

Company Registration No. 13008978 (England and Wales)

**THERMAL MANAGEMENT SOLUTIONS  
INTERMEDIATE LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE PERIOD ENDED  
31 MARCH 2022**



# **THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Mr G Bragger  
Mr M Franckel

**Company number**

13008978

**Registered office**

Lakeview 600 Lakeside Drive  
Warrington  
WA1 1RW  
England

**Auditor**

RSM UK Audit LLP  
Chartered Accountants  
14th Floor  
20 Chapel Street  
Liverpool  
L3 9AG

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# **THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2022**

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The directors present the strategic report and financial statements for the period ended 31 March 2022.

#### **Review of the business**

Thermal Management Solutions Intermediate Limited was incorporated on 10 November 2020. There was a first set of dormant accounts prepared to 3 February 2021 to align the accounting periods with the group. Thermal Management Solutions Holdings Limited purchased Thermal Management Solutions Intermediate Limited which purchased Thermal Management Solutions Group Limited. The various subsidiary and asset acquisitions took place on 26 February 2021.

The majority shareholder of the company is Pangaea Two Acquisition Holdings VIII, LLC which is run by Cartesian Capital Group LLC, private equity fund based in New York.

These are the first published financial statements of the company prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). The financial statements were previously prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

#### **Risk management objectives and policies**

##### **Interest rate risk**

Under the current bank loan facilities interest calculations are variable and linked to Libor (revised to SONIA) and Euribor. The directors of the group have consulted with external treasury advisors as to the suitability of these arrangements and consider them to be inline with the group's strategy for the foreseeable future.

##### **Foreign exchange risk**

The relative strength of the pound sterling provides some uncertainty as to future earnings. The group manages this risk by endeavouring to match exposure to currencies as much as possible, with facilities in Euros, US Dollars and Sterling.

##### **Key performance indicators**

The directors monitor key performance indicators for the wider group and do not have KPIs for the company in isolation.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

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### Section 172 statement

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1): (a)-(f) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the company and group. This includes considering the interest of other stakeholders which will have an impact on the long term success of the company.

When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the group's success for the benefit of its members as a whole and in doing so have regard (among other matters) to:

#### *S172 (a) "the likely consequences of any decision in the long term"*

The board has a 5 year plan which indicates key milestones in delivering this plan, the performance against this plan is reviewed at each board meeting. The group's strategy is to reinvest any profits made into the development of new products increasing the long term sustainability.

#### *S172 (b) "the interests of the company's employees"*

The group is committed to recruiting and developing the highest quality individuals through which it can deliver its primary objective of meeting the needs of its customers. Wellbeing of employees is a central part of this process.

#### *S172 (c) "the need to foster the company business relationships with suppliers, customers and others"*

To achieve the primary objective of meeting the needs of customers the group works in partnership with key suppliers to build long term trading relationships. The delivery of high-quality services and products from the supply chain is a key part of delivering this primary objective.

#### *S172 (d) "The impact of the company's operations on the community and the environment"*

The group is working towards zero emissions products. Zero emission refers to an engine, motor, process, or other energy source, that emits no waste products that pollute the environment or disrupt the climate or carbon neutral means we have calculated all unavoidable carbon emissions created during production and offset them via a recognized, certified carbon offset.

#### *S172 (e) "The desirability of the company maintaining a reputation for high standards of business conduct"*

The company strives to maintain a good reputation and apply similarly high standards to all areas of our business.

#### *S172 (f) "The need to act fairly as between members of the company"*

The interests of shareholders is managed through a legal framework which sets out their individual rights. The company also comply with requirements of the Companies Act.

On behalf of the board

  
.....  
Mr G Bragger  
Director

Date: 30/3/2023.....

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2022

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The directors present their annual report and financial statements for the period ended 31 March 2022.

#### Principal activities

The principal activity of the company was that of an intermediate holding company.

#### Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr G Bragger  
Mr M Franckel

#### Directors' insurance

The group in which this company belongs has directors and officers insurance which is aimed to provide financial assistance should senior members of the business require legal costs to be covered should a claim be made against them. S233 permits insurances relating to such liabilities.

#### Future developments

The group is focussed on the design, development, production and supply of thermal management solutions, with a global manufacturing footprint in Germany, France, Brazil, China and USA.

The group is well positioned to benefit from thermal management solutions developments within its core markets of Automotive (OEM, OES and Aftermarket) and Industrial (Heating and Sanitary).

#### Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr G Bragger  
Director

Date: 30/3/2023

# **THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE PERIOD ENDED 31 MARCH 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). 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 or 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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED**

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## **Opinion**

We have audited the financial statements of Thermal Management Solutions Intermediate Limited (the 'company') for the period ended 31 March 2022 which comprise the income statement, 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 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 state of the company's affairs as at 31 March 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

## **Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements, which indicates that there are uncertainties over the refinancing due in February 2024. As stated in note 1, these events or conditions along with the other matters set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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 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. 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial period 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED (CONTINUED)**

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### **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 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 directors' responsibilities statement set out on page 4, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*G Bond*

Graham Bond FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
14th Floor  
20 Chapel Street  
Liverpool  
L3 9AG  
30/03/23.....

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2022

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	Notes	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
Exceptional items	3	(21)	-
Finance costs	7	(211)	-
		<hr/>	<hr/>
(Loss)/profit before taxation		(232)	-
Tax on (loss)/profit	8	-	-
		<hr/>	<hr/>
(Loss)/profit and total comprehensive income for the financial period		(232)	-
		<hr/> <hr/>	<hr/> <hr/>

**THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	31 March 2022 £000	3 February 2021 £000
<b>Non-current assets</b>			
Investments	9	15,840	-
<b>Current assets</b>			
Trade and other receivables	11	990	-
Cash and cash equivalents		1,411	-
		2,401	-
<b>Current liabilities</b>			
Borrowings	12	200	-
<b>Net current assets</b>		2,201	-
<b>Total assets less current liabilities</b>		18,041	-
<b>Non-current liabilities</b>			
Borrowings	12	14,773	-
<b>Net assets</b>		3,268	-
<b>Equity</b>			
Called up share capital	13	35	-
Share premium account	14	3,465	-
Retained earnings		(232)	-
<b>Total equity</b>		3,268	-

The financial statements were approved by the board of directors and authorised for issue on 30/3/2023 and are signed on its behalf by:



Mr G Bragger  
Director

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
<b>Balance at 10 November 2020</b>		-	-	-	-
<b>Period ended 3 February 2021:</b>					
Profit and total comprehensive income for the period		-	-	-	-
<b>Balance at 3 February 2021</b>		-	-	-	-
<b>Period ended 31 March 2022:</b>					
Loss and total comprehensive income for the period		-	-	(232)	(232)
Issue of share capital	13	35	3,465	-	3,500
<b>Balance at 31 March 2022</b>		35	3,465	(232)	3,268

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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### 1 Accounting policies

#### Company information

Thermal Management Solutions Intermediate Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lakeview 600 Lakeside Drive, Warrington, England, WA1 1RW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

The company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a Statement of Cash Flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the Statement of Comprehensive Income;
- comparative period reconciliations for the number of shares outstanding;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information;
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Thermal Management Solutions Holdings Limited. The group accounts of Thermal Management Solutions Holdings Limited are available to the public and can be obtained as set out in note 17.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Thermal Management Solutions Intermediate Limited is a wholly owned subsidiary of Thermal Management Solutions Holdings Limited and the results of Thermal Management Solutions Intermediate Limited are included in the consolidated financial statements of Thermal Management Solutions Holdings Limited which are available from its registered office at Lakeview 600, Lakeside Drive, Warrington, WA1 1RW.

#### Reporting period

The financial statements are drawn up for the 14 month period to 31 March 2022 ("the financial period") to align the accounting reference date across the group. Comparative figures are for the period from incorporation on 10 November 2020 to 3 February 2021. Therefore the previous period of account is not directly comparable.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

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### 1 Accounting policies (Continued)

#### **Going concern**

The financial position of the Company, its cash flows and liquidity position are set out in the primary statements within these financial statements.

#### **Background**

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and the possible adverse impact on financial performance. The Directors have assessed the financial position and liquidity at the end of the reporting period and for the forecast period up to 31 March 2024, including sensitivity analysis. The process and key judgments in coming to this conclusion are set out below.

The Group's activities, including the factors likely to affect its future development, performance and position are set out in the Strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review of the financial statements of Thermal Management Solutions Holdings Limited.

The Group has a financing arrangement with Fortress Investments Group UK Limited. This facility consists of 4 loans amounting to £26m borrowed in a mixture of GBP and EUR, the loan is fully drawn. This facility is payable in full on the termination date of 17 February 2024. This facility includes meeting certain financial covenants including leverage, liquidity and capital expenditure.

#### **Current trading and liquidity**

The Group's trading performance for the 13 months ended 31 March 2022 has been strong with Revenues of £143.6m and EBITDA of £8.5m, this has continued during 2022, however due to the various issues impacting the automotive industry, including its supply chain during the year the Group decided to consolidate its European manufacturing base and made the difficult decision to close the UK subsidiary and relocate the business to its France and German subsidiaries. The Group has continued to trade profitably and continues to win new business.

The financial covenants have been considered in the forecast to ensure compliance. As at 31 December the Group had cash of £5.3m and had met all of its financial covenants. The Directors are already in discussion with the Group's current lenders, Fortress, on funding options and these include amending or refinancing the current debt.

#### **Sensitivity Analysis**

The Group has considered two scenarios which are also linked to the company's risks when modelling the forecast results and cash flow.

#### **(a) Base Case Scenario**

The Group's detailed forecasts and projections, taking account of potential risks and uncertainties in the business, market and liquidity through sensitivity analysis, show that the Group is expected to have adequate resources to enable it to continue in operation through the forecast period ending 31 March 2024 from the approval date of these Financial Statements. However the Group would have insufficient funds to make the loan termination payment due on 17 February 2024. While the Directors believe that the refinancing will be achieved, the outcome of this refinancing cannot be presently be determined, therefore a material uncertainty exists in respect of going concern.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

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### 1 Accounting policies (Continued)

#### **(b) Sensitised Scenario**

Further stress testing has been carried out to ensure that the Group has sufficient cash resources to continue its operations until at least 31 March 2024. In preparing this analysis the following key risks were included:

- a reduction in revenue
- a reduction in gross margin
- an increase in interest rates (SONIA and EURIBOR)

Due to the negative impact of these sensitivities the model demonstrated that the Group remained operationally viable however could potentially breach its financial covenants over the going concern period to 31 March 2024.

In a worse scenario where many of the identified risks occurred, the Group would take remedial action to counter the reduction in profit and cash through a cost cutting exercise and cost increase pass through, therefore preventing the covenant breach. These further downside scenarios are considered unlikely.

Again the Group would have insufficient funds to make the loan termination payment due on 17 February 2024, however the Directors have funding options available to mitigate the funding shortfall for the loan termination payment.

#### **Conclusion and Going Concern Statement**

Based on the work performed, the Directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the date when these financial statements are authorised to be issued.

The Directors have a reasonable expectation that the ongoing funding options will allow the Group to fully mitigate any risk on the current debt structure within the required timeline. In addition the Group has received a letter of support from the majority shareholder. For these reasons, the Company continues to adopt the going concern basis in preparing its Financial Statements. However, while the Directors believe that the refinancing will be achieved, the outcome of this refinancing cannot presently be determined, therefore a material uncertainty exists in respect of going concern.

#### **Non-current investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

#### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### **Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.



# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 estimate is revised, 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.

The directors do not consider there to be any key sources of estimation uncertainty which have a material impact on the financial statements.

#### Critical judgements

##### Impairment of other non financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### 3 Exceptional items

	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
Listing fees	(21)	-

Exceptional items include £21k (period end 3 February 2021 - £Nil) for fees in relation to the listed debt with Pangea.

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the period was Nil (period end 3 February 2021 - Nil).

### 5 Directors' remuneration

	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
Remuneration for qualifying services	655	-
Company pension contributions to defined contribution schemes	47	-
	702	-

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 0).

	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	412	-
Company pension contributions to defined contribution schemes	8	-
	<u>420</u>	<u>-</u>

### 6 Auditor's remuneration

Auditor's remuneration in relation to the company is borne by another group entity and no recharge is made.

### 7 Finance costs

	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on loan notes	402	-
<b>Other finance costs:</b>		
Exchange differences on financing transactions	(191)	-
Total finance costs	<u>211</u>	<u>-</u>

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 8 Taxation

In the March 2021 budget it was announced that the standard rate of corporation tax would remain at 19%, increasing to 25% from 1 April 2023.

The total tax charge for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	Period ended 31 March 2022 £000	Period ended 3 February 2021 £000
Loss before taxation	(232)	-
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(44)	-
Effect of expenses not deductible in determining taxable profit	80	-
Income not taxable	(36)	-
<b>Taxation charge for the period</b>	<b>-</b>	<b>-</b>

### 9 Investments

	Current		Non-current	
	31 March 2022 £000	3 February 2021 £000	31 March 2022 £000	3 February 2021 £000
Investments in subsidiaries	-	-	15,840	-

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

#### Fair value of financial assets carried at amortised cost

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

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### 9 Investments (Continued)

#### Movements in non-current investments

	Shares in group undertakings £000
<b>Cost or valuation</b>	
At 4 February 2021	-
Additions	15,840
	<hr/>
At 31 March 2022	15,840
	<hr/>
<b>Carrying amount</b>	
At 31 March 2022	15,840
	<hr/>
At 3 February 2021	-
	<hr/>

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 10 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	% Held		Nature of business
		Direct	Indirect	
Thermal Management Solutions Group Limited	1	100.00		Holding company
Thermal Management Solutions UK Limited	1		100.00	Provides thermal management solutions
Thermal Management Solutions DE Oberboihingen	2		100.00	Provides thermal management solutions
Thermal Management Solutions Brazil Participacoes Ltda	3		100.00	Holding company
Wahler Auto Thermal Management Solutions (Anhui) Co Ltd	4		100.00	Provides thermal management solutions
Thermal Management Solutions France Holdings Limited	1		100.00	Holding company
Arlington Automotive USA Inc.	5		100.00	Provides thermal management solutions
Arlington Germany RE Holding GmbH	2		100.00	Holding company
Arlington Germany RE Management GmbH	2		100.00	Holding company
Thermal Management Solutions Pecas Automotivas Termofixas Ltda	3		100.00	Provides thermal management solutions
Thermal Management Solutions France SAS	6		100.00	Provides thermal management solutions
Arlington Germany RE GmbH & Co KG	2		100.00	Rental of property

#### Registered office addresses:

- 1 Lakeview 600 Lakeside drive Warrington WA1 1RW
- 2 Gustav-Wahler-Stabe 1 72644 Oberboihingen Germany
- 3 206-2 AV Comendador Leopoldo Dedini 310 13.422.210 Unileste Pircaicaba Brazil
- 4 G103 Wuhu High-Tech entrepreneurship service centre no35 Hengshaw road, wuhu area of China (Anhui)
- 5 121 Peyerck court Romeo MI 48065 USA
- 6 Place Firmin Gautier 38000 Grenoble

### 11 Trade and other receivables

	31 March 2022 £000	3 February 2021 £000
Amount owed by parent undertaking	990	-

Amounts owed by parent undertaking are unsecured, interest free and repayable on demand.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 12 Borrowings

	31 March 2022 £000	3 February 2021 £000
<b>Unsecured borrowings at amortised cost</b>		
Loans from shareholder	14,973	-
	<u>14,973</u>	<u>-</u>

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	31 March 2022 £000	3 February 2021 £000
Current liabilities	200	-
Non-current liabilities	14,773	-
	<u>14,973</u>	<u>-</u>

Included in loans from shareholder is £15m unsecured loan notes from Pangaea Two Acquisition Holdings VIII LLC. This is split into three separate loans of €6.8m, £6.5m and \$2.7m with an interest rate of 3% and are due for redemption on 17 March 2024.

# THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

### 13 Share capital

	31 March 2022 £000	3 February 2021 £000
<b>Ordinary share capital</b>		
<i>Issued and fully paid</i>		
3,500,100 Ordinary of 1p each	35	-
	<u>35</u>	<u>-</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution rights, including on a winding up, they do not confer any rights of redemption.

#### Reconciliation of movements during the period:

	Ordinary Number
At 4 February 2021	100
Issue of fully paid shares	3,500,000
At 31 March 2022	<u>3,500,100</u>

On 26 February 2021, the company issued 3,500,000 Ordinary shares with a nominal value of £0.01 at a premium of £0.99 each. The share issue resulted in share premium of £3,465,000 (note 14).

### 14 Share premium account

	31 March 2022 £000	3 February 2021 £000
At beginning of period	-	-
Issue of new shares	3,465	-
At end of period	<u>3,465</u>	<u>-</u>

This represents consideration received for shares issued above their nominal value net of transaction costs.

### 15 Retained earnings

This represents all current and prior period retained profits and losses.

# **THERMAL MANAGEMENT SOLUTIONS INTERMEDIATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2022**

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### **16 Contingent liabilities**

There are fixed and floating charges dated 17 February 2021 from Lucid Trustee Services Limited as security trustee covering all the property and undertaking of the company. The charge contains a negative pledge.

There is a fixed charge dated 24 August 2021 from Tmf Brasil Administração E Gestão De Ativos Ltda. acting as Brazilian Security Agent as security trustee covering all the property and undertaking of the company. The charge contains a negative pledge.

There is a fixed and floating charge dated 2 September 2022 from Kroll Trustee Services Limited as security trustee covering all the property and undertaking of the company. The charge contains a negative pledge.

### **17 Controlling party**

Thermal Management Solutions Holdings Limited, a company registered in England and Wales, is the immediate parent company.

Cartesian Capital Group LLC, a company registered in the USA, is the ultimate parent company.

The parent company of the smallest group for which consolidated accounts are drawn up of which Thermal Management Solutions Intermediate Limited is a member is Thermal Management Solutions Holdings Limited, and its registered office is Lakeview 600 Lakeside Drive, Warrington, England, WA1 1RW.