

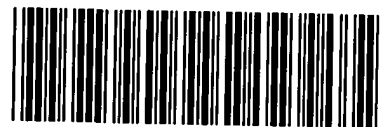
AMCOL Minerals EU Limited

Directors' report and financial statements

Registered number 4374403

31 December 2022

WEDNESDAY



ACHALRCR

A18

29/11/2023

#136

COMPANIES HOUSE

Contents

| | |
|---|----|
| Strategic report | 1 |
| Directors' report | 3 |
| Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements | 4 |
| Independent auditor's report to the members of AMCOL Minerals EU Limited | 5 |
| Profit and Loss Account and Other Comprehensive Income | 8 |
| Balance Sheet | 9 |
| Statement of Changes in Equity | 10 |
| Notes to the financial statements | 11 |

Strategic report

The directors of AMCOL Minerals EU Limited present the annual report containing a strategic report, directors' report and the financial statements for the year ended 31 December 2022.

Principal activities

The Company is a holding company and is also engaged in the processing, supply and distribution of industrial materials and chemicals through its principal operating subsidiary companies.

General business review – statement of income

Revenue increased in the year to £1,899,000 (2021: £1,328,000). This was mainly due to the Company benefiting from supply chain issues affecting non-UK based competition.

During the year, the Company made an operating loss of £4,439,000 (2021: profit of £80,000). No dividends were received from the subsidiary undertaking during 2022 (2021: £7,600,000). The result before taxation was a loss of £4,922,000 (2021: profit of £7,616,000). This loss was mainly due to foreign exchange losses in the period.

General business review – statement of financial position

Net assets reduced during the year to £18,210,000 (2021: £22,665,000). The movement was primarily driven by foreign currency losses.

Going concern

Notwithstanding the net current liabilities of £22,436,000 as at 31 December 2022 and a loss for the year then ended of £4,455,000, the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons:

The company meets its day to day working capital requirements from operational cash flows, intercompany loan and trading balances with the group headed by Minerals Technologies Inc., the ultimate parent company.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the period ending 31 December 2024, the going concern assessment period. This assessment is dependent on its ultimate parent, Minerals Technologies Inc., not seeking repayment of the amounts currently due to the group, which at balance sheet date amounted to £52,424,000.

Minerals Technologies Inc. has indicated that it does not intend to seek repayment of these amounts currently due to the group during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Analysis of financial key performance indicators

The key financial and other performance indicators during the year were as follows:

| | 2022 £000 | 2021 £000 | Change £000 |
|----------------------------|--------------|--------------|----------------|
| Turnover | 1,899 | 1,328 | 571 |
| Operating (loss)/profit | (4,439) | 80 | (4,519) |
| (Loss)/profit before tax | (4,922) | 7,616 | (12,538) |
| Equity shareholders' funds | 18,210 | 22,665 | (4,455) |

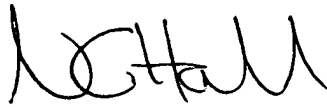
Analysis over movements in these thresholds are described in the general business review sections above.

Strategic report (continued)

Principal risks and uncertainties

The Company has implemented a co-ordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. Risks which the Company faces include price and product competition, loss of supply of product components, changes in the regulatory and legal environment, credit, interest rate and foreign exchange rate risks, which may increase due to the global shortage of credit. The Company has a diversified range of customers and revenue streams and products. The Company take a proactive approach to financial risks. Regular strategy meetings are held to take review changes in the operating environment together with market data.

Signed by order of the board of directors



N G Hall

Director

27th November 2023

The Broadgate Tower, Third Floor
Primrose Street
London
EC2A 2RS

Directors' report

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

Principal activities

The company is a holding company and is also engaged in the sale of product from the UK through a distribution on European warehouses. It is also engaged in the processing, supply and distribution of industrial minerals and chemicals through its principal operating subsidiary companies, AMCOL Minerals Europe Limited and CETCO (Europe) Limited.

Dividend and transfer to reserves

No dividends were paid during the year (2021: £nil). The loss for the year after taxation of £4,455,000 (2021: profit of £7,599,000) has been transferred (from)/to reserves.

Details of changes in reserves are shown in the Statement of Changes in Equity.

Political donations

No political donations were made during the current or preceding year.

Directors

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

EC Aldag – appointed 9 November 2022
SW Brown – resigned 30 September 2023
ME Garth - resigned 9 November 2022
JJ Hastings – resigned 24 February 2023
DJ Monagle III – appointed 29 March 2023
NG Hall – appointed 30 September 2023

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



N G Hall
Director

Date: 27th November 2023

The Broadgate Tower,
Third Floor
20 Primrose Street
London
EC2A 2RS

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of AMCOL Minerals EU Limited

Opinion

We have audited the financial statements of AMCOL Minerals EU Limited for the year ended 31 December 2022 which comprise the Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included all material post-closing journal entries.
- Incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of those laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Independent auditor's report (continued)

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Peter Short (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

27th November 2023

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

| | <i>Note</i> | 2022 £000 | 2021 £000 |
|---|-------------|----------------------------|--------------|
| Revenue | 2 | 1,899 | 1,328 |
| Cost of sales | | (6,027) | (1,019) |
| Gross (loss)/profit | | (4,128) | 309 |
| Administrative expenses | | (311) | (229) |
| Operating (loss)/profit | | (4,439) | 80 |
| Income from fixed asset investments | 5 | - | 7,600 |
| Interest payable and similar charges | 6 | (483) | (64) |
| (Loss)/profit before taxation | | (4,922) | 7,616 |
| Taxation | 7 | 467 | (17) |
| (Loss)/profit and total comprehensive (expense)/ income for the year | | (4,455) | 7,599 |

The notes on pages 11 to 20 form part of the financial statements.

Balance Sheet
 at 31 December 2022

| | Note | 2022 £000 | 2021 £000 |
|---|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | 54 | 58 |
| Investments | 9 | 68,000 | 68,000 |
| | | <u>68,054</u> | <u>68,058</u> |
| Current assets | | | |
| Stocks | 10 | 296 | 395 |
| Debtors | 11 | 2,103 | 1,095 |
| Cash at bank and in hand | | 268 | 525 |
| | | <u>2,667</u> | <u>2,015</u> |
| Creditors: amounts falling due within one year | 12 | (25,103) | (47,408) |
| Net current liabilities | | <u>(22,436)</u> | <u>(45,393)</u> |
| Creditors: amounts falling due after one year | 13 | (27,408) | - |
| Net assets | | <u>18,210</u> | <u>22,665</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 32,471 | 32,471 |
| Capital contribution | 17 | 9,255 | 9,255 |
| Retained earnings | 17 | (23,516) | (19,061) |
| Equity shareholders' funds | | <u>18,210</u> | <u>22,665</u> |

These financial statements were approved by the board of directors on 27th November 2023 and were signed on its behalf by:



N G Hall
 Director

The notes on pages 11 to 20 form part of the financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022

| | Called up share capital £000 | Capital contribution £000 | Retained earnings £000 | Total equity £000 |
|--|---|--|---------------------------------------|----------------------------------|
| Balance at 1 January 2021 | 32,471 | 9,255 | (26,660) | 15,066 |
| <i>Total comprehensive income:</i> | | | | |
| Profit and total comprehensive income for the year | - | - | 7,599 | 7,599 |
| Balance at 31 December 2021 | 32,471 | 9,255 | (19,061) | 22,665 |
| <i>Total comprehensive income:</i> | | | | |
| Loss and total comprehensive expense for the year | - | - | (4,455) | (4,455) |
| Balance at 31 December 2022 | 32,471 | 9,255 | (23,516) | 18,210 |

The notes on pages 11 to 20 form part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2022

1 Accounting policies

AMCOL Minerals EU Limited is a private limited liability company incorporated in England. The Registered Office is The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS. The entity is limited by shares.

Basis of Preparation

These financial statements were prepared in compliance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Subsequent amendments to FRS 102 which are effective for this financial year have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Minerals Technologies Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of Minerals Technologies Inc. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office at 622 Third Avenue, 38th floor, New York, NY 10017, USA.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Minerals Technologies Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company has also taken advantage of the exemption available in Part 15 of Section 401 of the Companies Act 2006 from the obligation to prepare and deliver group accounts. The consolidated group accounts of Minerals Technologies Inc include the results of the Company and its subsidiaries. Accordingly, the accounts present information about the Company as an individual undertaking and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Related party transactions

As the Company is a wholly owned subsidiary of Minerals Technologies Corporation Inc., the Company has taken advantage of the exemption available in accordance with FRS 102 (33.1A) and therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group headed by Minerals Technologies Corporation Inc.

Going concern

The company meets its day to day working capital requirements from operational cash flows, intercompany loan and trading balances with the group headed by Minerals Technologies Inc., the ultimate parent company.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the period ending 31 December 2024, the going concern assessment period. This assessment is dependent on its ultimate parent, Minerals Technologies Inc., not seeking repayment of the amounts currently due to the group, which at balance sheet date amounted to £52,424,000.

Minerals Technologies Inc. has indicated that it does not intend to seek repayment of these amounts currently due to the group during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Going concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments

Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment. The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Impairments

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

Revenue comprises the sales value of goods supplied to third parties exclusive of value added tax and net of any discounts and rebates. Risks and rewards transfer at the point of delivery to customers, therefore revenue is recognised on delivery.

Stock and work in progress

Cost is based on the first-in first-out principle and includes expenditure in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Group Relief

Group relief surrendered is charged at 50%.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial assets and liabilities

(i) Trade debtors and other receivables

Trade debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of profit or loss when there is objective evidence that the assets are impaired.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(iii) Trade creditors and other payables

Trade creditors and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key area affected by accounting estimates and judgements is the impairment of investments, more detail of which is disclosed at note 9.

Notes to the financial statements (continued)

2 Revenue

The revenue and profit before taxation are attributable to one principal activity of the Company, being the processing and marketing of industrial minerals and chemicals. All revenue is generated from sale of goods. The analysis of revenue by geographical areas is as follows:

| | 2022 £000 | 2021 £000 |
|--------------------------|--------------|--------------|
| United Kingdom | 1,832 | 1,332 |
| Other European Countries | 67 | (4) |
| | <u>1,899</u> | <u>1,328</u> |

3 Expenses and auditor's remuneration

Profit on ordinary activities before taxation is stated after charging:

| | 2022 £000 | 2021 £000 |
|--|--------------|----------------|
| Auditors' remuneration – audit of the financial statements | 10 | 11 |
| Depreciation – owned assets | 7 | 21 |
| Foreign exchange (gains)/losses | 4,824 | 34 |
| (Income) from fixed asset investments | - | (7,600) |
| | <u>-</u> | <u>(7,558)</u> |

4 Directors and employees

In the year, 4 directors (2021: 4) were remunerated by other group companies. As these directors' services to the company are insignificant any allocation of remuneration – which was borne by Amcol Minerals Europe Ltd and non-UK resident entities - is wholly insignificant and therefore no amount has been attributed.

One (2021: 1) of the directors of the entity performed qualifying services for a subsidiary of the company of which the remuneration incurred was £113,000 (2021: £123,000)

5 Income from fixed asset investments

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Dividends received from subsidiary | - | 7,600 |
| | <u>-</u> | <u>7,600</u> |

Notes to the financial statements (continued)

6 Interest receivable and payable

| | 2022 £000 | 2021 £000 |
|---------------------------------|--------------|--------------|
| <i>Interest payable</i> | | |
| Interest payable on group loans | 483 | 64 |
| Interest payable | <u>483</u> | <u>64</u> |

Amounts owed to group undertakings are unsecured and bear interest at a variable rate which increased from 0.13% to 2.21% per annum on 4th July 2022. There are no fixed terms for repayment and the lenders can require repayment at any time.

7 Taxation

| | | |
|--|----------------------|----------------------|
| Analysis of tax charge in the year | 2022 £000 | 2021 £000 |
| <i>UK Corporation tax</i> | | |
| UK Corporation tax on profits | 466 | - |
| Adjustment in respect of previous periods | - | 11 |
| Current tax | <u>466</u> | <u>11</u> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 1 | 6 |
| Adjustments in respect of prior periods | - | - |
| Deferred tax | <u>1</u> | <u>6</u> |
| Tax charge on ordinary activities | <u><u>467</u></u> | <u><u>17</u></u> |

Factors affecting the tax charge

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax liability as at 31 December 2022 was calculated at 25% (2021: 25%)

Notes to the financial statements (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

Total tax for the year is higher (2021: *higher*) than the standard rate of corporation tax in the UK of 19% (2021: 19%).
 The differences are explained below.

| | 2022 £000 | 2021 £000 |
|---------------------------------------|--------------|--------------|
| (Loss)/profit for the year | (4,455) | 7,599 |
| Tax expense | (467) | 17 |
| | <hr/> | <hr/> |
| (Loss)/profit excluding taxation | (4,922) | 7,616 |
| Current tax at 19% (2021: 19%) | (935) | 1,447 |
| Adjustments from prior periods | - | 10 |
| Effect of group reliefs/other reliefs | 935 | 3 |
| Group relief recharged | (468) | |
| Income not taxable | 1 | (1,444) |
| Tax rate changes | - | 1 |
| | <hr/> | <hr/> |
| Total tax (credit)/charge | (467) | 17 |
| | <hr/> | <hr/> |

During the year the Company identified losses during the prior year were surrendered for nil consideration despite the Company having negative distributable reserves. The Company should have charged the recipient fair value for these losses. As a result, 50% of these amounts were recognised in the current year tax charge as the respective amount is immaterial to the prior period.

Going forward, the Company implemented a policy of recharging any group relief surrendered at a rate of 50%. This rate has been considered as reflecting fair value.

8 Tangible fixed assets

| | Fixtures and fittings £000 | Total £000 |
|-----------------------|----------------------------------|---------------|
| Cost | | |
| At 1 January 2022 | 173 | 173 |
| Additions | 3 | 3 |
| | <hr/> | <hr/> |
| At 31 December 2022 | 176 | 176 |
| | <hr/> | <hr/> |
| Depreciation | | |
| At 1 January 2022 | 115 | 115 |
| Charge for year | 7 | 7 |
| | <hr/> | <hr/> |
| At 31 December 2022 | 122 | 122 |
| | <hr/> | <hr/> |
| Net book value | | |
| At 31 December 2022 | 54 | 54 |
| | <hr/> | <hr/> |
| At 1 January 2022 | 58 | 58 |
| | <hr/> | <hr/> |

The depreciation charge is recognised within cost of sales.

Notes to the financial statements (continued)

9 Fixed asset investments

| | Subsidiary Undertakings £000 |
|------------------------------|---|
| Cost | |
| At beginning and end of year | 92,513 |
| Impairment losses | |
| At beginning and end of year | (24,513) |
| Net book value | |
| At 31 December 2022 | 68,000 |
| At 1 January 2022 | 68,000 |

The Directors have continued to assess for indication of impairment at each period end. The Directors are comfortable that they have considered all available information to produce the most accurate fair value model as at 31 December 2022.

The Company's investment in subsidiaries and joint ventures reflects the cost of investment of the following:

| Subsidiary undertakings and joint ventures | Country of registration | Principal activity | Class and percentage of shares held | Capital and reserves | Profit/(Loss) |
|---|------------------------------------|---------------------------------|--|---------------------------------|----------------------|
| AMCOL Minerals Europe Limited (i) | England | Industrial minerals & chemicals | Ordinary 100% | GBP 41,951k | GBP 2,660k |
| CETCO (Europe) Limited (i) | England | Industrial minerals & chemicals | Ordinary 100% | GBP 2,469k | GBP 51k |

The subsidiary undertakings also have subsidiaries as follows:

| | | | | | |
|---|--------------|--|---------------|--------------|---------------|
| AMCOL Minerals Madencilik San Ve Ticaret A.S (ii) | Turkey | Mining, mineral handling, drying & milling operation | Ordinary 100% | TRY 347,712k | TRY 54,262k |
| Volclay Trading (Pty)(iii) | South Africa | Mining, mineral handling, drying & milling operation | Ordinary 100% | ZAR 130,102k | ZAR (16,228)k |
| SASU Cetco France (iv) | France | In liquidation | Ordinary 100% | EUR (945)k | EUR (29)k |
| Linteco Iberia*(v) | Spain | Environmental | Ordinary 100% | EUR 149k | EUR (2)k |

* Figures are part of the unaudited financial statements

(i) Registered address: Broadgate Tower 3rd Floor, 20 Primrose Street, London, EC2A 2RS

(ii) Registered office: Ataturk Mahallesi Atasehir Bulvarı Gardenya Plaza 3 k:13 Atasehir-Istanbul, Turkey

(iii) Registered office: Constantia Park Bldg 10 Parkview HO, Cnr Hendrik Potgieter and 14th Avenue, Weltevredenpark, Gauteng, 1709, South Africa

(iv) Registered office: 67 Rue Saint Jacques, 75005 Paris, France

(v) Registered office: Ctra CV50 km 74,5, Cheste, Valencia, Spain

Notes to the financial statements (continued)

10 Stock

| | 2022 £000 | 2021 £000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 296 | 395 |

Changes in finished goods recognised as cost of sales in the year amounted to £1,378,000 (2021: £1,063,000).

11 Debtors

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 563 | 246 |
| Other debtors | - | 54 |
| Amounts owed by group undertakings | 1,540 | 795 |
| | 2,103 | 1,095 |

Included in the amounts owed by group undertakings is a loan amount of £486,000 (2021: £462,000) due from Cetco Iberia SL. This is repayable on demand but not expected to be recovered within one year.

Also included in this balance is a total balance of £584,000 (2021: £332,000) due to Volclay Trading (Pty) Ltd which is repayable on demand but not expected to be recovered within one year.

12 Creditors: amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|--|---------------|---------------|
| Amounts owed to group undertakings | 25,016 | 47,277 |
| Trade creditors | 24 | 25 |
| Other tax and social security | 36 | - |
| Accruals and deferred income | 25 | 81 |
| Tax payable (including deferred tax) (note 13) | 2 | 25 |
| | 25,103 | 47,408 |

Included in amounts owed to group undertakings are an unsecured loan with MTI Technologies UK Limited which bears interest at a variable rate which increased from 0.13% to 2.21% on 4th July 2022. All other amounts owed to group undertakings are not interest-bearing.

In previous years, amount owed to group undertakings were all classified under Creditors: amounts falling due within one year. In 2022, the directors have established that these loans mature over a period of 12 years and for the year ended 31st December 2022 have been classified by reference to the maturity dates set out in each loan agreement. The prior year numbers have not been restated on the ground of materiality.

Notes to the financial statements (continued)

13 Creditors: amounts falling due after one year

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 27,408 | - |

Included in amounts owed to group undertakings are an unsecured loan with MTI Technologies UK Limited which bears interest at a variable rate which increased from 0.13% to 2.21% on 4th July 2022.

In previous years, amount owed to group undertakings were all classified under Creditors: amounts falling due within one year. In 2022, the directors have established that these loans mature over a period of 12 years and for the year ended 31st December 2022 have been classified by reference to the maturity dates set out in each loan agreement. The prior year numbers have not been restated on the ground of materiality.

14 Deferred tax

| | £000 |
|---|------|
| The amounts for deferred taxation are set out below | |
| Net deferred tax asset at 1 January 2022 | (1) |
| Deferred tax (charge)/credit in the Profit and Loss account | (1) |
| Net deferred tax asset at 31 December 2022 | (2) |

The amounts for deferred taxation assets, included within debtors, are set out below:

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Fixed asset timing differences | (2) | (1) |
| Short term timing differences – trading | - | - |
| | (2) | (1) |

15 Financial Instruments

Carrying amount of financial instruments measured at amortised cost.

Financial assets

| | 2022 £000 | 2021 £000 |
|---------|--------------|--------------|
| Cash | 268 | 525 |
| Debtors | 2,103 | 1,095 |
| | 2,371 | 1,620 |

Notes to the financial statements (continued)

15 Financial Instruments (continued)

Financial liabilities

| | 2022 £000 | 2021 £000 |
|-----------|--------------|--------------|
| Creditors | 52,511 | 47,408 |

Financial assets measured at amortised cost comprise trade debtors, VAT, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, tax and social security, and amounts owed to group undertakings and other creditors.

16 Called up share capital

| | 2022 £000 | 2021 £000 |
|--|---------------|---------------|
| <i>Allotted, called up and fully paid</i> | | |
| 12,699,495 (2021: 12,699,495) Ordinary shares of £1 each | 12,699 | 12,699 |
| 19,771,728 (2021: 19,771,728) Preference shares of £1 each | 19,772 | 19,772 |
| | <u>32,471</u> | <u>32,471</u> |

One ordinary share vote represents nine times the number of a preference share vote on any resolution. Each ordinary share has equal voting rights and is non-redeemable. Dividends are payable to preference shareholders at an annual rate of 5% of subscription price. Following this, dividends are payable equally to ordinary shareholders. Preference shares payable are discretionary for the entity.

17 Reserves

Retained profits

Cumulative profit and loss net of distributions to owners.

Capital contributions

A contribution to the equity capital of the company, but not made in exchange for shares issued.

18 Commitments

The Company had no contractual commitments as at 31 December 2022 (2021: £nil).

19 Ultimate holding company and parent undertaking of larger group of which the company is a member

The largest and smallest group in which the results of the company are consolidated is that headed by Minerals Technologies Corporation Inc., incorporated in the United States of America. Copies of the financial statements of Minerals Technologies Corporation Incorporated may be obtained from its registered office at 622 Third Avenue, 38th Floor, New York, NY 10017, USA.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

| (millions of dollars, except share and per share amounts) | December 31, | |
|--|-------------------|-------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 247.2 | \$ 299.5 |
| Short-term investments, at cost which approximates market | 5.6 | 4.9 |
| Accounts receivable | 404.0 | 367.8 |
| Inventories | 348.8 | 297.7 |
| Prepaid expenses | 43.3 | 41.2 |
| Other current assets | 21.6 | 17.4 |
| Total current assets | <u>1,070.5</u> | <u>1,028.5</u> |
| Property, plant and equipment, less accumulated depreciation and depletion | 1,050.4 | 1,049.1 |
| Goodwill | 914.8 | 907.5 |
| Intangible assets | 241.9 | 251.6 |
| Deferred income taxes | 24.4 | 23.0 |
| Other assets and deferred charges | 99.6 | 114.5 |
| Total assets | <u>\$ 3,401.6</u> | <u>\$ 3,374.2</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 119.7 | \$ 80.0 |
| Current maturities of long-term debt | 14.5 | 0.8 |
| Accounts payable | 193.8 | 196.1 |
| Income tax payable | 9.5 | — |
| Accrued compensation and related items | 55.3 | 57.9 |
| Other current liabilities | 109.8 | 85.0 |
| Total current liabilities | <u>502.6</u> | <u>419.8</u> |
| Long-term debt, net of unamortized discount and deferred financing costs | 928.1 | 936.2 |
| Deferred income taxes | 180.4 | 188.1 |
| Accrued pension and postretirement benefits | 63.5 | 114.3 |
| Other non-current liabilities | 113.8 | 136.3 |
| Total liabilities | <u>1,788.4</u> | <u>1,794.7</u> |
| Shareholders' equity: | | |
| Preferred stock, without par value; 1,000,000 shares authorized; none issued | — | — |
| Common stock, par value at \$0.10 per share; 100,000,000 shares authorized; Issued 49,528,306 shares in 2022 and 49,347,347 shares in 2021 | 4.9 | 4.9 |
| Additional paid-in capital | 487.6 | 474.2 |
| Retained earnings | 2,284.6 | 2,168.9 |
| Accumulated other comprehensive loss | (366.5) | (333.6) |
| Less common stock held in treasury, at cost; 17,033,040 shares in 2022 and 16,170,154 shares in 2021 | (831.1) | (775.1) |
| Total Minerals Technologies Inc. shareholders' equity | <u>1,579.5</u> | <u>1,539.3</u> |
| Non-controlling interests | 33.7 | 40.2 |
| Total shareholders' equity | <u>1,613.2</u> | <u>1,579.5</u> |
| Total liabilities and shareholders' equity | <u>\$ 3,401.6</u> | <u>\$ 3,374.2</u> |

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME

| (millions of dollars, except per share data) | Year Ended December 31, | | |
|---|-------------------------|-----------------|-----------------|
| | 2022 | 2021 | 2020 |
| Net sales | \$ 2,125.5 | \$ 1,858.3 | \$ 1,594.8 |
| Cost of goods sold | 1,660.5 | 1,411.8 | 1,189.4 |
| Production margin | 465.0 | 446.5 | 405.4 |
| Marketing and administrative expenses | 192.1 | 186.2 | 176.5 |
| Research and development expenses | 20.4 | 19.5 | 19.9 |
| Acquisition-related expenses | 5.1 | 4.0 | 3.1 |
| Litigation expenses | 32.6 | — | 10.4 |
| Restructuring and other items, net | — | 1.1 | 7.6 |
| Income from operations | 214.8 | 235.7 | 187.9 |
| Interest expense, net | (43.9) | (37.2) | (38.2) |
| Debt extinguishment expenses | (6.9) | — | — |
| Non-cash pension settlement charge | (3.5) | (1.8) | (6.4) |
| Other non-operating income (deductions), net | (3.8) | 5.6 | (5.3) |
| Total non-operating deductions, net | (58.1) | (33.4) | (49.9) |
| Income before tax and equity in earnings | 156.7 | 202.3 | 138.0 |
| Provision for taxes on income | 32.1 | 36.6 | 24.4 |
| Equity in earnings of affiliates, net of tax | 1.7 | 2.8 | 2.2 |
| Consolidated net income | 126.3 | 168.5 | 115.8 |
| Less: | | | |
| Net income attributable to non-controlling interests | 4.1 | 4.1 | 3.4 |
| Net income attributable to Minerals Technologies Inc. (MTI) | <u>\$ 122.2</u> | <u>\$ 164.4</u> | <u>\$ 112.4</u> |
| Earnings per share: | | | |
| Basic: | | | |
| Income from operations attributable to MTI | <u>\$ 3.74</u> | <u>\$ 4.89</u> | <u>\$ 3.29</u> |
| Diluted: | | | |
| Income from operations attributable to MTI | <u>\$ 3.73</u> | <u>\$ 4.86</u> | <u>\$ 3.29</u> |
| Cash dividends declared per common share | <u>\$ 0.20</u> | <u>\$ 0.20</u> | <u>\$ 0.20</u> |
| Shares used in computation of earnings per share: | | | |
| Basic | 32.7 | 33.6 | 34.2 |
| Diluted | 32.8 | 33.8 | 34.2 |

See Notes to Consolidated Financial Statements, which are an integral part of these statements.