective for the first time from 1 January 2021 have had a material impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

Going concern

For the year ended 31 December 2021 the Company made a loss before tax of £10.9m (2020: £10.9m) and at the end of the year had net current liabilities of £158.6m (2020: £147.7m) and net liabilities of £38.8m (2020: £27.9m). The Company has no third-party bank loans but has entered into a cross guarantee arrangement in relation to the obligations of SIG plc under its debt arrangements, as disclosed in Note 12. In determining whether the Company's 2021 Financial Statements can be prepared on a going concern basis, the Directors considered all factors likely to affect its future development, performance and its financial position including uncertainties relating to cash flows, liquidity position and its trading activities. The Directors have also received a letter of support from the Company's ultimate parent company, SIG plc, confirming that it will continue to provide financial support to the Company in meeting its liabilities as and when they fall due if needed. This financial support will continue from the date of approval of these financial statements to 30 June 2023.

The Directors have considered SIG plc's ability to provide this financial support in order to assess whether it is appropriate to place reliance on it and have considered the impact of uncertainties on the cashflows of the SIG plc Group ("the Group") and the Company.

The Directors have considered the Group's forecasts which support the view that the Group and Company will be able to continue to operate within its banking facilities and comply with its banking covenants. The Directors of SIG European Holdings Limited have considered the following principal risks and uncertainties that could potentially impact the Group and Company's ability to fund its future activities and adhere to its banking covenants, including:

- A decline in market conditions resulting in lower than forecast sales;
- Continued implementation of the Return to Growth strategy taking longer than anticipated to deliver forecast increases in revenue and profit;
- Potential impact of material shortages on forecast sales; and
- Further waves of the Covid-19 pandemic having an impact on trading.

The forecasts on which the going concern assessment is based have been subject to sensitivity analysis and stress testing to assess the impact of the above risks and the Directors have also reviewed mitigating actions that could be taken.

The Directors have considered the impact of climate-related matters on the going concern assessment, but the impact on the Company is not considered to create any material uncertainties related to events or conditions that could cast significant doubt upon the Company's ability to continue as a going concern.

On consideration of the above, the Directors believe that the Group has adequate resources to continue in operational existence for the forecast period to 30 June 2023 and the Directors therefore consider it appropriate to adopt the going concern basis in preparing the 2021 Financial Statements.

Operating profit

Operating profit is stated after charging distribution, selling and marketing costs and administrative expenses but before investment income and finance costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

Foreign currency

The Financial Statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

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

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

Current tax is recognised in profit or loss, except where it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

Investments

Investments are stated at cost less provision for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

Investments (continued)

increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The classification at initial recognition depends on the financial asset's contractual cash flow characteristics and the Companies business model for managing them.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets are all measured at amortised cost. The Company's financial assets include amounts due from fellow subsidiary undertakings and cash and cash equivalents.

Impairment of financial assets

The Company assesses, on a forward looking basis, the expected credit losses associated with Amounts due from fellow subsidiary undertakings. The impairment methodology applied depends on the ability to repay amounts repayable on demand and whether there has been any significant change in credit risk. The amount of expected credit losses is updated at each reporting date to reflect any changes.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

Financial instruments (continued)

contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements (other than those including estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the change takes place if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the course of preparing the Financial Statements, no judgements have been made in applying the Company's accounting policies that have had a significant effect on the amounts recognised in the Financial Statements, other than those involving estimations (detailed below).

The key estimates and that may have a significant risk of causing a material adjustment to the carrying values of assets and liabilities recognised by the Company within the next financial year, are detailed below.

Impairment of fixed asset investments

- Determining whether the Company's investments are impaired requires an estimation of the investments' value in use. The key estimates made in the value in use calculation in relation to trading subsidiaries are those regarding discount rates, sales growth rates, and expected changes to selling prices and direct costs to reflect the operational gearing of the business. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money for the Group.
- The Company performs investment impairment reviews by forecasting cash flows based upon the previous year's results and the following year's budget, taking into account current economic conditions. The carrying amount of investments in subsidiaries at the balance sheet date was £119.8m (2020: £119.8m). No impairment was recognised in 2021 (2020: none).

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Auditor's remuneration

The auditor's remuneration for the audit of the Financial Statements of £5,000 (2020: £5,000) has been borne by another Group undertaking in both years.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Consolidated Financial Statements of its ultimate parent Company, SIG plc.

4. Employees

There were no employees of the Company in the current year (prior year: nil) except for the Directors.

None of the Directors received emoluments from the Company in the current or prior year.

The Directors are employees of the holding company, SIG plc, and are also Directors of other Group companies. It is not practicable to allocate their remuneration between their services as employees on behalf of SIG plc and their services as Directors of other group companies and they have not been recharged.

5. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to fellow subsidiary undertaking	129	129
Interest payable to the ultimate parent Company	10,745	10,745
	<u>10,874</u>	<u>10,874</u>

6. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on loss for the year	-	(682)
Taxation on loss for the year	<u>-</u>	<u>(682)</u>

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Taxation (continued)

Factors affecting tax credit for the year

The UK tax group, which includes the Company, does not currently recognise deferred tax on trading losses carried forward on the basis that the realisation of their future economic benefit is uncertain.

The tax credit assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) The differences are explained below:

	2021 £000	2020 £000
Loss before tax	(10,874)	(10,874)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(2,066)	(2,066)
Effects of:		
Adjustments in respect of prior periods	470	447
Deferred tax not recognised	1,596	937
Total tax credit for the year	-	(682)

Factors that may affect future tax charges

The UK Budget 2021 announced an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes are now substantively enacted at the balance sheet date.

7. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	119,800
At 31 December 2021	119,800

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
SIG Building Products Limited	SIG House, Ballymount Retail Centre, Ballymount Road Lower, Dublin 24	Non-trading	Ordinary	100%
SIG European Investments Limited	Adsetts House 16 Europa View, Sheffield Business Park, Sheffield, S9 1XH	Intermediate holding company	Ordinary	94.23%
SIG Services Limited	44 Esplanade, St Helier, JE4 9WG	Financing company	Ordinary	100%

At 31 December 2021, the following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Capco Interior Supplies Limited	Adsetts House 16 Europa View, Sheffield Business Park, Sheffield, S9 1XH	Non-trading	Ordinary	100%
Gate Pizzaras SL	24550 Villamartin de la Abadia, Carracedelo, Spain	Sourcing company	Ordinary	100%
HHI Building Products Limited	6-8 Balmoral Road, Balmoral Industrial Estate, Belfast, Northern Ireland, BT12 6QA, United Kingdom	Non-trading	Ordinary	100%
Isolatec B.V.B.A.	Scheepvaartkaai 5, Hasselt 3500, Belgium	Distribution of industrial insulation and related products	Ordinary	100%
Larivière S.A.S.	36 bis rue delaage, 49100 Angers, France	Distribution of roofing materials and associated products	Ordinary	100%
LITT Diffusion S.A.S.	40 Rue Gabriel Crié, 92240 Malakoff, France	Distribution of ceiling and partition products	Ordinary	100%

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Investments (continued)

Meldertse Plafonneerartikelen N.V. MPA BXL N.V.	Bosstraat 60, Lummen 3560, Belgium Z. 4 Broekooi 200, Asse 1730, Belgium	Distribution of ceiling and partition products Distribution of commercial interiors products	Ordinary Ordinary	100% 100%
SIG Afbouwspecialist B.V.	Het Sterrenbeeld 52, 5215 ML's- Hertogenbosch, The Netherlands	Distribution of roofing and technical insulation products	Ordinary	100%
SIG Belgium Holding N.V.	Z. 4 Broekooi 200, Asse 1730, Belgium	Intermediate holding company	Ordinary	100%
SIG Central Services B.V.	Industrieweg 17, 5145PD, Waalwijk, The Netherlands	Administration company	Ordinary	100%
SIG Construction GmbH	Maybachstrasse 14, 63456 Hanau-Steinheim, Germany	Administration company	Ordinary	100%
SIG France S.A.S.	40 Rue Gabriel Crié, 92240 Malakoff, France	Intermediate holding company	Ordinary	100%
SIG Germany GmbH	Maybachstrasse 14, 63456 Hanau-Steinheim, Germany	Intermediate holding company	Ordinary	100%
SIG Hillsborough Limited	Adsetts House 16 Europa View, Sheffield Business Park, Sheffield, S9 1XH	Financing company	Ordinary	100%
SIG Holdings B.V.	Industrieweg 17, 5145PD, Waalwijk, The Netherlands	Intermediate holding company	Ordinary	100%
SIG Nederland B.V.	Industrieweg 17, 5145PD, Waalwijk, The Netherlands	Intermediate holding company	Ordinary	100%
SIG Property GmbH	Maybachstrasse 14, 63456 Hanau-Steinheim, Germany	Administration company	Ordinary	100%
SIG Sp. z o.o.	ul. Kamińskiego 51, 30- 644 Krakow, Poland	Distribution of insulating, commercial interiors and specialist construction products	Ordinary	100%
SIG Stukadoorsspecialist B.V.	Industrieweg 17, 5145PD, Waalwijk, The Netherlands	Distribution of commercial interiors products	Ordinary	100%

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Investments (continued)

Sitaco Sp. z o.o. Spółka Komandytowa	ul. Kamińskiego 51, 30- 644 Krakow, Poland	Non-trading	Ordinary	100%
WeGo Systembaustoffe GmbH	Maybachstrasse 14, 63456 Hanau-Steinheim, Germany	Distribution of insulation materials	Ordinary	100%

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Debtors

	2021 £000	2020 £000
Amounts due from fellow subsidiary undertakings	683	683
	<u>683</u>	<u>683</u>

Amounts due from fellow subsidiary undertakings are short term, have a nil interest rate, and are repayable on demand.

9. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to the ultimate parent company	148,784	138,039
Amounts owed to fellow subsidiary undertakings	10,455	10,326
	<u>159,239</u>	<u>148,365</u>

Amounts owed to ultimate parent company and fellow subsidiary undertakings are repayable on demand, accrue interest at a rate of 0% to 8% and are measured at amortised cost.

10. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
1 (2020: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

11. Related party transactions

As at 31 December 2021, the Company had an outstanding loan of £10.5m (2020: £10.3m) payable to SIG European Investments Limited, a subsidiary undertaking. During the year interest payable of £129,000 has been charged to the profit and loss account in relation to the outstanding loan (2020: £129,000).

As a direct subsidiary of SIG plc, the Company has taken advantage of the exemption in IAS 24 Related Party Disclosures not to disclose transactions with other wholly owned members of the Group headed by SIG plc.

12. Guarantees

The Company has entered into a cross guarantee arrangement, together with other fellow group subsidiaries, in relation to the obligations of SIG plc under its senior secured notes and revolving credit facility, totalling up to a maximum of £302.1m at 31 December 2021.

SIG EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Controlling party

The Company is a wholly owned subsidiary undertaking of SIG plc, which is registered in England and Wales and is the ultimate parent and ultimate controlling company.

The only Group in which the Financial Statements of the Company are consolidated is that headed by SIG plc, the ultimate parent company. The Consolidated Financial Statements are available to the public and may be obtained from Adsetts House, 16 Europa View, Sheffield Business Park, Sheffield, S9 1XH or via the Company website www.sigplc.com.