

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2021
for
Saffil Limited**



Saffil Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Statement of Directors' Responsibilities	5
Report of the Independent Auditors	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Saffil Limited

**Company Information
for the Year Ended 31 December 2021**

DIRECTORS:

J C Dandolph IV
S D Horrigan

REGISTERED OFFICE:

Mill Lane
Rainford
St. Helens
Merseyside
WA11 8LP

REGISTERED NUMBER:

03646114 (England and Wales)

AUDITORS:

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

Saffil Limited

Strategic Report
for the Year Ended 31 December 2021

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

REVIEW OF BUSINESS**Principal activity**

The principal activity of the company in the year under review is that of the manufacture and development of alumina fibre for use in the manufacture of substrate support mats which are used by exhaust manufacturers in catalytic convertors, diesel particulate filters (DPF) or selective catalytic reduction (SCR) systems. These mats are used in both passenger car, light and heavy duty commercial vehicles.

Statement of income

Turnover increased by £10,155,921 in the year to £33,034,778 (2020: £22,878,857), primarily due to the increase of inter-company sales, as the impact of Covid-19 restrictions were being reversed globally, with automotive production facilities opening up in 2021, and strong demand returning in the market.

During the year, the Company made an operating profit of £6,357,460 (2020: £2,256,043), primarily as a result of the increased sales volume, coupled with higher margins on some inter-company sales, and continuing initiatives to reduce overheads.

The result before taxation was a profit of £5,197,020 (2020: £1,024,068).

The Company made a profit for the financial year, net of taxation of £3,409,426 (2020: £451,752).

The Directors continue to review certain strategic initiatives around procurement, process and engineering improvements and structural reorganisation activities.

ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS

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

	<u>2021</u>	<u>2020</u>
Gross margin*	£12,204,215	£7,060,342
Gross margin %*	36.9%	30.9%
EBITDA**	£9,483,081	£5,393,244
Manufacturing variances***	£1,471,294	£1,852,696

*The increase in gross margin and gross margin % compared to 2020 is primarily due to increased sales volume, coupled with cost savings.

**The increase in EBITDA compared to 2020 is mainly attributable to the increase in gross margin.

***Manufacturing variances are the difference between the actual costs of manufacturing and the standard costs of manufacturing.

Inventories increased year on year by £1.2m, and the net amount owed by/to group companies decreased by £5.2m, as the business responded to prevailing conditions relating to the Covid-19 global pandemic, by intensely managing working capital.

The pension reserve experienced a £2.7m favourable valuation swing year on year, relating to the market recovery in 2021, following the prior year Covid-19 pandemic valuation of securities.

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

Saffil Limited

**Strategic Report
for the Year Ended 31 December 2021**

FUTURE DEVELOPMENTS

On 8 October 2021, Unifrax I LLC (whose ultimate parent company is Ulysses Investment Holdco, Inc - please see note 22), acquired Lydall, Inc. Lydall has three UK based companies, and the Directors deem the acquisition to have no significant impact on the Unifrax UK group companies. Where possible future synergies will be made to benefit the group.

2022 has to date seen strong and constant recovery in sales and production demand, with the full year outlook expected to exceed 2021.

Currently the Company does not expect any impairment to the carrying value of any assets (including investments and goodwill) or revaluation of liabilities, as a result of Covid-19.

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risk

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

Credit risk

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

Liquidity risk

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

Defined benefit pension risk

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

Interest rate risk

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

The directors feel interest rate risk is not a major issue, provided that financial support is available from the group.

COVID-19 risk

The Directors consider Covid-19 to be a risk to the Company. With a lot of the industries impacted by the global pandemic, including both customers and suppliers, the Directors are closely monitoring the situation and steering the Group through the global pandemic, ensuring that the Company is strategically placed once the worldwide economy returns to normal. The actions and measures that the Directors have imposed within the Group and individual companies have been in the best interests of the Group and have prepared them to emerge from the pandemic a stronger company. The Group have prepared detailed forecasts and have considered a host of future potential scenarios in order to ensure the going concern of all companies within the Unifrax group. The directors feel the measure and actions that have been introduced sufficiently mitigates this risk.

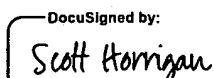
Russia / Ukraine Conflict

The recent conflict events between Russia and Ukraine have created a cause for concern for everyone globally, both emotionally and financially. As a result of the global sanctions imposed on Russia, we have been required to consider and evaluate, what, if any implications this will have on our business. The main area of risk identified for the Company is the utilities price impact, particularly gas and electricity, seeing significant price rises in comparison with prior years. These price rises are being monitored on a daily basis by plant management senior leadership and procurement teams, to understand and react as quickly as possible when required. The Directors believe that the actions that have been introduced sufficiently mitigates any risk that might be posed to the company.

Brexit

The directors have considered the effect of the UK's decision to leave the European Union and believe that in the current year's results there has been very little impact. The main impact as a result of Brexit is the availability of transport and the timing of transport making deliveries. Due to the additional paperwork required at customs, we have seen delays in clearing goods for up to 2 weeks. This has forced us, throughout the year, to consider more expensive alternative transports in order to avoid delays and potential penalties with customers.

ON BEHALF OF THE BOARD:

DocuSigned by:

.....
S D Horrigan - Director

Date: 9/27/2022
.....

Saffil Limited

**Report of the Directors
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021 (2020: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

J C Dandolph IV
S D Horrigan

PROFIT FOR THE YEAR

The Company made a profit for the financial year, net of taxation of £3,409,426 (2020: £451,752).

GOING CONCERN

The Company's Balance Sheet has net assets of £29,367k (2020: £24,921k), and at the year end reported net current liabilities of £8,024k (2020: £12,728k). Although the Company has local cash resources, the Company's cash is managed as part of the Global treasury function and so shares cash resources and intercompany loan arrangements with the global Unifrax Group. The Company's forecasts and budgets identify that it is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. However, a key assumption in the Company's forecasts is the continuing availability of funds that are available within the global Unifrax Group and the intercompany loans provided by the global Unifrax Group to the Company and other UK based fellow subsidiaries.

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

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

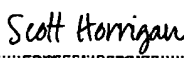
The Directors of Saffil Limited are also on the board of Directors of Unifrax I LLC, so are comfortable that the indirect parent company has the ability and resources to be able to support the group of UK companies including Saffil Limited.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

DocuSigned by:

.....EDCSE5148F7C472.....
S D Horrigan - Director

Date: 9/27/2022
.....

Saffil Limited

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Saffil Limited ("the Company") for the year ended 31 December 2021 which comprise the Statements of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, International financial reporting standards, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off and unpaid transactions. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to trade debtor provision, inventory provision and potential impairment of investments and intercompany debtors;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to revenue and cash, and review of journals posted with unusual combinations of accounts;
- Testing a sample of revenue transactions to good despatch notes within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Testing a sample of unpaid revenue transactions at the year end to orders and delivery notes alongside after date receipts to confirm the sale existed in the year;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

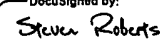
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

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

DocuSigned by:

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

28 September 2022
Date:

Saffil Limited

Statement of Comprehensive
Income
for the Year Ended 31 December 2021

		2021		2020	
	Notes	£	£	£	£
REVENUE	4		33,034,778		22,878,857
Cost of sales			20,830,563		15,818,515
GROSS PROFIT			12,204,215		7,060,342
Distribution costs		761,357		700,078	
Administrative expenses		4,855,173		4,448,501	
			5,616,530		5,148,579
			6,587,685		1,911,763
Other operating (expense)/ income			(230,225)		344,280
OPERATING PROFIT	7		6,357,460		2,256,043
Interest receivable and similar income	9		8,070		33,000
			6,365,530		2,289,043
Interest payable and similar expenses	10		1,168,510		1,264,975
PROFIT BEFORE TAXATION			5,197,020		1,024,068
Tax on profit	11		1,787,594		572,316
PROFIT FOR THE FINANCIAL YEAR			3,409,426		451,752
OTHER COMPREHENSIVE INCOME/(LOSS)					
Actuarial gain/(loss) on pension			1,280,000		(2,701,000)
Income tax relating to other comprehensive income/(loss)			(243,200)		513,190
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX			1,036,800		(2,187,810)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			4,446,226		(1,736,058)

The notes form part of these financial statements

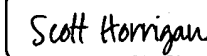
Saffil Limited (Registered number: 03646114)

Statement of Financial Position
31 December 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	12	42,736	111,576
Property, plant and equipment	13	40,673,248	41,581,087
Investments	14	52,301	52,301
		<u>40,768,285</u>	<u>41,744,964</u>
CURRENT ASSETS			
Inventories	15	3,732,802	2,551,183
Debtors	16	23,119,809	14,429,808
Cash at bank		326,520	705,857
		<u>27,179,131</u>	<u>17,686,848</u>
CREDITORS			
Amounts falling due within one year	17	(35,202,843)	(30,415,258)
NET CURRENT LIABILITIES		<u>(8,023,712)</u>	<u>(12,728,410)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,744,573</u>	<u>29,016,554</u>
DEFERRED TAX LIABILITY	19	(5,716,593)	(3,685,800)
PENSION ASSET/(LIABILITY)	21	2,339,000	(410,000)
NET ASSETS		<u>29,366,980</u>	<u>24,920,754</u>
CAPITAL AND RESERVES			
Called up share capital	20	2	2
Retained earnings		29,366,978	24,920,752
SHAREHOLDERS' FUNDS		<u>29,366,980</u>	<u>24,920,754</u>

9/27/2022

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

DocuSigned by:

EDCSE514BFTC472.....
 S D Horrigan - Director

The notes form part of these financial statements

Saffil Limited

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	2	26,656,810	26,656,812
Changes in equity			
Profit for the year	-	451,752	451,752
Other comprehensive income	-	(2,187,810)	(2,187,810)
Total comprehensive loss	-	(1,736,058)	(1,736,058)
Balance at 31 December 2020	2	24,920,752	24,920,754
Changes in equity			
Profit for the year	-	3,409,426	3,409,426
Other comprehensive income	-	1,036,800	1,036,800
Total comprehensive income	-	4,446,226	4,446,226
Balance at 31 December 2021	2	29,366,978	29,366,980

The notes form part of these financial statements

Saffil Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2021**

1. STATUTORY INFORMATION

Saffil Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

The Company's Balance Sheet has net assets of £29,367k (2020: £24,921k), and at the year end reported net current liabilities of £8,024k (2020: £12,728k). Although the Company has local cash resources, the Company's cash is managed as part of the Global treasury function and so shares cash resources and intercompany loan arrangements with the global Unifrax Group. The Company's forecasts and budgets identify that it is expected to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. However, a key assumption in the Company's forecasts is the continuing availability of funds that are available within the Group and the intercompany loans provided by the Group to the Company and other UK based fellow subsidiaries.

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

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

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

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

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

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

The accounts have been prepared in accordance with FRS 102. There were no material departures from that standard.

The presentational and functional currency is sterling.

Preparation of consolidated financial statements

The financial statements contain information about Saffil Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Unifrax Holding II Corporation, a company registered in the United States of America.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

3. ACCOUNTING POLICIES - continued

Turnover

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

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

The Company satisfies its performance obligations under a contract with a customer by transferring goods and services in exchange for monetary consideration from the customer. The Company considers the customer's purchase order, and the Company's corresponding sales order acknowledgement as the contract with the customer. Payment terms for these types of contracts generally require payment within 30-60 days. For most customers, control is transferred at a point in time when the product is shipped to a customer.

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

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Acquired goodwill is capitalised on the balance sheet and amortised on a straight line basis over its estimated useful economic life up to a presumed maximum of 10 years. The carrying value is reviewed for impairment at the end of the first full year following acquisition and if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets

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

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

Computer software - over 2 to 5 years

Tangible fixed assets

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

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

Buildings - over 10 to 50 years

Plant, machinery and equipment - over 5 to 30 years

Computer equipment - over 3 to 10 years

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

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

Inventories

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

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

Research and development

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

Foreign currencies

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

Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

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

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

Investments

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

Interest

Interest income and expenses are recognised as interest accrues using the effective interest method.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black Scholes pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity, in the share based payment reserve.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Equity based transactions are settled with shares issued by the ultimate parent company. These are deemed to be a capital contribution to the company, recognising in a share based payment reserve with a corresponding charge to the income statement.

Equity settled transactions:

For awards granted before 7 November 2002, the group recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

3. ACCOUNTING POLICIES - continued

Taxation

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

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

Significant judgements and estimates

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount if the asset or liability affected in future periods. The company bases its key assumptions and estimates on parameters available when the financial statements are prepared.

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

Pension scheme valuation:

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

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

Inventory:

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

Recoverability of intercompany debtors:

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

Recoverability of trade receivables:

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

Depreciation:

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

Cash and cash equivalents

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

Financial instruments**(i) Financial assets**

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

(ii) Financial liabilities

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

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

4. REVENUE

Turnover, profit before tax and net assets are in respect of the company's principal area of continuing activity, that of the sale of alumina fibre.

	2021 £	2020 £
United Kingdom	9,263,838	7,591,715
Europe	1,535,457	1,056,098
Asia, Pacific and Africa	17,419,525	10,020,795
United States of America	4,815,958	4,210,249
	<u>33,034,778</u>	<u>22,878,857</u>

5. EMPLOYEES AND DIRECTORS

	2021 £	2020 £
Wages and salaries	4,255,229	2,962,049
Social security costs	476,655	312,795
Other pension costs	718,659	601,711
	<u>5,450,543</u>	<u>3,876,555</u>

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

	2021	2020
Production	71	65
Selling, distribution and administration	7	6
	<u>78</u>	<u>71</u>

This includes remuneration paid to directors of the company (note 6) of £nil (2020: £nil) including pension contributions.

At 31 December 2021 there were outstanding pension contributions of £nil (2020: £nil).

Other pension costs include £596,000 (2020: £494,000) in respect of the defined benefit pension scheme. Further details of which can be found in Note: Employee Benefit Obligations.

6. DIRECTORS' EMOLUMENTS

	2021 £	2020 £
Directors' remuneration	-	-

There was no Directors remuneration paid during the year. Also during the year no Directors participated in the company's pension schemes. The Directors of the company were also Directors of various fellow group companies during the year ended 31 December 2021. Their remuneration is paid by those fellow group companies. The directors do not believe that it is practicable to apportion this amount between their services as Directors of the company and their services as Directors of the fellow group undertakings.

7. OPERATING PROFIT

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

	2021 £	2020 £
Operating leases	7,273	14,020
Depreciation - owned assets	3,056,781	3,037,992
Computer software amortisation	68,840	99,209
Foreign exchange loss	230,225	1,332
Research and development expenditure	298,135	91,693
Loss on disposal of fixed assets	45,772	208
Coronavirus job retention scheme grant	-	(345,612)
Restructuring costs	20,100	-

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

7. OPERATING PROFIT - continued

As disclosed in the Statement of Comprehensive Income, Other operating expense £230,225 (2020: Other operating income £344,280) relates to Foreign exchange loss £230,225 (2020: £1,332) and Coronavirus job retention scheme grant £nil (2020: £345,612) as disclosed above.

Share based payment expense amounts to £276 (2020: £1,198) and more information can be found in note 25.

8. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditors for other services: The auditing of accounts of any associate of the company	<u>34,000</u>	<u>43,000</u>

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Other interest income	70	-
Retirement benefits net finance income	<u>8,000</u>	<u>33,000</u>
	<u>8,070</u>	<u>33,000</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Other interest	-	454
Interest payable on amounts owed to parent	<u>1,168,510</u>	<u>1,264,521</u>
	<u>1,168,510</u>	<u>1,264,975</u>

11. TAXATION

Analysis of the tax charge

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

	2021 £	2020 £
Current tax:		
Prior year adjustment	<u>1</u>	<u>(895,580)</u>
Deferred tax:		
Origination and reversal of timing differences	783,584	364,913
Adjustments in respect of prior periods	(11,361)	781,677
Impact of changes in tax rate	<u>1,015,370</u>	<u>321,306</u>
Total deferred tax	<u>1,787,593</u>	<u>1,467,896</u>
Tax on profit	<u>1,787,594</u>	<u>572,316</u>

UK corporation tax has been charged at 19% (2020 - 19%).

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

11. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2021 £	2020 £
Profit before tax	<u>5,197,020</u>	<u>1,024,068</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	<u>987,434</u>	<u>194,573</u>
Effects of:		
Expenses not deductible for tax purposes	6,341	75,089
R&D expenditure credit adjustment	-	(3,987)
Adjustments in respect of prior periods	(11,360)	(113,903)
Effect of change in tax rate	1,015,370	321,306
Group relief	(448,638)	99,238
Effects of differences in tax rates	<u>238,447</u>	<u>-</u>
Total tax charge	<u>1,787,594</u>	<u>572,316</u>

Tax effects relating to effects of other comprehensive income

	2021 Gross £	2021 Tax £	2021 Net £
Actuarial gain/(loss) on pension	<u>1,280,000</u>	<u>(243,200)</u>	<u>1,036,800</u>
	2020 Gross £	2020 Tax £	2020 Net £
Actuarial (loss)/gain on pension	<u>(2,701,000)</u>	<u>513,190</u>	<u>(2,187,810)</u>

Factors affecting future charge

In the UK Budget of 3 March 2021 it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023.

Deferred tax in these financial statements has been provided for at rates of between 19% and 25% (2020: 19%).

12. INTANGIBLE FIXED ASSETS

	Goodwill £	Computer software £	Totals £
COST			
At 1 January 2021			
and 31 December 2021	<u>1,405,339</u>	<u>435,318</u>	<u>1,840,657</u>
AMORTISATION			
At 1 January 2021	<u>1,405,339</u>	<u>323,742</u>	<u>1,729,081</u>
Amortisation for year	-	68,840	68,840
At 31 December 2021	<u>1,405,339</u>	<u>392,582</u>	<u>1,797,921</u>
NET BOOK VALUE			
At 31 December 2021	<u>-</u>	<u>42,736</u>	<u>42,736</u>
At 31 December 2020	<u>-</u>	<u>111,576</u>	<u>111,576</u>

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Construction in progress £	Plant and machinery £	Computer equipment £	Totals £
COST					
At 1 January 2021	5,394,433	229,764	67,227,301	130,624	72,982,122
Additions	-	1,764,610	436,252	-	2,200,862
Disposals	(141,918)	-	(113,024)	-	(254,942)
Exchange differences	-	-	(6,148)	-	(6,148)
Transfers	-	(229,764)	229,764	-	-
At 31 December 2021	5,252,515	1,764,610	67,774,145	130,624	74,921,894
DEPRECIATION					
At 1 January 2021	779,583	-	30,526,117	95,335	31,401,035
Charge for year	152,438	-	2,887,273	17,070	3,056,781
Eliminated on disposal	(127,726)	-	(81,444)	-	(209,170)
At 31 December 2021	804,295	-	33,331,946	112,405	34,248,646
NET BOOK VALUE					
At 31 December 2021	4,448,220	1,764,610	34,442,199	18,219	40,673,248
At 31 December 2020	4,614,850	229,764	36,701,184	35,289	41,581,087

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2021 and 31 December 2021	52,301
NET BOOK VALUE	
At 31 December 2021	52,301
At 31 December 2020	52,301

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

Unifrax Japan Limited (formerly Saffil Japan Limited)

Registered office: WBG Marive East 14F, 2-6-1 Nakase, Mihama, Chiba, 261-7114 Japan

Nature of business: Sale of alumina fibre

Class of shares:	% holding
Ordinary	100.00

15. INVENTORIES

	2021 £	2020 £
Raw materials	473,128	442,932
Finished goods	2,410,433	1,314,380
Engineering stock	849,241	793,871
	<u>3,732,802</u>	<u>2,551,183</u>

Inventory recognised as an expense in the year was £7,935,884 (2020: £4,281,096).

Inventory impaired and written off in the year was £81,766 (2020: £57,087).

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	513,778	361,775
Amounts owed by parent	6,642,921	2,050,094
Amounts owed by subsidiary	2,519,770	1,078,041
Amounts owed by other group companies	12,134,775	10,310,350
VAT	493,132	285,423
Prepayments	380,433	344,125
Corporation tax	435,000	-
	<u>23,119,809</u>	<u>14,429,808</u>

Amounts owed by parent, subsidiary and other group companies are unsecured, interest free, have no fixed date of repayment, and are repayable on demand.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	4,036,075	2,711,669
Amounts owed to parents	28,477,524	25,828,246
Amounts owed to other group companies	44,896	64,493
Social security and other taxes	173,512	129,679
Other creditors	3,080	28,058
Accruals and deferred income	2,467,756	1,653,113
	<u>35,202,843</u>	<u>30,415,258</u>

Amounts owed to parents includes a loan owing to Saffil 2011 Limited of £28.4m (2020: £25.8m) which is unsecured, attracts interest of 4.5% per annum, has no fixed date of repayment, and is repayable on demand. All other amounts owed to parents and other group companies are unsecured, interest free, have no fixed date of repayment, and are repayable on demand.

18. LEASING AGREEMENTS

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

	2021	2020
	£	£
Within one year	25,445	4,029
Between one and five years	95,636	6,882
	<u>121,081</u>	<u>10,911</u>

19. DEFERRED TAX LIABILITY

	2021	2020
	£	£
Deferred tax	<u>5,716,593</u>	<u>3,685,800</u>
		Deferred tax
		£
Balance at 1 January 2021		3,685,800
Accelerated capital allowances		1,378,605
Defined benefit pension scheme		662,650
Other timing differences		(10,462)
Balance at 31 December 2021		<u>5,716,593</u>

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

19. DEFERRED TAX LIABILITY - continued

The deferred taxation provision comprises:

	2021 £	2020 £
Accelerated capital allowances	(5,142,305)	(3,763,700)
Provision on defined benefit pension	(584,750)	77,900
Other timing differences	10,462	-
	<u>(5,716,593)</u>	<u>(3,685,800)</u>

Provisions of £392,440 are expected to reverse within a year, comprising (£402,902) accelerated capital allowances, and £10,462 other timing differences.

The deferred tax liability has been calculated at rates of between 19% and 25% (2020: 19%).

In the UK Budget of 3 March 2021 it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

21. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates a defined benefit pension scheme, the Saffil Pension Scheme ('the Scheme') which commenced on 12 September 2000. Prior to that date, employees participated in the ICI Pension Fund ('the Fund'). The Scheme is closed to new employees and the assets are held in a separate trustee-administered Scheme. Pension costs of the Scheme are charged to the statement of comprehensive income, so as to spread the cost of pensions over employees' working lives with their employers. The pension cost is assessed in accordance with the advice of a qualified actuary, using the projected unit method. Contributions as a percentage of Pensionable Earnings are expected to increase in future years.

The most recent actuarial valuation has been updated to 31 December 2021 by an independent qualified actuary in accordance with FRS 102.

The estimated amount of total employer contributions expected to be paid to the plan during 2022 is approximately £2m (2021 - actual £2m).

Guaranteed Minimum Pension (GMP) inequalities:

On 26 October 2018, the "Lloyds judgement" confirmed that schemes would need to undergo correction for GMP inequalities. On 20 November 2020 the High Court handed down a further judgement, stating that pension schemes should pay uplifts to members who had transferred benefits out in the past, where those benefits were not equalised in line with the 2018 judgement. The estimated liability impact of equalising Guaranteed Minimum Pensions is £nil (2020: £20,000), which has been calculated by the company's actuary company using the C2 methodology as set out in the Lloyds Bank High Court Case judgement. This estimated increase in the liability has been charged in the Income Statement as a past service cost - GMP equalisation.

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

Assumptions	2021 (p.a)	2020 (p.a)	2019 (p.a)
Life expectancy of male/female aged 65 at 2021	21.5/23.9	21.5/23.9	20.6/22.7
Life expectancy of male/female aged 65 20 years after 2021	22.7/25.4	22.8/25.3	21.9/24.2

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Current service cost	596,000	474,000
Net interest from net defined benefit liability/asset	(8,000)	(33,000)
Past service cost	-	20,000
	<u>588,000</u>	<u>461,000</u>
Actual return on plan assets	<u>879,000</u>	<u>3,352,000</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening defined benefit obligation	30,620,000	25,932,000
Current service cost	596,000	474,000
Past service cost	-	20,000
Contributions by scheme participants	22,000	19,000
Interest cost	395,000	548,000
Experience loss/(gain)	690,000	(261,000)
Actuarial (gain)/loss	(1,494,000)	5,733,000
Benefits paid	(671,000)	(1,845,000)
	<u>30,158,000</u>	<u>30,620,000</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening fair value of scheme assets	30,210,000	26,664,000
Contributions by employer	2,057,000	2,020,000
Contributions by scheme participants	22,000	19,000
Interest on assets	403,000	581,000
Actual return on plan assets		
less interest	476,000	2,771,000
Benefits paid	(671,000)	(1,845,000)
	<u>32,497,000</u>	<u>30,210,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Actuarial (gain)/loss	(1,280,000)	2,701,000
Deferred tax charge/(credit) on actuarial (gain)/loss	243,200	(513,190)
	<u>(1,036,800)</u>	<u>2,187,810</u>

Saffil Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2021	2020
Equities	22.00%	21.40%
Debt securities	44.80%	41.80%
Bonds	12.10%	12.90%
Liquidity fund	21.10%	23.90%
	<u>100.00%</u>	<u>100.00%</u>

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

	2021	2020
Discount rate	2.00%	1.30%
Future pension increases	3.20%	2.90%
Price inflation	3.30%	2.90%

Future salary increases are expected to be 0.5% pa above CPI (2020: 0.5% pa above CPI).

22. ULTIMATE PARENT COMPANY

The immediate parent undertaking of the company is Saffil 2011 Limited, a company registered in England and Wales.

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

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

23. CONTINGENT LIABILITIES

The company, together with two fellow Group companies, has given a composite guarantee and debenture granting a legal mortgage and equitable charge over certain property and tangible fixed assets and a fixed charge over bank deposits to the Trustees of the Saffil Pension Scheme in respect of amounts due to the Scheme up to an aggregate amount of £2,500,000.

A contingent liability exists in relation to a bank guarantee given to HMRC for deferred duty. This amounts to £60,000 as at 31 December 2021 (31 December 2020 £60,000).

24. CAPITAL COMMITMENTS

	2021 £	2020 £
Contracted but not provided for in the financial statements	<u>1,761,050</u>	<u>885</u>

25. SHARE-BASED PAYMENTS

On December 14, 2018, the Board of Directors of Ulysses Investment Holdco, Inc. (the parent company under which the Company is a wholly owned subsidiary) adopted the Ulysses Investment Holdco, Inc. Stock Option Plan (the 2018 Plan). The 2018 Plan provides for the issuance of non-qualified stock options to key employees and key non-employees of Ulysses Investment Holdco, Inc. or its subsidiaries or affiliates. Stock options are granted at exercise prices equal to the fair market value of Ulysses Investment Holdco, Inc.'s common stock at the date of the grant. Ulysses Investment Holdco, Inc. has authorised stock of 8.0% cumulative Class A preferred shares, Class A common stock, Class B common stock, and Class C common stock. Periodically, the Board of Directors of Ulysses Investment Holdco, Inc. authorizes the granting of Class A, B and C common stock options under the 2018 Plan. Class A, B and C common stock options have an exercise price of not less than 100% of their fair market values of the common stock on the date of grant and expire ten years from their dates of grant.

The expense recognised for share-based payments in respect of employee services received during the year ended 31 December 2021 is £276 (2020: £1,198).

No new options were granted during the year ended 31 December 2021.