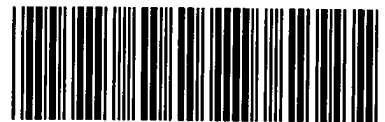


Company Registration No. 07904022

2M GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

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2M GROUP LIMITED
DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors

M Kessler OBE
A O'Malley
R J A Smith
D R J Dalton
G Maller

Company Secretary

A O'Malley

Registered Office

Quadrant House
Floor 6
4 Thomas More Square
London
E1W 1YW

Business Address

2M House
Sutton Quays Business Park
Clifton Road
Sutton Weaver
Runcorn
Cheshire
WA7 3EH

Company Number

07904022

Auditors

UHY Hacker Young
Chartered Accountants
Quadrant House
4 Thomas More Square
London E1W 1YW

Principal Bankers

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

HSBC Bank plc
4th Floor
City Point
29 King Street
Leeds
LS1 2HL

Solicitors

DWF LLP
2nd Floor
Bridgewater Place
Water Lane
Leeds
LS11 5DY

2M GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023

The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended 30 April 2023.

Activities and review of business

The principal activity of 2M Group Limited is to act as a holding company. The principal activities of the Group reflect those of the subsidiary companies and encompass solutions based on product and applications know-how to the personal care, pharmaceutical and home care industries, solvent blending, formulation and distribution of specialty chemicals products to the paint and coatings industry, supply of precision cleaning solutions in the aviation, electronics and medical industries, supply of chlorinated solvents for refinery applications, metal surface treatment and protection, drinking water sterilisation, an increasing presence in vehicle emission reduction solutions and the manufacture of raw materials for the personal care and homecare industries and toll manufacturing of speciality chemicals. Additionally, the business provides third party chemical blending and storage facilities, and operates a highly specialised, global chemical samples management service helping its customers to develop business by ensuring product samples arrive safely, quickly and with commercial follow up. The Group also manufactures in Germany products used in the industries in which the Group is active. The Group exports globally and has physical presence in the UK (10 locations), Benelux, Nordic, Germany (11 locations, including partnering), France, Italy, Poland, Spain (2 locations), US, Brazil and China (2 locations).

The Group financial statements consolidate those of the company and its subsidiaries. The Group prepares its financial statements in accordance with UK adopted International Accounting Standards.

Vision & Values

During the year, the Group has continued to develop its Vision, Values and Strategic Goals programme. These set out how our group of companies views its corporate role, its place within the business and wider communities, and how it interacts positively with all stakeholders.

Sustainability - the Group recognises its obligation to promote a sustainable business in a sustainable world. The Group has commissioned a Sustainability Working Group from colleagues within the business whose tasks range from working with suppliers and customers to develop sustainable product ranges, to reducing our carbon footprint through a variety of initiatives, to supporting our commitment to our adopted UN Sustainable Development Goals – thus contributing to a healthier life today and a better world tomorrow.

Attainment of the EcoVadis silver award puts this value firmly at the forefront of the Group's determination to play its full role in society. Our goal is to build on this and achieve Gold, then Platinum status in the coming years.

The business continues to invest in its key asset – its people. We continue to support colleagues, at all levels within the business, to reach their potential via focussed coaching and training programmes, in addition to the internal goal setting metrics.

The 2M Academy – Development, It's in our DNA – continues to develop apace. The overall goal is for fair and equal training for all, and this umbrella entity now plays host to a number of individual development programmes within the Group.

2M GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

These include:

Accelerator Programme – a development programme for talented and ambitious colleagues within the Group, whose skills, energy and focus will provide the Group with motivated and talented leadership into the future.

Higher Programme – a development opportunity aimed specifically at women within our business. We will develop the talents of this group – the benefit of the business and the enrichment of the individual.

We focus on the overall well-being of colleagues. This includes Active Teams – to promote physical well-being, and a company sponsored subscription to Spill – a third party provider of mental health support. Additionally, we have introduced mental health first aiders across the group, a men's health initiative, and a menopause awareness programme.

We continue with our STEM activities, in line with our chosen UN Sustainable Development Goals. With specific focus on gender equality and education for all, our STEM activities see our continued partnership with the Centre for Industry Education Collaboration (CIEC). We promote STEM Ambassadors from colleagues within our business, who are trained, by CIEC, to deliver lessons in collaboration with local science teachers. We continue to provide materials and equipment to local schools to enable them to host scientific experiments and demonstrations. We sponsor and attend Science Festivals in areas local to our facilities and, through these, offer support to science-themed content, activities and demonstrations.

We host a "Bring Your Child To Work Day", where colleagues have the opportunity to allow young members of their family groups to partake in fun, exciting learning activities within the scientific sphere, in the safe environment of our facilities.

We actively encourage the values of Trust & Respect, Equality, Innovation and Accountability, and expect our colleagues to display these qualities in all interactions, both within and outside the business.

The business keeps colleagues informed on company performance via a series of quarterly briefings.

We continue to make strategic appointments as required by business opportunities.

Further and updated information is available via our website: www.2m-holdings.com

Principal risks and uncertainties

As an international business, the Group continues to be exposed to general economic and political risks.

The global geopolitical and macroeconomic climate remains challenging and remain high on our agenda and impact ourselves and the world around us - the conflict in the Ukraine, including the resulting sanctions, climate change, energy prices and general inflationary trends, supply chain disruption. See note 17 of the financial statements for a detailed analysis of financial instruments and financial risk management.

2M GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

The Group's position at the end of the year

The Group saw its Cash position decline during the year – a reduction of £463k – to leave Cash & Cash Equivalents at (£3,030k) (2022: £2,567k).

Cash Generation from profitable trading has been immensely strong for the business during the year, yet this is a consequence of, and impacted by our willingness to adjust our strategic purchasing and stockholding policies to suit current market conditions.

This should be considered against the aggressive debt amortisation profile and the willingness of the business to continue to support growth areas of the business with significant Capital Expenditure.

The ongoing support of the Company's funding partner, Investec Bank plc, with whom we share an open dialogue, is recognised and welcomed.

The transfer of net profits to Retained Earnings, saw our Net Assets increase to £61,630k (2022: £48,183k).

The Directors remain confident that, with the support of employees, suppliers and customers, the business is well placed to meet the challenges of the markets over the coming year, and to deliver continued growth.

Financial Key Performance Indicators

During the year, we reported an increase in turnover to £191,667k (2022: £158,672k) – an increase of 20.8%, reflecting the continued robust growth of the group.

Gross Profit, a key performance indicator within our business, is reported at £60,995k (2022: £56,600k) – an increase of 8%. Our Gross Margin percentage has reduced to 32% (2022: 36%) which is an indication of a return to more stable supply chain conditions.

Distribution Costs have decreased to £10,268k (2022: £11,348k) – a decrease of 9.5%.

Administrative Expenses are in line with prior year at £34,409k (2022: £34,888k).

The overall impact of the above has seen an increase in Operating Profit of 57.4% to £16,318k (2022: £10,364k), and has seen our Operating margin rise to 8.5% (2022: 6.5%).

2M GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

The Group continues to invest heavily throughout the year in physical assets – a combination of revenue enhancing assets, upgrades to our IT systems, and regulatory driven projects.

The Board considers Operating EBITDA as a key measure of the financial performance of the business. This metric provides a good indication of the Group's ability to convert profit to cash. The following table highlights the current position including adjustments related to transactional activity, which are eliminated for the purpose of giving a more accurate reflection of operational performance.

	Year Ended 30 April 2023 £'000	Year Ended 30 April 2022 £'000
Operating EBITDA	18,747	12,866
Adjustments	-	600
Revised Operating EBITDA	18,747	13,466
Revised Operating EBITDA %	9.7	8.6

2M Holdings Ltd. (UK) - Streamlined Energy and Carbon Reporting (SECR)

The period covered by this report for Streamlined Energy and Carbon (SECR) reporting is for the financial year ending 30 April 2023.

2M Group Limited has chosen an intensity ratio of CO₂ emissions per £million of sales as this is considered the most practicable taking into consideration the diversity of our business and varying types of energy used.

UK Greenhouse gas emissions and energy use data for the period 1 May 2022 to 30 April 2023	Financial Reporting Year 2022/2023	Financial Reporting Year 2021/2022 (revised)
Energy consumption used to calculate emissions (kWh)	6,005,903	5,548,228
Scope 1 emissions in metric tonnes CO ₂ e Gas oil consumption (e.g. FLTs, boilers, chemical processing) Transport (fleet vehicles)	982	964
Scope 2 emissions in metric tonnes CO ₂ e Purchased electricity and gas	277	267
Scope 3 emissions in metric tonnes CO ₂ e Transport (grey fleet mileage ONLY)	103	34
Total gross emissions in metric tonnes CO ₂ e	1,361	1,265
Intensity ratio Tonnes CO ₂ e per total £m in sales revenue	7.1	8.0

Quantification and reporting methodology

The above data was collected from a variety of different sources.

1. **Electricity data (Scope 2)** (for all UK operational and office sites both owned and leased by 2M holdings Ltd.) was collected directly from the online platforms of our energy suppliers as well as contracted HH monitoring company Stark. The exception to this was the electricity data for our manufacturing entity '2M Manufacturing Ltd.' – this was collected from records kept by the site for the purposes of reporting under the Climate Change Agreement (CCA).
2. **Transport data (fleet vehicles and company cars – Scope 1)** was calculated from the Litres of fuel consumed in the financial year. A Gas Oil conversion factor of 10.9 kwh/L was used as per the UK Governments Carbon Conversion factors 2022
3. **Natural Gas data (Scope 1)** was collected from records kept by the site for reporting under the CCA. Other natural gas emissions were calculated using energy consumption data from invoices.
4. **Gas oil (Gas Oil Boiler and FLT's – Scope 1)** data on litres of gas oil purchased for the gas oil boiler and Fork Lift Trucks (FLT's) is recorded by site management.
5. **Wood Pellets (Scope 1)** – energy consumption readings were taken directly from a meter connected to the biomass boiler.
6. **Transport data (Grey fleet - Scope 3)** – a report was run using our HR software (cascade) to give expensed mileage from grey-fleet vehicles.

We have followed the 2019 HM Government Environmental Reporting Guidelines as well as the 2022 UK Government's Conversion Factors for SECR reporting for any estimates.

Discussion

The above table highlights the 2M Group's energy consumption and CO2 emissions for the financial year 22/23. There has been a increase in the overall energy consumption of the UK-based entities of 2M Holdings Ltd. from 5,548,228 kWh in FY 21/22 to 6,005,903 kWh in FY22/23. This has resulted in total tCO2e emissions of 1,361.45 in FY 22/23 compared to 1,264.5 in FY 21/22. There has been a resultant increase in Scope 1, Scope 2 and partial Scope 3 (grey fleet vehicles) emissions of ~7%.

The increase in energy usage has been consistent across the majority of 2M UK sites, and is likely a result of Increased product throughput by volume (blending/ manufacturing and other energy intensive activities).

The chosen energy intensity ratio (tonnes CO2e/£m in sales revenue) has decreased as sales revenue has increased from £158,672k to £191,667k.

Energy Efficiency

The 2M Group is a diverse group of companies that outsource most of its transport arrangements. By outsourcing most of our deliveries to customers and utilising major transport providers enables the Group to benefit from access to strategically based transport hubs for consolidation and a reduction in overall delivery miles. We are currently working with our major transport service providers to determine Scope 3 emissions due to the transport of materials in our supply chain (starting with those arising from deliveries to customers).

Stowlin Limited will continue to operate its own fleet of vehicles for distributing products, providing local customers with fast delivery and a bespoke service. This arrangement assists their business in achieving time critical deliveries where the utilisation of a wider transport hub would not be a benefit.

The Group continues to incentivise the use of hybrid, or all electric vehicles.

We are working with contractors to provide services in:

- NetZero strategy development
- Procurement of renewable energy
- Determination of non-UK scope 1 & 2 emissions
- Effective management of our energy portfolio

Targets

The below target applies to both the UK and non-UK group as a whole:

To reduce carbon emissions (scope 1 & 2) by 10% in 2028 compared to 2023 and to achieve this despite future organic & acquisition growth.

A key project for the group is to understand our Scope 1 & 2 emissions across the group.

- Scope 1 emissions are also known as ‘direct’ emissions – these are emissions from owned or controlled sources (e.g. the use of diesel in Forklift trucks or boilers).
- Scope 2 emissions are known as ‘indirect emissions’ – these are emissions from the generation of purchased energy (e.g. electricity purchased from suppliers).

We will be meeting with the leaders and managers of all non-UK 2M subsidiaries in order to:

- 1) understand what energy is used in their operations (even if this is just electricity for office activities);
- 2) work with them to help collect the required information (if required and not already recorded by their business); and
- 3) plan how we can regularly collect and submit information to contribute to group emissions reporting.

To do the above, we have selected ClimatePartner to manage the above project and provide us with a centralised tool for data reporting.

We will nominate a representative from each company to share data and act on behalf of the business.

The collection initiative will start in July for non-UK subsidiaries:

- Surfachem Germany
- Surfachem Poland
- Samplerite China
- Bregaglio S.R.L.
- Chemir S.A.
- Laurichem Inc.
- CEO2 Trockeneis GmbH
- Laboratorios Prady Normapiel S.L.U.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging our Section 172 duties we have regard to the matters set out above. During the year under review, offset by an enhanced risk from other geopolitical and macroeconomic factors, the company and group continues to work hard to keep its employees safe and its business viable. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our stakeholders, pensioners and our relationship with governments, regulators and non-governmental organisations.

The directors regularly meet and talk to the group's prospective, new and existing customers and to its suppliers to ensure that the group provides its customers with the best service and pricing. By considering the company's vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent and predictable. As is normal for large companies, we delegate authority for day-to-day management of the company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies.

At every meeting, the Board receives reports on matters including health and safety, security, financial and operational performance, sales and marketing and new business developments. Over the course of the financial year, the Board also reviews other matters including the company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters.

The company's key stakeholders include its workforce, funders, customers, suppliers, the local communities in which it operates and regulators. The views of and the impact of the company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the group means that generally our stakeholder engagement best takes place at both an operational and group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

During the period we received information to help us understand the interests and views of the company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of formats including in reports and presentations on our financial and operational performance, non-financial key performance indicators, risk, and corporate responsibility matters. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote success of the company.

2M GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Going concern

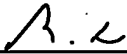
At the time of approving the financial statements, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiary companies within the group market a diverse product base across the chemical sector, operate in varied market sectors and from a number of operational bases.

Major global geopolitical and economic events buffet, not only the 2M Group, but all businesses and households in the UK, and in all economies around the world. Inflation – driven by high energy prices, in turn driven by the conflict in the Ukraine – is at its highest level for a generation. Interest rates are following suit, as the Bank of England looks to rein in the former.

The nature of our business means that liquidity remains a crucial factor. The current position and forward cashflow projections are regularly reviewed and updated. Profitable trading, judicious movements in working capital, and the support of Investec, our funding partner, mean that the Directors are confident in their assumption of going concern.

By order of the Board


Mordechai Kessler (Nov 5, 2023 15:58 EST)

M Kessler OBE

Director

Nov 5, 2023

5 November 2023

2M GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023

Results and dividends

The consolidated results for the year are set out on page 15.

The directors did not recommend the payment of an interim ordinary dividend to shareholders (2022: £1,400k). The directors do not recommend the payment of a final dividend.

Directors

The following directors held office during the period as set out below:

M Kessler OBE
R J A Smith
D R J Dalton
G Maller
A O'Malley (Appointed on 1 February 2023)
C R Boyle (Resigned on 1 February 2023)

Use of financial instruments

The Group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure. The Group seeks to minimise this by natural hedging of purchase and sale transactions. See note 17 of the financial statements for a detailed analysis of financial instruments and financial risk management.

The Group has a variety of financing arrangements in place with Investec Bank plc which provide adequate funding support for the pursuit of its day-to-day activities. The Group currently makes no other use of financial instruments.

Research and development

Market research and product development are seen as essential factors for the continuing success of business going forward.

Employment policy

The Group actively encourages the development of employee involvement within the business. The Group holds regular meetings to update employees on pertinent matters, and to provide opportunities for employees to contribute to the success of the business.

The Group adheres to a policy of equality in terms of racial, religious, sexual, age, and political grounds, and physical abilities in all its dealings with existing or potential employees.

Auditors

The auditors UHY Hacker Young are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

2M GROUP LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

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

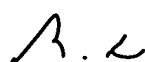
The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and of the Group and for taking steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



Mordechai Kessler (Nov 5, 2023 15:58 EST)

M Kessler OBE

Director

Nov 5, 2023

5 November 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF 2M GROUP LIMITED**

Opinion

We have audited the Group and parent company financial statements of 2M Group Limited for the year ended 30 April 2023 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 30 April 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group 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 group's or 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF 2M GROUP LIMITED**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 11, 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 group's and 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 group or company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF 2M GROUP 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Company law, UK tax legislation, employment and health and safety regulation, anti-bribery, corruption and fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, UK adopted International Accounting Standards, and United Kingdom Generally Accepted Practice. 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 inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, enquiries of management, substantive testing of revenue, testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Colin Wright

**Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young**

**Chartered Accountants
Statutory Auditor**

Nov 6, 2023

6 November 2023

Quadrant House
4 Thomas More Square
London E1W 1YW

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £'000	2022 £'000
Revenue	3	191,667	158,672
Cost of sales		(130,672)	(102,072)
Gross profit		60,995	56,600
Distribution costs		(10,268)	(11,348)
Administrative expenses		(34,409)	(34,888)
Operating profit	4	16,318	10,364
Finance costs	5	(1,556)	(1,154)
Finance income	6	36	16
Profit before taxation		14,798	9,226
Taxation	7	(3,148)	(2,268)
Profit for the year		11,650	6,958
Other comprehensive income:			
Actuarial gain on defined benefit scheme	19	572	358
Currency translation differences		(48)	(355)
Tax on comprehensive income	18	-	(60)
Other comprehensive income for the year net of tax		524	(57)
Total comprehensive income for the year		12,174	6,901

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**
FOR THE YEAR ENDED 30 APRIL 2023

	2023 £'000	2022 £'000
Profit attributable to:		
Equity holders of the parent company	11,541	6,709
Non-controlling interests	109	249
	<u>11,650</u>	<u>6,958</u>
Total comprehensive income attributable to:		
Equity holders of the parent company	12,094	6,707
Non-controlling interests	80	194
	<u>12,174</u>	<u>6,901</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

2M GROUP LIMITED

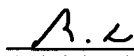
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023


	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Intangible assets	10	42,676	35,081
Property, plant and equipment	11	12,911	11,830
Right of use assets	12	2,069	2,579
Deferred tax asset	18	986	946
Total non-current assets		58,642	50,436
Current assets			
Inventories	13	24,146	20,736
Trade and other receivables	14	34,536	31,299
Prepayments and accrued income		3,208	2,697
Cash and cash equivalents	26	11,712	7,987
Total current assets		73,602	62,719
Total Assets		132,244	113,155
Liabilities			
Current liabilities			
Bank borrowings and overdrafts	17	14,983	12,765
Leases liabilities	16	852	862
Trade and other payables	15	37,627	38,505
Provisions for liabilities and dilapidation costs		300	300
Current tax liabilities		1,747	167
Total current liabilities		55,509	52,599
Non-current liabilities			
Lease liabilities	16	1,511	1,999
Bank borrowings and overdrafts	17	9,262	5,307
Deferred tax liabilities	18	3,110	2,478
Employee benefit liability	19	1,222	2,589
Total non-current liabilities		15,105	12,373
Total Liabilities		70,614	64,972
Total Net Assets		61,630	48,183

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**
AS AT 30 APRIL 2023

	Notes	2023 £'000	2022 £'000
Equity			
Share capital	20	133	133
Share premium	20	165	165
Capital restructuring reserve	21	14,370	14,370
Options reserve	21	163	140
Currency translation reserve	21	(364)	(345)
Retained earnings	21	45,614	33,501
Equity attributable to equity holders of the parent company		60,081	47,964
Minority interest in equity		1,549	219
Total equity		61,630	48,183

The financial statements were approved by the Board of Directors and authorised for issue on Nov 5, 2023
5 November 2023.


Mordechai Kessler (Nov 5, 2023 15:58 EST)
M Kessler OBE
Director


Anita O'Malley (Nov 5, 2023 13:25 GMT)
A O'Malley
Director

Company Registration No. 07904022

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	24	11,182	2,285
Financial expenses		(1,487)	(1,088)
Income taxes paid		(976)	(1,382)
Net cash from/(used in) operating activities		8,719	(185)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,652)	(1,768)
Acquisition of subsidiaries, net of cash acquired	25	(8,715)	-
Financial income		36	16
Net cash used in investing activities		(10,331)	(1,752)
Cash flows from financing activities			
Repayments of loans		(4,015)	(1,783)
Proceeds from new bank loans		6,000	-
Repayment of lease liabilities	16	(650)	(908)
Dividends paid		(186)	(1,512)
Net cash from/(used in) financing activities		1,149	(4,203)
Net decrease in cash and cash equivalents		(463)	(6,140)
Cash and cash equivalents at the beginning of the financial year	26	(2,567)	3,573
Cash and cash equivalents at the end of the financial year	26	(3,030)	(2,567)

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

	Share Capital £'000	Share Premium £'000	Restruc- turing Reserve £'000	Options Reserve £'000	Currency Reserve £'000	Retained Earnings £'000	Total £'000	Non- Controlling Interests £'000	Total Equity £'000
Balance at 1 May 2021	133	165	14,370	125	(45)	27,894	42,642	137	42,779
Total comprehensive income for the year	-	-	-	-	(300)	7,007	6,707	194	6,901
Dividend paid	-	-	-	-	-	(1,400)	(1,400)	(112)	(1,512)
Share-based payments	-	-	-	15	-	-	15	-	15
At 30 April 2022	133	165	14,370	140	(345)	33,501	47,964	219	48,183
Balance at 1 May 2022	133	165	14,370	140	(345)	33,501	47,964	219	48,183
Total comprehensive income for the year	-	-	-	-	(19)	12,113	12,094	80	12,174
Dividend paid	-	-	-	-	-	-	-	(186)	(186)
Subsidiaries acquisitions	-	-	-	-	-	-	-	1,436	1,436
Share-based payments	-	-	-	23	-	-	23	-	23
At 30 April 2023	133	165	14,370	163	(364)	45,614	60,081	1,549	61,630

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

2. Accounting policies

2M Group Limited is a company incorporated in England and Wales.

The group financial statements for the year ended 30 April 2023 consolidate those of the company and its subsidiaries (together referred to as the “group”). The parent company financial statements present information about the company as a separate entity and not about its group.

The group has adopted the accounting policies set out below in preparation of the financial information for the year ended 30 April 2023. All of these policies have been applied consistently throughout the year unless otherwise stated.

1.1 Basis of preparation

The group financial statements have been prepared in accordance with UK adopted International Accounting Standards and in accordance with the Companies Act 2006.

The parent company’s financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles, and in accordance with the Companies Act 2006. The directors have taken advantage of the exemption offered by section 408 of the Companies Act not to produce a separate income statement for the parent company.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiary companies within the Group market a diverse product base across the chemical sector, operate in varied market sectors and from a number of operational bases.

Major global geopolitical and economic events buffet, not only the 2M Group, but all businesses and households in the UK, and in all economies around the world. Inflation – driven by high energy prices, in turn driven by the conflict in the Ukraine – is at its highest level for a generation. Interest rates are following suit, as the Bank of England looks to rein in the former.

The nature of our business means that liquidity remains a crucial factor. The current position and forward cashflow projections are regularly reviewed and updated. Profitable trading, judicious movements in working capital, and the support of Investec, our funding partner, mean that the Directors are confident in their assumption of going concern.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1.3 Basis of consolidation

These financial statements consolidate the financial statements of the company and all of its subsidiary undertakings drawn up to 30 April 2023.

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation. The gain or loss on disposal of a subsidiary company is the difference between net disposals proceeds and the group's share of its net assets together with any goodwill and exchange differences.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of VAT, returns, rebates and trade discounts allowed by the group. Amounts received for the sublicensing of intangible assets is shown as deferred income, and is released to the statement of comprehensive income over the period of the sublicensing agreement.

Revenue, in accordance with IFRS 15 is recognised at an amount that reflects the consideration which the Company expects to be entitled in exchange for transferring control of goods or services to a customer. Revenue is therefore recognised at a point in time when control of goods or services have transferred to a customer. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes or duty.

The following principles are applied to each area of revenue as set out below:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the Company satisfies the performance obligations.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1.5 Intangible fixed assets

Goodwill

Goodwill arising on the acquisition of subsidiary companies represents the excess of the fair value of the consideration given over the fair value of the group's share of the net identifiable assets acquired. Goodwill arising on the acquisition of other business undertakings represents the excess of the fair value of the consideration given over the fair value of the net identifiable assets acquired.

In accordance with IFRS 3 – 'Business Combinations', goodwill is not amortised but tested for impairment annually or when there are any indications that its carrying value is not recoverable. As such it is stated at cost less any provision for impairment in value.

Patents

Patents are valued at cost, less provision for impairment. Amounts received on the sub-licencing of patents is shown as deferred income and is released to profit and loss account over the period of the licencing agreement.

Licences

Licences are initially measured at cost and subsequently measured at cost or valuation, net of amortisation and any impairment losses. Amortisation is recognised over the remaining term of the licence agreements.

1.6 Investments

Investments are stated at cost less any provision for impairment.

1.7 Property, plant and equipment

Buildings, property, plant and equipment are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight-line method as follows:

Freehold buildings	50 years
Plant and equipment	3 – 20 years
Motor vehicles	4 – 5 years

Land is not depreciated.

The carrying values of plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the assets are tested for impairment to estimate the assets' recoverable amounts. Any impairment losses are recognized in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.8 Fixed asset impairment

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents all expenses incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less all further costs to completion.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.10 Financial assets and liabilities

If significant, financial assets and financial liabilities that arise on derivatives that do not qualify for hedge accounting are held on the balance sheet at fair value, with the changes in value reflected through the income statement.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The group classifies its financial assets as 'loans and receivables'. The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Receivables are classified as 'trade and other receivables' and loans are classified as 'borrowings' in the statement of financial position.

Trade receivables are recognised initially at transaction price. At the end of each reporting period financial assets are assessed for objective evidence of impairment or credit losses, such as when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal of the impairment is recognised in profit or loss.

The carrying amounts of the trade receivables include receivables which are subject to an invoice discounting arrangement where relevant receivables are transferred in exchange for cash. However, the group retains late payment and credit risk. The group therefore continues to recognise the transferred assets in its balance sheet and the amount repayable is presented as secured borrowing.

Financial liabilities

The group's financial liabilities include trade and other payables and bank loans. Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive Income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts and financing that are repayable on demand are included within borrowings in current liabilities on the balance sheet.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and financing.

1.12 Ordinary share capital

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

1.13 Dividend policy

In accordance with IAS 10 'Events after the Balance Sheet Date', dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date and are recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.

1.14 Employee benefits

Companies within the group operate a defined benefit pension scheme. The scheme is closed to new entrants and is also closed to future accruals.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount in other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the Projected Unit Method. The actuarial valuations are obtained at least triennially and are updated at each financial reporting date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the statement of financial position.

The companies within the group also participate in a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1.15 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Sterling, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the year-end date. Income and expenses are translated at average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income or charged directly through equity as applicable.

1.16 Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the financial reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.17 Leased assets

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly in the contract or implicitly by being identified at the time the asset is made available to the company, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the group has the right to direct the use of the asset throughout the period of use. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset throughout the period in use if either:
 - the group has the right to operate the asset; or
 - the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The group recognises a right-of-use asset and a lease liability on the balance sheet at the lease commencement date. The right-of-use asset is initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the company assesses the right-of-use asset for impairment when such indicators exist. It is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

At the commencement date the lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The company has elected to use the incremental borrowing rate at the date of transition as the interest rate implicit in the leases could not be readily determined.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.18 Leased assets (continued)

At the commencement date the lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The company has elected to use the incremental borrowing rate at the date of transition as the interest rate implicit in the leases could not be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments based on an index or a rate, initially measure using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1.19 Share based payments

The company made share-based payments to certain employees by way of issue of share options. The fair value of these payments is calculated by the company using the Black-Scholes Option Pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the company's best estimate of the shares that will eventually vest.

The cash-settled scheme allows certain senior employees the right to participate in the growth of 2M Group Limited, in return for services rendered, through the payment of cash incentives which are based on the growth of EBITDA. The rights vest after five years with a liability recognised at fair value, at each reporting date, in the statement of financial position until the date of settlement.

1.20 New and revised International Financial Reporting Standards and interpretations

At the date of authorisation of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective in the UK:

IAS 16 (Amendments)	Lease liabilities in a sale and leaseback
IAS 8 (Amendments)	Accounting Estimates definitions
IAS 12 (Amendments)	Deferred Tax amendments
IAS 1 (Amendments)	Classification amendments

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. However, we expect that the standards will not have a material effect on the financial statements.

1.19 Changes in accounting policies

The group has consistently applied the accounting policies to all periods presented in these financial statements.

2. Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors which include expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

a) Goodwill

The group follows the requirements of IAS 36 – 'Impairment of Assets' and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1.5 above and goodwill in note 10 below). This determination requires significant judgment. In making this judgment, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, the goodwill of £42,554k has been allocated to the company's subsidiaries.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

b) Depreciation, useful lives and residual values of property, plant & equipment

The directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive income and the carrying values of the property, plant & equipment in the statement of financial position.

The directors have reviewed the carrying values of the group's plant, property and equipment of £12,911k, and conclude that no impairment is required.

c) Pension benefits

The present value of the net defined benefit pension obligations of £1,222k depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and current market conditions. Additional information is disclosed in note 19. Any changes in these assumptions will impact on the carrying amount of pension obligations. The group has taken external advice in relation to the impact of IFRIC 14 and has concluded that no additional provision is required in the financial statements in respect of the minimum funding requirement.

d) Discount rate used in lease liability calculation

Calculation of the appropriate discount rate in relation to the calculation of the present value of the minimum lease payments involves a certain amount of judgement. The group's policy is to use the incremental borrowing rate of 5%, which takes into account the geographic area in which the group operates, the lease term, and the rate of interest for a similar loan term.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

3. Segmental reporting

The Board of Directors consider the reportable operating segment in accordance with IFRS 8 – ‘Operating Segments’, to be that of Storage, Blending and Distribution of Chemical Products on the basis that this represents the long term financial performance and economic characteristics of the group.

The remaining activities of the group are considered by the Board to fulfil support and ancillary functions and have therefore been aggregated as “All other segments”.

The group’s operations, assets and staff are principally located in the United Kingdom. The Directors have concluded that the operations and assets located outside of the United Kingdom do not meet the quantitative thresholds as set out in IFRS 8 and therefore no segmental analysis of assets or profits is presented on a geographical basis. The group generates sales to customers across the world and the geographical analysis of revenue is set out below based on customer location.

Revenue		
Geographical location	2023 £’000	2022 £’000
United Kingdom	127,702	108,156
Europe	47,216	40,303
Americas	1,987	1,613
Australasia	549	111
Africa	5,080	937
Middle East	462	3,164
Asia	7,201	3,301
Other	1,470	1,087
	<hr/>	<hr/>
	191,667	158,672
	<hr/>	<hr/>

Revenues from the top 20 customers of the group’s Storage, Blending and Distribution of Chemical Products segment represent approximately 18.8% (2022: 34%) of the group’s total revenues.

2M GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023****4. Operating profit**

	2023	2022
	£'000	£'000
The operating profit for the year is stated after charging/(crediting):		
Depreciation on property, plant and equipment (note 11)	1,554	1,625
Depreciation on right of use assets (note 12)	870	855
Amortisation of intangibles (note 10)	5	22
Profit on disposal of tangible fixed assets	(10)	-
Gain on foreign currency	(67)	(119)
Share-based payments (note 22 and 23)	1,083	677
Auditors' remuneration (see below)	190	124
	<u>=====</u>	<u>=====</u>
Audit services		
Fees payable to the company's auditors for the audit of the parent company and consolidated accounts	30	20
Fees payable to the company's auditors for the audit of the company's subsidiaries	160	104
Other services		
Financial reporting	19	29
Company secretarial services	3	3
Other services relating to taxation	27	25
	<u>=====</u>	<u>=====</u>

5. Finance costs

	2023	2022
	£'000	£'000
Bank interest expense	1,264	766
Other interest	71	150
Lease liability interest	152	172
Interest on pension scheme liabilities	69	66
	<u>=====</u>	<u>=====</u>
	1,556	1,154
	<u>=====</u>	<u>=====</u>

6. Finance income

	2023	2022
	£'000	£'000
Bank interest income	36	16
	<u>=====</u>	<u>=====</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

7. Taxation

	2023 £'000	2022 £'000
UK corporation tax on profits for the year at 19.49% (2022: 19%)	1,831	1,134
Adjustments in respect of prior periods	(70)	(9)
Foreign tax charge	795	513
	<u>2,556</u>	<u>1,638</u>
Deferred tax charge: origination and reversal of temporary timing differences (note 18)	592	630
	<u>3,148</u>	<u>2,268</u>
Total tax expense in the income statement	3,148	2,268
Factors affecting the tax charge for the year:		
Profit on ordinary activities before tax	14,798	9,226
	<u>2,884</u>	<u>1,753</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19.49% (2022: 19%)	2,884	1,753
<i>Effects of:</i>		
Non-deductible expenses	183	64
Deferred tax rate differences	547	468
Prior year adjustments	(70)	(9)
Fixed asset differences	(7)	-
Other deferred tax movements	(454)	-
Charged to OCI / STRGL	(111)	-
Exempt ABGH distributions	(85)	-
Other tax adjustments	261	(8)
	<u>264</u>	<u>515</u>
Total tax charge	3,148	2,268

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

8. Staff numbers and costs

	2023 Number	2022 Number
The average number of people employed by the group (including directors) during the year was as follows:		
Average number of employees during the year	480	379
Staff costs including directors:	2023 £'000	2022 £'000
Wages and salaries	18,453	19,222
Social security costs	2,105	1,650
<i>Other pension costs:</i>		
Contributions to defined contribution schemes	807	803
Contributions to defined benefit schemes	904	875
	22,269	22,550

9. Directors' emoluments

	2023 £'000	2022 £'000
<i>Emoluments for qualifying services:</i>		
Aggregate directors' emoluments	2,202	1,181
Pension contributions	63	83
	2,265	1,264

Directors' remuneration is paid through subsidiary companies within the group. The number of directors for whom retirement benefits were accruing under defined contribution schemes in the year was 5 (2022: 5).

Included in administrative expenses is £1,269,970 (2022: £441,548) of share-based payments to the directors.

Remuneration disclosed above include the following amounts paid to the highest paid director

	2023 £'000	2022 £'000
<i>Emoluments for qualifying services:</i>		
Aggregate directors' emoluments	248	287
Pension contributions	4	36

Included in administrative expenses is £253,994 (2022: £110,387) of share-based payments to the highest paid director.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

10. Intangible non-current assets

Group	Licences and Patents £'000	Goodwill £'000	Total £'000
At 1 May 2021	25	35,073	35,098
Additions in the year	5	-	5
Amortisation in year	(22)	-	(22)
At 30 April 2022	8	35,073	35,081
Additions in the year	-	7,481	7,481
Disposals in the year	(64)	-	(64)
Acquired on acquisition (note 25)	183	-	183
Amortisation in year	(5)	-	(5)
At 30 April 2023	122	42,554	42,676

In accordance with IFRS 3 – 'Business Combinations', goodwill is not amortised but rather tested for impairment on an annual basis.

The recoverable amount was determined based on value in use and was determined at the cash generating unit which is based on financial budgets approved by the directors using the following key assumptions:

- i) Cash flows are projected based on expected revenue to be generated from the existing business model;
- ii) Growth rate of 3% per annum;
- iii) A pre-tax discount rate of 4.8%

The above key assumptions represent the directors' assessment of the future outlook based on their best estimates and they believe that it is unlikely that any significant variation in the above assumptions would significantly affect the recoverable amount of goodwill.

There has been no impairment for the value of goodwill during the year.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

11. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 May 2021	8,239	23,064	464	31,767
Additions	52	1,699	12	1,763
Disposals	-	(69)	(1)	(70)
Exchange difference	-	(112)	-	(112)
At 30 April 2022	8,291	24,582	475	33,348
Additions	470	936	73	1,479
Acquired with subsidiary (note 25)	-	1,168	-	1,168
Disposals	-	-	(36)	(36)
Exchange difference	-	(12)	-	(12)
At 30 April 2023	8,761	26,674	512	35,947
Depreciation				
At 1 May 2021	3,963	15,665	335	19,963
Charge for the year	161	1,454	10	1,625
Eliminated on disposals	-	(69)	(1)	(70)
At 30 April 2022	4,124	17,050	344	21,518
Charge for the year	229	1,317	8	1,554
Eliminated on disposals	-	-	(36)	(36)
At 30 April 2023	4,353	18,367	316	23,036
Net book value				
At 30 April 2023	4,408	8,307	196	12,911
At 30 April 2022	4,167	7,532	131	11,830

Freehold land and buildings include non-depreciable land with a value of £1,338k (2022: £1,338k).

The directors have reviewed freehold land and buildings at 30 April 2023 for any indicators of impairment in their carrying value. The directors concluded that no impairment existed and that the carrying value of freehold land and buildings is approximate to the assets fair value.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

12. Right of use assets

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 May 2021	2,003	1,244	1,155	4,402
Lease additions	333	88	505	926
Lease disposals	-	-	(192)	(192)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2022	2,336	1,332	1,468	5,136
Reclassification	72	(72)	-	-
Lease additions	80	76	205	361
Lease disposals	(72)	(479)	(49)	(600)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2023	<u>2,416</u>	<u>857</u>	<u>1,624</u>	<u>4,897</u>
Depreciation				
At 1 May 2021	671	715	509	1,895
Lease disposals	-	-	(192)	(192)
Charge for the year	304	267	284	855
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2022	975	982	601	2,558
Reclassifications	50	(50)	-	-
Lease disposals	(72)	(479)	(49)	(600)
Charge for the year	364	183	323	870
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2023	<u>1,317</u>	<u>636</u>	<u>875</u>	<u>2,828</u>
Net book value				
At 30 April 2023	<u>1,099</u>	<u>221</u>	<u>749</u>	<u>2,069</u>
At 30 April 2022	<u>1,362</u>	<u>350</u>	<u>867</u>	<u>2,579</u>

13. Inventories

	2023 £'000	2022 £'000
Goods for resale	<u>24,146</u>	<u>20,736</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

14. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	25,788	29,686
Other receivables	8,748	1,613
	<u>34,536</u>	<u>31,299</u>

Also, included in other receivables is £4.53m (2022: £nil) due from a director. The loan incurs an interest rate of the higher of 2.5% or HMRC's official rate of interest on beneficial loan arrangements. The loan will be repaid in full by 31 January 2024.

15. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	15,548	19,116
Taxation and social security	3,375	3,331
Other payables	9,315	1,884
Accruals and deferred income	9,389	14,174
	<u>37,627</u>	<u>38,505</u>

Other payables includes deferred consideration payable of £3.341m on the acquisition of subsidiaries in the year (note 25).

16. Lease liabilities

	2023 £'000	2022 £'000
Lease liabilities – due within one year	852	862
Lease liabilities – due more than one year	1,511	1,999
	<u>2,363</u>	<u>2,861</u>

The company has leases for their various warehouses and offices throughout the UK. They also have some plant and machinery in use at these warehouses and some IT equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The company classified its right-of use assets in a consistent manner to its property, plant and equipment (see note 12).

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

Lease terms of vehicles and IT equipment are generally in the region of 3-5 years. Leases of property generally have a lease term ranging between 3-10 years. Lease payments are generally fixed with no variable element. The table below describes the nature of the company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of- use assets leased	Remaining lease term	Average remaining lease term
Office building	2	6-7 years	7 years
Warehouse and facilities	2	2-6 years	4 years
Vehicles	32	1-4 years	2 years
Plant and machinery	17	1-4 years	3 years

Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The company has entered into commercial leases for plant and machinery, which meet the definition of short term or low value as noted above.

Additional cash flow information:

	2023 £'000	2022 £'000
Cash outflow in respect of leases in year	(650)	(908)

17. Financial instruments and financial risk management

This note provides information about the contractual terms of the group's interest bearing loans, borrowings and other obligations.

	2023 £'000	2022 £'000
Current liabilities:		
Bank facilities, loans and overdrafts (secured)	14,983	12,765
Lease liabilities	852	862
	<u>15,835</u>	<u>13,627</u>
Non-current:		
Bank facilities and loans (secured)	9,262	5,307
Lease liabilities	1,511	1,999
	<u>10,773</u>	<u>7,306</u>
Total borrowings	<u>26,608</u>	<u>20,933</u>

Included within the current liabilities bank facilities, loans and overdrafts (secured) figure are overdraft amounts totalling £Nil (2022: £7k).

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

	2023 £'000	2022 £'000
Bank borrowings are repayable as follows:		
On demand or within one year	14,983	12,765
Between one and two years	4,285	3,952
Between two and five years	4,977	1,355
	<hr/>	<hr/>
	24,245	18,072
Less: Amount due within 12 months (shown under current liabilities)	(14,983)	(12,765)
	<hr/>	<hr/>
	9,262	5,307
	<hr/> <hr/>	<hr/> <hr/>

The bank facilities, loans and overdrafts are secured by a legal charge over the assets of the group, a charge over its debts and inventories, and by a composite debenture and guarantee. All of the group's funding is subject to a group guarantee (note 27).

Categories of financial assets and liabilities

Financial assets at fair value through the profit or loss	- None
Held-to-maturity assets	- None
Loans and receivables	- Trade and other receivables
Available-for-sale financial assets	- None
Financial liabilities at fair value through the profit or loss	- Finance leases
Financial liabilities measured at amortised cost	- Overdrafts and loans

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

Financial risk management

The group recognises that it has exposures to the following financial risks, and seeks to redress them as noted below:

Financial risk factors

i) Foreign exchange risk

The group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure. The group seeks to minimise this by natural hedging of purchase and sale transactions.

ii) Credit risk

The group operates in standard business to business commercial markets. As such, the majority of transactions are conducted on credit terms, with the details of such terms being determined by the relative transaction size and commercial risk of the specific transaction or entity. The group seeks to restrict these levels of exposure further by covering such sales with commercially available credit insurance, through recognised underwriters.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

iii) Liquidity risk

The banking arrangements with Investec Bank plc, who provide term loan and overdraft facilities have been renewed and provide sufficient working capital for the 2M group of companies.

iv) Interest rate risk

Group finance facilities are placed with Investec Bank plc which provided additional working capital through invoice financing, inventory financing and cash flow loan facilities. Interest rates on these facilities vary between 3.25% and 4.25% over Base Rate.

Finance leases are placed through Iveco Stralis for the purpose of acquiring commercial vehicles. Interest allocated to future financial periods is calculated at effective rates between 4.61% and 5.11% per annum.

The group has no financial assets, other than short term receivables and cash at bank. Short term overdrafts are held at a floating rate of interest based on Base Rate.

18. Deferred tax assets and liabilities

	Employee benefits £'000	Excess capital allowances £'000	Other timing differences £'000	Total £'000
As at 1 May 2022	(946)	615	1,863	1,532
Charge to income statement	(23)	(22)	637	592
Charge to other comprehensive income	-	-	-	-
Other movements	-	-	-	-
As at 30 April 2023	(969)	593	2,500	2,124
Deferred tax asset	(969)	-	(17)	(986)
Deferred tax liability	-	593	2,517	3,110
As at 30 April 2023	(969)	593	2,500	2,124

Deferred tax is provided for at the future tax rate applying at the reporting date. Effective from 1 April 2023 the UK corporation tax rate will increase from 19% to 25%. This will increase the company's future current tax charge and increase the deferred tax liability accordingly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

19. Pension liability

Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the year ended 30 April 2023 the pension cost charge to the income statement amounted to £806k (2022: £803k). There were no outstanding or unpaid contributions at the beginning or end of the year.

Defined Benefit Scheme

Companies within the group operate a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately, being invested with a managed pension fund. The final Salary Scheme is closed to new entrants and is also closed to future accruals.

A full actuarial valuation was carried out as at 31 March 2020 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the employer and the trustees in line with those requirements. These in particular require the surplus or deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £11,540k. The company has agreed with the trustees of the scheme that the company will aim to eliminate the deficit over a period of 11 years and 8 months from 31 March 2021 by the payment of annual contributions of £876k increasing at 3% per annum. In addition and in accordance with the actuarial valuation, the company has agreed with the trustees of the scheme that it will meet expenses of the plan and levies to the Pension Protection Fund.

The actuarial valuation as at 31 March 2020, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 April 2023. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

Contributions in the year totalled £904k (2022: £875k).

The directors have relied upon advice from O. Shaw, Fellow of the Institute & Faculty of Actuaries in determining the financial assumptions.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

19. Pension liability (continued)

The main financial assumptions used at the year-end date to calculate scheme liabilities under IAS 19 are:

	2023 %	2022 %
Discount rate	5.0	3.2
Inflation rate	2.9	3.7
Expected rate of salary increase	2.6	3.1
Expected rate of increase of pensions in payment	3.1	3.7
Expected overall rate of return on plan assets	5.0	3.2

The expected rate of return on plan assets was determined, based on the discount rate for the year ended 30 April 2023, in line with IAS 19.

Mortality assumptions

The mortality assumptions adopted at 30 April 2023 are 108% of the standard tables S3PMA / S3PFA_M, Year of Birth, no age rating for males and females, projected using CMI_2021 converging to 1.25% p.a. These assume the following life expectancies on retirement at age 65:

	2023 Years	2022 Years
Retiring today		
- Males	21.6	21.6
- Females	23.4	23.4
Retiring in 20 years		
- Males	23.0	22.6
- Females	24.9	24.6

Analysis of amounts charged to the statement of comprehensive income

	2023 £'000	2022 £'000
Analysis of amount reported in financial income and expense		
Expenses	(40)	(38)
Expected return on pension scheme assets	398	288
Interest cost	(467)	(354)
	<hr/>	<hr/>
Net cost	(109)	(104)
	<hr/>	<hr/>

Analysis of amounts recognised under other comprehensive income

Return on plan assets excluding interest income	(2,164)	(2,133)
Experience losses arising on the defined benefit obligation	(295)	(21)
Effects of changes in demographic assumptions	161	(111)
Effects of changes in financial assumptions	2,870	2,623
	<hr/>	<hr/>
Net actuarial gains recognised under other comprehensive income	572	358
	<hr/>	<hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

19. Pension scheme (continued)

	2023 £'000	2022 £'000
<i>Reconciliation of change in assets and liabilities</i>		
Change in defined benefit obligation:		
Defined benefit obligation brought forward	15,232	18,043
<i>Movement in the year:</i>		
Interest cost	467	354
Experience gains/losses arising on the defined benefit obligation	295	21
Effects of changes in demographic assumptions	(161)	111
Effects of changes in financial assumptions	(2,870)	(2,623)
Actual benefits paid	(1,264)	(674)
	<hr/>	<hr/>
Defined benefit obligation at end of year	11,699	15,232
	<hr/>	<hr/>
	2023 £'000	2022 £'000
Change in plan assets:		
Fair value of plan assets brought forward	12,643	14,325
<i>Movements in year:</i>		
Interest income	398	288
Return on plan assets	(2,164)	(2,133)
Actual employer contributions	904	875
Actual benefits paid	(1,264)	(674)
Other	(40)	(38)
	<hr/>	<hr/>
Fair value of plan assets at end of year	10,477	12,643
	<hr/>	<hr/>
Funded status – Financial position		
Net pension liability	(1,222)	(2,589)
	<hr/>	<hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

19. Pension scheme (continued)

The assets in the pension scheme return were:

	Value at 30 April 2023 £'000	Value at 30 April 2022 £'000
Cash	611	51
Equity linked LDI Funds	2,588	2,081
European Loan Funds	1,673	2,320
Credit Funds	1,764	2,534
Absolute Return Bond Funds	822	1,765
Government Bonds	1,251	1,060
Diversified Growth Funds	974	2,832
Corporate Bonds	794	-
	<hr/>	<hr/>
Total market value of scheme assets	10,477	12,643
Present value of the scheme's liabilities (provided by the actuary)	(11,699)	(15,232)
	<hr/>	<hr/>
Net pension liability (funded)	(1,222)	(2,589)
	<hr/>	<hr/>

The history of experience adjustments is as follows:

	Value at 30 April 2023 £'000	Value at 30 April 2022 £'000
Experience gains / (losses) on scheme liabilities*		
Amount (£)	295	(21)
Percentage of the present value of scheme liabilities	2.5%	0.1%

* These figures exclude the effect of the change in the valuation assumptions from one year to the next.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

20. Share capital and share premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	165	167
Ordinary C shares	130,000	1	-	1
At 30 April 2022 and 30 April 2023	261,490	133	165	298

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

21. Reserves

Reserves within equity are as follows:

Share capital

Amounts subscribed for share capital at nominal value.

Share premium account

Share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of shares.

Capital restructuring reserve

The capital restructuring reserve comprises the non-statutory premium arising on shares issued as consideration for the acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies.

Options reserve

The options reserve represents the obligation of the Group in relation to equity-settled share-based payment transactions. Details of movements in the options reserve are shown on the Statement of Changes in Shareholder's equity.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

21. Reserves (continued)

Currency translation reserve

The currency translation reserve includes all translation differences that arise from the conversion of the financial statements of the Group's foreign subsidiary entities into pound sterling (£).

Retained earnings

Cumulative net gains and losses recognised in the Statement of Comprehensive Income less any amounts reflected directly in other reserves.

Non-controlling interests

Non-controlling interests is the portion of equity ownership in a subsidiary not attributable to the group.

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

22. Cost of issuing share options

Included within administration expenses is a charge of £6k (2022: £15k) for share options. The share-based payment charge represents the current year's allocation of the expense for relevant share options issued in 2012. The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £111.54 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan during a prior period with total fair values estimated using the Black-Scholes option-pricing model of £288k. A discount rate of 50% has been applied to reflect the medium-term possibility of the exercisable events occurring resulting in a cost of £144k being amortised over ten years.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2023 have an exercise price of £111.54 per share and a weighted average remaining contractual life of 0.42 years.

23. Cash-settled share-based payment provision

During the year, the following share-based payment expenses were recognised in the consolidated statement of comprehensive income. The cash-settled scheme allows certain senior employees the right to participate in the growth of 2M Group Limited, in return for services rendered, through the payment of cash incentives which are based on the growth of EBITDA. The rights vest after five years with a liability recognised at fair value, at each reporting date, in the statement of financial position until the date of settlement.

	2023 £'000	2022 £'000
Share-based payment expense recognised	1,077	662

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

24. Cash generated from operations	2023 £'000	2022 £'000
Profit before taxation	14,798	9,226
<i>Add back non-operating items:</i>		
Financial income	(36)	(16)
Financial expense	1,556	1,154
Share-based payments	23	15
<i>Adjustments for:</i>		
Pension movement	(864)	(837)
Foreign exchange loss/(gain)	10	(242)
Depreciation of property, plant & equipment	1,554	1,625
Depreciation of right-of-use assets	870	855
Amortisation of intangible assets	5	22
Decrease/(increase) in inventories	787	(8,929)
Decrease/(increase) in receivables	948	(7,860)
(Decrease)/increase in payables	(8,469)	7,272
Cash generated from operations	<u>11,182</u>	<u>2,285</u>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

25. Business combinations

Acquisition of Bregaglio S.r.l

On 1 July 2022, the group acquired 100% of the issued ordinary share capital of Bregaglio S.r.l for a total consideration of £3.8million. The acquisition was settled by a cash consideration.

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	82
Intangible assets	6
Inventories	820
Trade and other receivables	2,644
Cash and cash equivalents	955
Trade and other payables	(1,329)
	<hr/>
Total identifiable net assets	3,178
Foreign exchange gain to OCI	(9)
Goodwill arising on consolidation	644
	<hr/>
Total consideration	3,813
	<hr/> <hr/>
Total consideration is made up as follows:	
Cash consideration	3,813
	<hr/>
Total consideration	3,813
	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

25. Business combinations (continued)

Incorporation of 2M Laurichem Inc.

2M Laurichem Inc. was incorporated on 28 February 2023 and the group holds 100% of its issued ordinary share capital. 2M Laurichem Inc. have a service agreement with Laurichem Inc. effective on 15 March 2023 which effectively allows 2M Laurichem Inc. to control the operations of Laurichem inc. for a total cash consideration of £648k.

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Cash and cash equivalents	21
Trade and other payables	(28)
	<hr/>
Total identifiable net assets	(7)
Foreign exchange loss to OCI	28
Goodwill arising on consolidation	627
	<hr/>
Total consideration	648
	<hr/> <hr/>
Total consideration is made up as follows:	
Cash consideration	648
	<hr/>
Total consideration	648
	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

25. Business combinations (continued)

Acquisition of Chemir S.A.

On 22 December 2022, the group acquired 55% of the issued ordinary share capital of Chemir S.A. for a total consideration of £1.48m. The acquisition was settled by a cash consideration and a deferred consideration.

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	228
Intangible assets	146
Inventories	286
Trade and other receivables	419
Cash and cash equivalents	64
Trade and other payables	(926)
	<hr/>
Total identifiable net assets	217
NCI at 45% of net assets at acquisition	(98)
Foreign exchange loss to OCI	4
Goodwill arising on consolidation	1,357
	<hr/>
Total consideration	1,480
	<hr/> <hr/>
Total consideration is made up as follows:	
Cash consideration	212
Deferred consideration	1,268
	<hr/>
Total consideration	1,480
	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

25. Business combinations (continued)

Acquisition of Laboratorios Prady Normapiel S.L.U.

On 17/04/2023, the group acquired 70% of the issued ordinary share capital of Laboratorios Prady Normapiel S.L.U. for a total consideration of £7.97m. The acquisition was settled by a cash consideration and a deferred consideration.

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	858
Intangible assets	31
Inventories	3,091
Trade and other receivables	1,632
Cash and cash equivalents	814
Trade and other payables	(1,967)
	<hr/>
Total identifiable net assets	4,459
NCI at 30% of net assets at acquisition	(1,338)
Foreign exchange loss to OCI	24
Goodwill arising on consolidation	4,824
	<hr/>
Total consideration	7,969
	<hr/> <hr/>
Total consideration is made up as follows:	
Cash consideration	5,896
Deferred consideration	2,073
	<hr/>
Total consideration	7,969
	<hr/> <hr/>

Reconciliation of amounts paid in business combinations, net of cash acquired:

	£'000
Amounts paid on acquisition:	
Bregaglio S.r.l	(3,813)
2M Laurichem Inc	(648)
Chemir S.A.	(212)
Laboratorios Prady Normapiel S.L.U.	(5,896)
	<hr/>
Total paid in cash	(10,569)
Cash and cash equivalents acquired with subsidiaries acquired	1,854
	<hr/>
Net cash for acquisitions	8,715
	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

26. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	11,712	7,987
Bank overdrafts / short term finance	(14,742)	(10,554)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	(3,030)	(2,567)
	<hr/>	<hr/>

27. Guarantees and other financial commitments

- At 30 April 2023 the group had no capital commitments.
- The group has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank by 2M Group Limited and its subsidiaries.
- A subsidiary company, 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the scheme up to a maximum amount of £4,500k.

28. Control

The director, M Kessler OBE, retains ultimate control of the group.

29. Related party transactions

Trade and other payables include an amount of £270k (2022: £578k) due to Metachem Industrial Comercial Ltda. Metachem Industrial Comercial Ltda is the non-controlling interest holder in the subsidiary company Surfachem Brasil Ltda. The loan is interest free, unsecured and has no fixed repayment terms.

Other receivables include an amount of £594k (2022: £151k) due from 2Be Capital Ltd. 2Be Capital Ltd has common directors to that of 2M Group Ltd, those being M Kessler OBE and G Maller.

Also, included in other receivables is £4.53m (2022: £nil) due from a director. The loan incurs an interest rate of the higher of 2.5% or HMRC's official rate of interest on beneficial loan arrangements. The loan will be repaid in full by 31 January 2024.

Company Registration No. 07904022

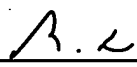
2M GROUP LIMITED
COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023


2M GROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023

	Notes	30 April 2023 £'000	30 April 2022 £'000
Fixed assets			
Investments	3	29,267	29,267
Current assets			
Debtors	5	239	13
Cash at bank and in hand	13	2	13
		<u>241</u>	<u>26</u>
Creditors: amounts falling due within one year	6	(11,632)	(11,431)
Net current liabilities		<u>(11,390)</u>	<u>(11,405)</u>
Total assets less current liabilities		<u>17,877</u>	<u>17,862</u>
Net assets		<u><u>17,877</u></u>	<u><u>17,862</u></u>
Capital and reserves			
Share capital	7	133	133
Share premium	7	165	165
Option reserve	9	155	140
Merger reserve	9	14,370	14,370
Retained earnings	9	3,054	3,054
Shareholders' funds - equity		<u><u>17,877</u></u>	<u><u>17,862</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £242 (2022: £140).

The financial statements were approved by the Board of Directors and authorised for issue on Nov 5, 2023 November 2023.


 Mordechai Kessler (Nov 5, 2023 15:58 EST)
M Kessler OBE
 Director


 Anita O'Malley (Nov 5, 2023 13:25 GMT)
A O'Malley
 Director

Company Registration No. 07904022

2M GROUP LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash (used by)/generated from operations	12	(11)	1,400
Net cash (used by)/generated from operating activities		(11)	1,400
Cash flows from financing activities			
Dividends paid to company's shareholders		-	(1,400)
Net cash used in financing activities		-	(1,400)
Net decrease in cash and cash equivalents		(11)	-
Cash and cash equivalents at the beginning of the financial year		13	13
Cash and cash equivalents at the end of the financial year	13	2	13

2M GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023

	Share capital	Share premium	Merger reserve	Options reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2021	133	165	14,370	125	4,454	19,247
Share based payments	-	-	-	15	-	15
Total comprehensive loss for the year	-	-	-	-	-	-
Dividend paid	-	-	-	-	(1,400)	(1,400)
At 30 April 2022	133	165	14,370	140	3,054	17,862
Share based payments	-	-	-	15	-	15
Total comprehensive loss for the year	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
At 30 April 2023	133	165	14,730	155	3,054	17,877

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1. Accounting policies

2M Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

These separate financial statements of the company are presented as required by the Companies Act 2006. The significant accounting policies applied in preparing the financial statements are set out below.

1.1 Accounting convention

The company financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

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

The company financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiary companies within the Group market a diverse product base across the chemical sector, operate in varied market sectors and from a number of operational bases.

Major global geopolitical and economic events buffet, not only the 2M Group, but all businesses and households in the UK, and in all economies around the world. Inflation – driven by high energy prices, in turn driven by the conflict in the Ukraine – is at its highest level for a generation. Interest rates are following suit, as the Bank of England looks to rein in the former.

The nature of our business means that liquidity remains a crucial factor. The current position and forward cashflow projections are regularly reviewed and updated. Profitable trading, judicious movements in working capital, and the support of Investec, our funding partner, mean that the Directors are confident in their assumption of going concern.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1. Accounting policies (continued)

1.3 Fixed asset investments

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairment review

At each reporting period end date, the company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1. Accounting policies (continued)

1.5 Financial instruments (continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

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

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1. Accounting policies (continued)

1.7 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.8 Taxation

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred Tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Share based payment transactions

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the subsidiary company in which the employee is remunerated.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

2. Dividends

	2023 £'000	2022 £'000
Dividends paid	-	1,400

3. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost At 30 April 2022 and 30 April 2023	29,267

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

3. Fixed asset investments (continued)

The group's principal subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2023 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)
Held directly:		
2M Holdings Limited	Holding company	100%
Held indirectly:		
Banner Chemicals Holdings Limited	Holding company	100%
Surfachem Holdings Limited	Holding company	100%
Packed Chlorine Limited	Distribution of chemical industry products	100%
CE-O2 Trockeneis GmbH	Distribution of chemical industry products	100%
Surfachem Deutschland GmbH	Distribution of chemical industry products	100%
2M Deutschland GmbH	Distribution of chemical industry products	100%
Banner Chemicals Limited	Holding company	100%
Samuel Banner & Co Limited	Formulation and distribution of solvents and performance cleaning product	100%
Prism Chemicals Limited	Blending and formulation of solvent and chemical products	100%
M P Storage and Blending Limited	Storage, drumming and blending of solvents and chemical products	100%
Banner Chemicals Benelux NV	Distribution of chemical industry products	100%
Stowlin Limited	Manufacture and distribution of chemicals	100%
Samuel Banner Property Co Limited	Property holding company	100%
Surfachem Group Limited	Holding Company	100%
Surfachem Limited	Distribution of chemical industry products	100%
FilRite Limited	Decanting and packaging of chemicals	100%
Samplerite Limited	Distribution of chemical industry samples	100%
Samplerite Qingdao Limited	Distribution of chemical industry samples	100%
Surfachem Nordic AS	Distribution of chemical industry products	67%
Surfachem Brasil Ltda	Distribution of chemical industry products	65%
Ingretech SAS	Distribution of chemical industry products	70%
2M Manufacturing Limited	Manufacture and distribution of chemicals	100%

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

3. Fixed asset investments (continued)

Bregaglio S.r.l	Distribution of chemical industry products	100%
2M Laurichem Inc.	Distribution of chemical industry products	100%
Chemir S.A.	Distribution of chemical industry products	55%
Laboratorios Prady Normapiel S.L.U	Distribution of chemical industry products	70%

The group's dormant subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2023 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2023
Held indirectly:		
2M London Limited	Dormant	100%
SB Dormantco One Limited	Dormant	100%
SB Dormantco Three Limited	Dormant	100%
Samuel Banner Polymers Limited	Dormant	100%
K M Z Chemicals Limited	Dormant	100%
Integrated Chemicals Specialties Limited	Dormant	100%
Croftshaw (Solvents) Limited	Dormant	100%
Stowlin Croftshaw Limited	Dormant	100%
Stowlin Specialised Chemicals Limited	Dormant	100%
Gel-Chem Limited	Dormant	100%
Netscore Limited	Dormant	100%
Specialty Food Ingredients Limited	Dormant	100%
Surfachem International Limited	Dormant	100%
Worsall Limited	Dormant	100%

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

3. Fixed asset investments (continued)

Registered office addresses:

2M London Limited, Banner Chemicals Limited, Croftshaw (Solvents) Limited, Integrated Chemicals Specialties UK Limited, K M Z Chemicals Limited, M P Storage and Blending Limited, Packed Chlorine Limited, Prism Chemicals Limited, Samuel Banner Property Co Limited, SB Dormantco One Limited, SB Dormantco Three Limited, Stowlin Croftshaw Limited, Stowlin Limited, Stowlin Specialised Chemicals Limited Samuel Banner & Co Limited, Samuel Banner Polymers Limited and 2M Manufacturing Limited have the following address, 2M House, Sutton Quays Business Park, Clifton Road, Sutton Weaver, Runcorn, Cheshire, England, WA7 3EH.

Banner Chemicals Benelux NV: Science park /Incubator Darwin Galileilaan 15 – 2845 Niel Belgium.

2M Holdings Limited, Banner Chemicals Holdings Limited and Surfachem Holdings Limited have the following address, Quadrant House Floor 6, 4 Thomas More Square, London, E1W 1YW.

Filrite Limited, Gel-Chem Limited, Netscore Limited, Speciality Food Ingredients Limited, Worsall Limited, Surfachem Group Limited, Surfachem International Limited and Surfachem Limited have the following address. 2nd Floor 2 The Embankment, Sovereign Street, Leeds, West Yorkshire, LS1 4BA.

Samplerite Limited: Unit G11 Lock View, Lowfields Business Park, Elland, West Yorkshire, HX5 9HD.

Samplerite Qingdao Limited: Block 11, Tianhe Industrial Park, 252 Yanhe Road, ETD Zone, Qingdao, Shandong, 266555 China. The subsidiary company Samplerite Qingdao Limited is incorporated in the People's Republic of China and has a reporting date of 31 December. The subsidiary prepares separate accounts for inclusion in the group consolidated financial statements which have been reviewed and agreed by the directors who do not consider that they are material within the context or value of the group as a whole.

Surfachem Nordic A.S.: Statsminister Torps vei 1a, 1738 Borgenhaugen, Norway.

Surfachem Brasil Ltd: Av. Angélica, 1814 - Higienópolis, São Paulo - SP, 01228-200, Brazil

2M Deutschland GmbH and Surfachem Deutschland GmbH have the following address, Am Rosenbaum 1, 40882 Ratingen, Germany.

CE-O2 Trockeneis GmbH: Tiefenbroicher Weg 35, 40472 Düsseldorf, Germany.

Ingretech SAS: 30 Rue du Vieil Abreuvoir, 78100 Saint-Germain-en-Laye, France.

Laboratorios Prady-Normapiel S.L.U.: N – Polígono Industrial, C. Asturias, 15, Los Torraos 30562, Murcia, Spain.

Bregagio S.r.l.: 20853 Biassono (MB), Via Trento E, Triest 97, Italy.

2M Laurichem Inc.: 455 W Erie St Ste 3B, Chicago, Illinois 60654-5704 USA.

Chemir S.A.: Carrer d'Alaba, 5 Polígono Industrial Fonollar, 08830 Sant Boi de Llobregat, Barcelona, Spain.

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

3. Fixed asset investments (continued)

Subsequent to the year end, the following subsidiaries were dissolved:

- 2M London Limited;
- SB Dormantco One Limited; and
- SB Dormantco Three Limited.

4. Financial instruments

	30 April 2023 £'000	30 April 2022 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	232	6
Carrying amount of financial liabilities		
Measured at amortised cost	11,632	11,431

5. Debtors

	30 April 2023 £'000	30 April 2022 £'000
Due from subsidiary undertakings	226	-
Other debtors	6	6
Corporation tax repayable	7	7
	239	13

Other debtors include an amount receivable from employees of £6k (2022: £6k) for the transfer of shares between employees.

6. Creditors: Amounts falling due within one year

	30 April 2023 £'000	30 April 2022 £'000
Due to subsidiary undertakings	11,628	11,428
Accruals	4	3
	11,632	11,431

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

7. Share capital

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	165	167
Ordinary C shares	130,000	1	-	1
At 30 April 2022 and 30 April 2023	261,490	133	165	298

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

8. Share based payment transactions

The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £111.54 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan in the year ending 30 April 2014 with total fair values estimated using the Black-Scholes option-pricing model of £287k. A discount rate of 50% has been applied to reflect the medium-term possibility of the exercisable events occurring resulting in a cost of £144k being amortised over ten years.

A total expense of £15k (2022: £15k) has been charged in the subsidiary companies under which the employees are remunerated.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

2M GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

8. Share based payment transactions (continued)

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2023 have an exercise price of £111.54 per share and a weighted average remaining contractual life of 0.42 years.

9. Reserves

Reserves within equity are as follows:

Share capital

Amounts subscribed for share capital at nominal value.

Share premium account

Share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of shares.

Merger reserve

The capital restructuring reserve comprises the non-statutory premium arising on shares issued as consideration for the acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies.

Option reserve

The options reserve represents the obligation of the Group in relation to equity-settled share-based payment transactions. Details of movements in the options reserve are shown on the Statement of Changes in Shareholder's equity.

Retained earnings

Cumulative net gains and losses recognised in the profit or loss account less any amounts reflected directly in other reserves.

10. Control

The director, M Kessler OBE, retains ultimate control of the company.

11. Guarantees and other financial commitments

- a) The company has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank.
- b) A subsidiary company, 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the Scheme up to a maximum amount of £4,500k.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

12. Cash generated from operations	2023 £'000	2022 £'000
Loss before taxation	-	-
<i>Add back non-operating items:</i>		
Financial expense	-	-
Cost of share options	15	15
<i>Adjustments for:</i>		
Increase in debtors	(227)	-
Increase in payables	201	1,385
	<hr/>	<hr/>
Cash (used by)/generated from operations	(11)	1,400
	<hr/>	<hr/>
13. Cash and cash equivalents	2023 £'000	2022 £'000
Cash at bank and in hand	2	13
	<hr/>	<hr/>

14. Directors' transactions

Dividends totalling £Nil (2022: £1,322k) were paid in the year in respect of shares held by the company's directors.

15. Related party transactions

The company has taken advantage of the exemption not to disclose transactions with wholly owned subsidiaries within the group.