



ST ATHENA GLOBAL HOLDINGS LIMITED

Annual report and consolidated financial statements
for the year ended 31 December 2021
Registered Number 10196536



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Company Information

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|----------------------------|--|
| Directors | J Cameron B Lynn J Miles |
| Secretary | P Ray (Resigned 30 June 2022) D Hughes (Appointed 1 July 2022) |
| Registered office | Orme Street Burslem Stoke-on-Trent ST6 3RB |
| Independent auditor | Deloitte LLP The Hanover Building Corporation Street Manchester M4 4AH |

Strategic Report

Business review

The Directors present their annual report and consolidated financial statements for the year ended 31 December 2021.

The Group continues to manufacture high-quality ceramic tableware ('Core') ranges in its Stoke-on-Trent factory to distribute into the global hospitality market. It also utilises existing routes to market for its tableware to source ranges of ceramic and non-ceramic tabletop ('Portfolio') ranges to complement its Steelite branded tableware ranges, providing a complete tabletop solution to distributors and end users within the hospitality industry in over 130 countries across the globe.

2021 has been a year of recovery, with the financial performance of St Athena Global Holdings Limited ('the Group') and its subsidiaries improving following the Covid-19 pandemic which affected the global hospitality industry so severely in 2020. From March 2021 onwards there has been a significant growth in demand across its hospitality markets as global travel and tourism recovers from the pandemic following the relaxation of travel restrictions.

As demand returned, this provided the Group with a new set of challenges. The Group has been through a process of realigning its manufacturing capacity in light of changes in demand. Like many businesses, recruitment and retention remains a major focus. As a result of the pandemic, the Group lost skilled workers with years of experience and the time required to train new operatives means supply has not increased in line with demand. Wages, Raw Material and Power prices started to increase in the second half of the year, a trend that has continued during 2022. As demand for Core products outstripped supply, renewed focus was placed on sourcing Portfolio ranges to service customer demand. The Group's reliance, and the associated risk, on UK manufactured products has reduced. Throughout 2021, the Group remained focussed on supporting its customer base and as such made the commercial decision not to pass on the full extent of cost increases incurred. Subsequent price increases have been implemented in 2022 as the Group's cost base continued to increase.

The Group reported turnover of £45,474,000 for the year to 31 December 2021, an improvement of 59.4% compared with 2020 (£28,525,000) with all geographical markets showing improved performance. Gross margin declined marginally from 26.9% to 26.5% year on year due to direct manufacturing cost increases offsetting an improvement in the recovery of fixed manufacturing overheads

Overheads declined in the year by -26.7% from £20,601,000 to £15,093,000. Administrative expenses include £1,057,000 (2020: £8,757,000) of non-productive wages & salaries relating to employees furloughed as part of the UK Governments Coronavirus Job Retention Scheme and therefore not actively working for the Group. Excluding the impact of non-productive wages & salaries and intangible amortisation, overheads increased +21.9% from £9,645,000 to £11,762,000.

With demand improving, the operating profit on continuing operations before Non-productive Wages & Salaries, intangible amortisation and exceptional items improved to £273,000 (2020: £1,976,000 loss). Operating loss before Exceptional items improved to £2,205,000 (2020: £5,673,000 loss).

The Group has recorded one off exceptional costs of £171,000 in the year (2020: £1,545,000). £119,000 of restructuring costs were expensed in the year (2020: £1,351,000). Full analysis of one-off exceptional items is included in Note 3 to these consolidated financial statements.

Results before taxation improved to a £3,035,000 loss (2020: £8,050,000 loss).

The Group's cash position reduced by £397,000 in comparison to the prior year-end, with cash generated from operations (£1,537,000) offset by tangible fixed asset purchases (£527,000) and term debt / deferred consideration repayments (£547,000) in addition to interest and tax payments (total £859,000).

Key performance indicators

A range of performance measures are used to monitor and manage the business. Certain of these are particularly important in the development of the business strategy and generation of shareholder value.

Revenue, operating profit and trading cash flow indicate the sales we have achieved, the profit generated and how effectively the operating profit has been turned into cash. Customer value and service levels indicate the extent to which the Group is easy to do business with. Employee statistics show us how effective we have been in recruiting and retaining our key resource.

Risks and uncertainties

The impact on the operations of the business and the global hospitality markets associated with Covid-19, and its associated subvariants, has fallen significantly since its peak in 2020. Global resources focussed on control and management through vaccines means the risk and uncertainties, while they can never be eliminated, are significantly reduced.

Pressure on resources as global economies recover from the impact of the pandemic has resulted in additional cost pressures on wages, raw materials and power prices. This has also impacted manufacturers from which we source our Portfolio ranges. The ongoing situation in Ukraine has placed further cost pressures with unprecedented pricing increases in, and volatility of, wholesale power prices. The Group closely monitors power prices and where appropriate forward buys to mitigate cost increases. In June 2022, the wider Group, of which St Athena Global Holdings Limited is a member, headed by Glazed Ultimate Holdings LLC (see note 28), successfully completed a refinance, increasing available facilities to offset the impact of power prices on its working capital. Price increases have also been passed on to customers to mitigate the impact.

Strategic Report *(continued)*

Risks and uncertainties *(continued)*

The United Kingdom and European Union entered into a trade agreement on 24 December 2020, effective from 1 January 2021 after the expiration of the Brexit withdrawal agreement. The trade agreement means UK manufactured core ranges will continue to be supplied tariff free into the EU market. Certain portfolio ranges sourced from overseas will continue to attract tariffs. The expiration of the Brexit withdrawal agreement and in particular the exit from the customs union has resulted in additional non-tariff barriers to exporting products into the EU including the requirement to adhere to local VAT regulations and testing standards on products involved with food contact.

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

A significant proportion of sales are in currencies other than Sterling and the Group's results are impacted by changes in exchange rates. Where the timing and quantum of foreign currency denominated cash receipts can be forecast with reasonable accuracy, the Group will enter into forward currency contracts to protect against adverse movements in the exchange rate.

Credit risk

The Group's principal financial assets are bank balances, cash and trade debtors. The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Section 172 Statement

It is a requirement under Section 172 of the Companies Act 2006 to promote the long-term success of the company for the benefit of stakeholders, including shareholders, lenders, employees, customers, suppliers, the environment, and the local community, while maintaining high standards of business conduct and acting fairly between members. The Directors have evaluated its key stakeholders and how we have engaged with them during the year as follows:

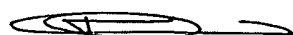
| <i>Stakeholder Group</i> | <i>Why we engage</i> | <i>How we engage</i> |
|--------------------------|--|---|
| <i>Shareholders</i> | <p>Both our shareholders and Directors share a common goal in maximising the long-term growth potential for the Group. Through our engagement we strive to obtain shareholder support for our strategic objectives and how we go about delivering on them.</p> <p>We create value for our shareholders by generating strong and sustainable results which increases the value of the business.</p> | <p>While the business continues to be run autonomously, the Directors benefit from open dialogue with shareholders with regular formal and informal meetings.</p> <p>Formal Board meetings with shareholders are held monthly covering commercial, financial and operational aspects of the Group. Informal meetings are held where the nature or timetable of monthly Board meetings require more immediate open dialogue.</p> |
| <i>Lenders</i> | <p>The operations of the Group are supported by debt and revolving credit facilities provided by our lenders. The support of lenders is also essential to ensure strategic objectives can be delivered.</p> | <p>Both Directors and shareholders maintain close relationships with lenders. Monthly financial information is shared with lenders.</p> <p>In addition to formal covenant testing, there is also formal presentations to lenders on a quarterly basis where the commercial, financial and operational performance of the wider Group are discussed.</p> |

Strategic Report *(continued)*

Section 172 Statement *(continued)*

| <i>Stakeholder Group</i> | <i>Why we engage</i> | <i>How we engage</i> |
|--------------------------|---|---|
| <i>Employees</i> | Our employees are our greatest asset, whether it is the manufacture of ceramic tableware to the highest quality standard or maintaining relationships with key stakeholders. The long-term success of the Group relies upon employee engagement, to ensure commitment to our strategy and core values while minimising employee turnover. | Regular informal meetings are held with employees to share key performance, commercial and operational information. Promoting employee health, safety and wellbeing is a key goal where Directors and management work closely to address issues as they arise and provide support where required, while maintaining adherence to the most up to date guidance and advice. |
| <i>Customers</i> | Building solid and long-term relationships with customers is fundamental to the success of the Group. We pride ourselves on providing excellent customer service and products that meet all customer requirements to maintain customer loyalty and brand reputation. | We work collaboratively with customers to ensure we are meeting their requirements. We encourage our customers to visit our facilities to better understand the passion behind our ranges and to understand the care taken in the manufacture of Steelite branded ceramicware. |
| <i>Suppliers</i> | We pride ourselves on the quality of our products to ensure they stand up against the rigours of a modern hospitality environment. To ensure quality across everything we do, it is essential to maintain a flexible supplier base to ensure our quality standards are met. | Our supply chain has regular correspondence with our suppliers to ensure all aspects of our relationship are maintained to the satisfaction of all parties. |
| <i>Environment</i> | The Group is a market and industry leader in all areas of manufacturing management and customer service. The Group takes a forward-looking approach to its corporate responsibilities and the environmental impact of the Group is no exception. | The Group continually reviews environmental aspects in order to minimise the risk of any significant impact on the environment. Compliance with applicable environmental standards is critical, with the Group aiming to continue improvements in its environmental performance. The Group continues to verify its compliance with the UK Governments' Energy Saving Opportunities Scheme ('ESOS'). The Group aims to improve environmental performance through the reduction of raw material and energy usage and minimisation of waste. The Group is committed to improving yield, seeking to discover new avenues for recycling, recovery or re-use of materials prior to waste disposal and the reduction of air emissions. |
| <i>Local Community</i> | Strong local communities are critical and major employers play a key role. The Group is passionate about making the areas where its operations are based a great place to live and work. | The Group engages with the local community on an ongoing basis through charitable and other support. The Group provides financial support through direct contributions and also through its 'Giving Something Back' charitable initiative where the Group and employees collaboratively raise money which is distributed to local good causes within 5 miles of its operations. Employees are encouraged to nominate good causes which are personal to them. |

Approved by the Board and signed on its behalf by:



J Cameron
 Director

Orme Street
 Burslem
 Stoke-on-Trent
 ST6 3RB
 21 October 2022

Directors' Report

The Directors present their annual report and consolidated financial statements for the year ended 31 December 2021.

In accordance with s414(c)(11) of the Companies Act, included in the Strategic Report (see page 3) is information relating to the Business review, Risks and uncertainties, Key performance indicators and Section 172 statement which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a report to the Directors.

Principal activities

The principal activity of the Group is the manufacture and world-wide distribution of high-quality ceramic tableware designed specifically for the hospitality market. The Group also utilises existing routes to market for its tableware to distribute ranges of ceramic and non-ceramic tabletop products to complement its existing tableware ranges, providing a complete tabletop solution to distributors and end users within the hospitality industry in over 130 countries across the globe.

The specially formulated high alumina bodies combine with unique design features to ensure highly durable products with exceptional resistance to chipping, together with heat retention properties for warm food service. The extensive item range covers all international food service requirements with many items in the range being multi-functional, giving the product maximum cost effectiveness.

These qualities have enabled the Group to compete successfully against vitrified products manufactured in the UK and porcelain within Europe and the Far East, ensuring that Steelite International maintains its reputation world-wide.

On 6 March 2020, the Group acquired 100% of the ordinary share capital of William Edwards Limited and its subsidiary Anderton Port Limited. William Edwards Limited specialises in the design and manufacture of fine bone china for global luxury hospitality and private wealth clients.

On 30 November 2020, the Directors commenced a simplification of the UK corporate structure which resulted in several non-trading Group companies being struck off and dissolved. As a result, the investment in Steelite International Limited, previously held via intermediate holding companies, is now held by St Athena Global Holdings Limited. The trading operations of the Group remained unchanged following the corporate simplification.

Results and dividend

The loss for the year before taxation was £3,035,000 (2020: £8,050,000 loss). Net assets at 31 December 2021 were £15,106,000 (2020: £18,257,000) for the Group and £636,000 (2020: £1,224,000) for the Company. No dividends were declared in relation to the financial period (2020: *£nil*).

Research and development

The Group has an ongoing development programme within its own research and development department and is also a member of Lucideon Limited in order to contribute to and benefit from research and development in the ceramic industry. The Group spent £173,000 (2020: £160,000) on research and development which has been expensed in the year.

Directors

The Directors of the Company during the year and up to the date of this report are shown on page 2. The Directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Going concern

The financial statements for St Athena Global Holdings Limited have been prepared on a going concern basis which, in the opinion of the Directors, is appropriate for the reasons set out below.

The Group is reliant for its working capital and other funding needs on financing arrangements made available by external lenders to its ultimate parent undertaking, Glazed Ultimate Holdings LLC through its subsidiary undertakings (the 'Enlarged Group'). The financing arrangements are subject to quarterly leverage ratio tests based on the consolidated results and net external debt of the Enlarged Group. They are due for renewal on 20 December 2025.

The Directors of Glazed Ultimate Holdings LLC have prepared cash flow projections for a period of at least twelve months from the date of signing these financial statements. Taking into consideration reasonably possible downside scenarios, together with available mitigating actions, the forecasts indicate that the Enlarged Group can meet its working capital and funding obligations in compliance with the covenants of the committed facilities and therefore the Directors of St Athena Global Holdings Limited are confident that the Enlarged Group will be able to meet its debts as they fall due during the next 12 months. St Athena Global LLC has provided a letter of support to St Athena Global Holdings Limited explaining that it will make funding available to St Athena Global Holdings Limited to meet its working capital and funding requirements for a period of at least 12 months from the date of signing these financial statements. Consequently, the financial statements of St Athena Global Holdings Limited have been prepared on a going concern basis.

Directors' Report *(continued)*

Subsequent Events

The ongoing situation in Ukraine has placed further cost pressures on the Group, with unprecedented increases in, and volatility of, wholesale power prices. The Group closely monitors power prices and where appropriate forward buys to mitigate cost increases. On 8 June 2022 the enlarged Group of which St Athena Global Holdings Limited is a member successfully completed a refinance, increasing available facilities to offset the impact of power prices on its working capital.

Future Developments

The business expects to increase capacity from its UK Factory through increasing headcount and training. Sales performance is expected to improve in line with increased output and increased demand from customers. The UK Government announced details of the Energy Bill Relief Scheme on 21 September 2022 which places a cap on power costs for non-domestic gas and electricity users through March 2023 and is expected to reduce energy price volatility.

Employees

The Group continued to recognise the benefits of keeping employees regularly informed of the progress of the business. The involvement of all staff and operatives in the business is essential to the Group's success and employees or their representatives are consulted on a regular basis so that the views of the employees can be taken into account in making decisions which are likely to affect their interests. This achieves a common awareness on the part of employees of the financial and economic factors affecting the performance of the Group. Health and Safety was given considerable attention during the year and Health and Safety committees have participated in the Group's activities.

The Group's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training, career development and the retention of employees who become disabled.

Policy and practice on payment of creditors

The Group's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not follow any code or standard on payment practice.

The number of days' purchases outstanding for payment by the Group at the period end was 49 days (2020: 45 days).

Political and charitable donations

During the year, the Group made charitable donations of £11,108 (2020: £5,000) and where possible continued to contribute its own products to charities across North Staffordshire and other markets local to its sales offices. The Group has also continued to promote its Giving Something Back charitable initiative to raise monies and distribute to charities local to its Stoke-on-Trent manufacturing facility. During the year the fund, which is held independently from the business, raised and distributed over £620 (2020: £2,750) of donations to charities and other worthwhile causes within 5 miles of its factory in Stoke-on-Trent.

No political contributions were made by the Group (2020: £nil).

Environmental policy

The Group is a market and industry leader in all areas of manufacturing management and customer service. The Group takes a forward-looking approach to its corporate responsibilities and the environmental impact of the Group is no exception. During the period Steelite International Limited achieved compliance with ISO 14001:2015 and ISO 19001:2015.

The Group strives to achieve excellence in all business areas and the environmental management system is based on continual improvement to complement and support all other Group policies in satisfying the mission statement and securing the future of the business.

With the full support of the Board of Directors, the environmental management system continually reviews environmental aspects in order to minimise the risk of any significant impact on the environment. Compliance with applicable environmental legislation is the minimum criterion for business practice, with the Group aiming for continuing improvements in its environmental performance. The Group continues to verify its compliance with the UK Governments' Energy Saving Opportunities Scheme ('ESOS').

The Group aims to improve environmental performance through the minimisation of waste and therefore the proportionate reduction of raw material and energy usage. The Group is committed to improving yield, seeking to discover new avenues for recycling, recovery or re-use of materials prior to waste disposal and the reduction of air emissions.

Communication, information and training programmes are used by the Group to develop its personnel and encourage the continual improvement in environmental performance. Working conditions provided by the Group are both safe and healthy.

As an integral part of the environmental management system, the Group endeavours to improve and build positive environmental relationships through communication with all parties affected through the Group's activities, including suppliers, employees, contractors, neighbours, customers, authorities and the public.

Directors' Report *(continued)*

Streamlined Energy and Carbon Reporting (SECR)

We are committed to continual improvement in energy usage and intensity in our operational facilities.

We continue to focus on lowering energy usage in current plant and processes, improved energy efficiency when investing in our manufacturing facilities and producing high quality durable ceramic tableware to reduce energy usage over the product life cycle and minimise disposal of waste.

The metrics and methodology used are consistent with our compliance with the UK Governments Energy Savings Opportunity Scheme (ESOS) and the materiality associated with the legislation and consistent with the requirements of SECR:

| | 2021 | 2020 |
|---|--------|--------|
| Scope 1: UK Facilities direct emissions (Tonnes CO ₂) | 11,665 | 6,442 |
| Scope 2: UK Facilities indirect emissions (Tonnes CO ₂) | 1,729 | 1,119 |
| Total Scope 1 and 2 Emissions (Tonnes CO ₂) | 13,394 | 7,561 |
| Intensity metric: Scope 1 and 2 per metric tonne of production | 0.26 | 0.29 |
| Total UK Energy Consumption (MwH) | 72,035 | 40,562 |

The above figures reflect the impact of Covid-19 on our manufacturing output.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, following BDO LLP ceasing to hold office and in accordance with their terms of appointment, Deloitte LLP have been appointed. The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



J Cameron
 Director

Orme Street
 Burslem
 Stoke-on-Trent
 ST6 3RB

21 October 2022

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

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

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

In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST ATHENA GLOBAL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of St Athena Global Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account and other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST ATHENA GLOBAL HOLDINGS LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 the parent 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 the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Manual adjustments to revenue are inherently riskier and susceptible to misstatements. To assess the adequacy of manual adjustments to revenue we have obtained an understanding of the associated controls and we have performed detailed testing on a sample of revenue transactions which we have agreed to supporting documentation to assess if the revenue was recognised appropriately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.



INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ST ATHENA GLOBAL HOLDINGS LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Simon Hearne FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

21 October 2022

Consolidated Profit and Loss Account and Other Comprehensive Income

for year ended 31 December 2021

| | Notes | 2021 £000 | 2020 Restated (see Note 2) £000 |
|--|-------|--------------|--|
| Turnover | 1 | 45,474 | 28,525 |
| Cost of Sales | | (33,439) | (20,856) |
| Gross profit | | 12,035 | 7,669 |
| Distribution costs | | (3,000) | (2,674) |
| Intangible amortisation | | (2,274) | (2,199) |
| Non-productive Wages & Salaries arising from the Covid-19 pandemic | 2 | (1,057) | (8,757) |
| Other administrative expenses | | (8,762) | (6,971) |
| Administrative expenses | | (12,093) | (17,927) |
| Coronavirus job retention scheme credits | 2 | 853 | 7,259 |
| Other income | | 853 | 7,259 |
| Operating loss on continuing operations before exceptional items | | (2,205) | (5,673) |
| Exceptional items | 3 | (171) | (1,545) |
| Operating loss | 3 | (2,376) | (7,218) |
| Interest receivable | 6 | 7 | 3 |
| Interest payable | 7 | (666) | (835) |
| Loss before taxation | | (3,035) | (8,050) |
| Taxation | 8 | (9) | 1,260 |
| Loss for the financial year | | (3,044) | (6,790) |
| Other comprehensive (loss)/ income | | | |
| Foreign exchange movement on retranslation of foreign operations | | (107) | 119 |
| Total comprehensive loss for the financial year | | (3,151) | (6,671) |

All amounts result from continuing operations for the current and previous financial period.

Notes on pages 18 – 32 form part of these Financial Statements.

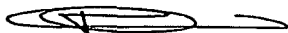
Consolidated Balance Sheet

as at 31 December 2021

| | | 2021 | 2020 |
|--|------|---------------|-------------------------------|
| | | £000 | Restated (see Note 2) £000 |
| Notes | £000 | £000 | £000 |
| Fixed assets | | | |
| Intangible fixed assets | 10 | 18,238 | 20,500 |
| Tangible fixed assets | 11 | 2,925 | 3,292 |
| | | <u>21,163</u> | <u>23,792</u> |
| Current assets | | | |
| Stocks | 13 | 10,079 | 11,650 |
| Debtors | 14 | 10,288 | 5,122 |
| Cash at bank and in hand | | 1,759 | 2,191 |
| | | <u>22,126</u> | <u>18,963</u> |
| Creditors falling due within one year | 15 | (13,898) | (9,763) |
| Net current assets | | <u>8,228</u> | <u>9,200</u> |
| Total assets less current liabilities | | <u>29,391</u> | <u>32,992</u> |
| Creditors falling due after one year | 16 | (13,881) | (14,311) |
| Provisions for liabilities and charges | 19 | (404) | (424) |
| Net assets | | <u>15,106</u> | <u>18,257</u> |
| Capital and reserves | | | |
| Called-up share capital | 20 | - | - |
| Profit and loss reserve | 21 | 15,106 | 18,257 |
| Shareholder's funds | | <u>15,106</u> | <u>18,257</u> |

Notes on pages 18 – 32 form part of these Financial Statements.

The financial statements were approved by the Board of Directors on 21 October 2022.



J Cameron
 Director

Company Balance Sheet

as at 31 December 2021

| | | 2021 | | 2020 | |
|--|-------|----------|-----------------|----------|-----------------|
| | Notes | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Investments | 12 | | 76,700 | | 76,700 |
| Current assets | | | | | |
| Debtors | 14 | 109 | | 86 | |
| Creditors falling due within one year | 15 | (64,987) | | (64,261) | |
| Net current (liabilities)/ assets | | | (64,878) | | (64,175) |
| Total assets less current liabilities | | | 11,822 | | 12,525 |
| Creditors falling due after one year | 16 | | (11,186) | | (11,301) |
| Net assets | | | 636 | | 1,224 |
| Capital and reserves | | | | | |
| Called-up share capital | 20 | | - | | - |
| Profit and loss reserve | 21 | | 636 | | 1,224 |
| Shareholder's funds | | | 636 | | 1,224 |

Notes on pages 18 – 32 form part of these Financial Statements.

The loss for the year dealt with in the financial statements of the parent company, St Athena Global Holdings Limited, was £588,000 (2020: £14,059,000). As permitted by s408 of the Companies Act 2006, a separate profit and loss account is not presented in respect of the parent company.

The financial statements were approved by the Board of Directors on 21 October 2022.



J Cameron
 Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

| | Called-up share capital £000 | Share premium account £000 | Profit & Loss reserve <i>Restated</i> (See Note 2) £000 | Total <i>Restated</i> (See Note 2) £000 |
|--|------------------------------------|----------------------------------|---|--|
| At 1 January 2020 (as originally reported) | - | 13,592 | 11,522 | 25,114 |
| Prior year adjustment (See Note 2) | - | - | (186) | (186) |
| At 1 January 2020 (as restated) | - | 13,592 | 11,336 | 24,928 |
| Loss for the financial year ended 31 December 2020 | - | - | (6,790) | (6,790) |
| Other comprehensive income for the year ended 31 December 2020 | - | - | 119 | 119 |
| Capital reduction | - | (13,592) | 13,592 | - |
| At 31 December 2020 | - | - | 18,257 | 18,257 |
| Loss for the financial year ended 31 December 2021 | - | - | (3,044) | (3,044) |
| Other comprehensive loss for the year ended 31 December 2021 | - | - | (107) | (107) |
| At 31 December 2021 | - | - | 15,106 | 15,106 |

Company Statement of Changes in Equity

for the year ended 31 December 2021

| | Called-up share capital £000 | Share premium account £000 | Profit & Loss Reserve £000 | Total £000 |
|--|------------------------------------|----------------------------------|----------------------------------|---------------|
| At 1 January 2020 | - | 13,592 | 1,691 | 15,283 |
| Loss for the financial year ended 31 December 2020 | - | - | (14,059) | (14,059) |
| Capital reduction | - | (13,592) | 13,592 | - |
| At 31 December 2020 | - | - | 1,224 | 1,224 |
| Loss for the financial year ended 31 December 2021 | - | - | (588) | (588) |
| At 31 December 2021 | - | - | 636 | 636 |

There is no other comprehensive income or loss for the current and previous financial period.

Notes on pages 18 – 32 form part of these Financial Statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2021

| | 2021 | 2020 |
|---|--------------|----------------|
| Notes | £000 | £000 |
| Cash flows from operating activities | | |
| Loss for the financial year | (3,044) | (6,790) |
| Profit on disposal of fixed assets | - | (6) |
| Depreciation and fixed asset impairment | 3 893 | 616 |
| Intangible asset amortisation | 3 2,274 | 2,199 |
| Foreign exchange movements: retranslation of foreign operations | 2 | 6 |
| Decrease in stock | 1,544 | 1,726 |
| (Increase)/ decrease in debtors | (5,125) | 8,520 |
| Increase/ (decrease) in creditors | 4,325 | (2,089) |
| Net interest payable | 6,7 659 | 832 |
| Taxation expense | 8 9 | (1,260) |
| Cash from operations | 1,537 | 3,754 |
| Interest paid | (650) | (525) |
| Taxation paid | (209) | (227) |
| Net cash generated from operating activities | 678 | 3,002 |
| Cash flows from investing activities | | |
| Purchase of intangible assets | (12) | - |
| Purchase of tangible fixed assets | (527) | (259) |
| Disposal of tangible fixed assets | - | 7 |
| Purchase of subsidiary undertaking | - | (2,470) |
| Interest received | 7 | 3 |
| Net cash used in investing activities | (532) | (2,719) |
| Cash flows from financing activities | | |
| Repayment of term debt | (115) | (86) |
| Repayment of deferred consideration | (432) | - |
| New finance lease | 12 | - |
| Capital element of finance lease repayments | (8) | (224) |
| Net cash used in financing activities | (543) | (310) |
| Net decrease in cash and cash equivalents | (397) | (27) |
| Cash and cash equivalents at beginning of year | 2,191 | 2,093 |
| Cash acquired on acquisition of subsidiary undertaking | - | 103 |
| Foreign exchange (loss)/ gain on cash and cash equivalents | (35) | 22 |
| Cash and cash equivalents at end of year | 1,759 | 2,191 |
| Cash and cash equivalents comprise: | | |
| Cash at bank and in hand | 1,759 | 2,191 |
| Reconciliation of net cash flow to movement in net debt | | |
| 24 Decrease in cash in the period | (397) | (27) |
| Cash acquired on acquisition of subsidiary undertaking | - | 103 |
| Repayment of term debt | 115 | 86 |
| Capital element of finance lease repayments | 8 | 224 |
| Change in net debt resulting from cash flows | (274) | 386 |
| Other non-cash movements | (47) | 18 |
| Movement in net debt in the period | (321) | 404 |
| Net debt at start of the period | (9,264) | (9,668) |
| Net debt at end of the period | (9,585) | (9,264) |

Notes to the Financial Statements

1 Accounting policies

St Athena Global Holdings Limited (the "Company") is a private company, limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The registered office address is Orme Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 3RB. These financial statements have been prepared for the year ended 31 December 2021.

Up until 20 December 2019 the Company's immediate and ultimate parent undertaking was St Athena Global LLC, a company incorporated in Delaware, USA. On 20 December 2019 all outstanding units in St Athena Global LLC were acquired by Glazed Ultimate Holdings LLC through its wholly owned subsidiary Glazed Intermediate Holdings Inc. Both entities are incorporated in Delaware, USA. The Company is a wholly owned subsidiary of Glazed Ultimate Holdings LLC and has taken advantage of the exemption conferred by section 33.1A of FRS 102 not to disclose transactions with Glazed Ultimate Holdings LLC or other wholly owned subsidiaries within the group. Consolidated financial statements are not publicly available and as such St Athena Global Holdings Limited is the highest company in the group structure where consolidated financial statements are prepared and are publicly available.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2015. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- Financial instruments disclosures have not been presented;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition or accounting estimates.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments classified at fair value through the profit or loss.

(a) Covid-19

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, with the pandemic having a significant impact on the global economy and on the commercial operations of the Company. In response to the pandemic, The UK Government has provided certain forms of relief to eligible businesses.

The peak of the COVID-19 pandemic passed in early 2021 and the results of the Company and the group, of which the Company is a subsidiary, have improved significantly in the subsequent period. The Directors continue to monitor the global impact of COVID-19 on its financial condition, liquidity, operations, suppliers, industry, and workforce.

(b) Going concern

The financial statements for St Athena Global Holdings Limited have been prepared on a going concern basis which, in the opinion of the Directors, is appropriate for the reasons set out below.

The Group is reliant for its working capital and other funding needs on financing arrangements made available by external lenders to its ultimate parent undertaking, Glazed Ultimate Holdings LLC through its subsidiary undertakings (the 'Enlarged Group'). The financing arrangements are subject to quarterly leverage ratio tests based on the consolidated results and net external debt of the Enlarged Group. They are due for renewal on 20 December 2025.

The Directors of Glazed Ultimate Holdings LLC have prepared cash flow projections for a period of at least twelve months from the date of signing these financial statements. Taking into consideration reasonably possible downside scenarios, together with available mitigating actions, the forecasts indicate that the Enlarged Group can meet its working capital and funding obligations in compliance with the covenants of the committed facilities and therefore the Directors of St Athena Global Holdings Limited are confident that the Enlarged Group will be able to meet its debts as they fall due during the next 12 months. St Athena Global LLC has provided a letter of support to St Athena Global Holdings Limited explaining that it will make funding available to St Athena Global Holdings Limited to meet its working capital and funding requirements for a period of at least 12 months from the date of signing these financial statements. Consequently, the financial statements of St Athena Global Holdings Limited have been prepared on a going concern basis.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights. There were no associates included in the results of the Group for either the current or preceding financial year.

A joint venture is a contractual arrangement in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method. Where a Group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis. There were no joint ventures included in the results of the Group for either the current or preceding financial year.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

(d) Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

(e) Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(f) Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. No investments in Investment Property are recognised on either the Group or Parent company financial statements.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold Property: 20 years
- Plant and equipment: 4 to 10 years
- Motor vehicles: 3 years

(h) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The Group identifies stock where it is believed that the quantity held is more than that which may be realised at normal price levels. The realisable value of the inventory is assessed by considering the expected selling price less future cost of sales.

(i) Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

(j) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; less

the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(j) Business combinations (continued)

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2015. In respect of acquisitions prior to 1 January 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

(k) Intangible assets and goodwill

Intangible assets and goodwill arising on an acquisition are allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. The business has identified the following categories of intangible assets:

- **Contract based intangible assets:** Contract based intangible assets represent the value of rights that arise from contractual agreements. In respect of the acquisitions of Steelite International Holdings Limited and William Edwards Limited the following contract based intangible assets have been identified. The value of non-compete agreements is represented by the present value of the cash flows that would be lost if the sellers involved in the transaction were to compete against the newly acquired entity, adjusted for the effective probability that the sellers would compete, and compete successfully.
- **Trademarks, designs & patents:** Trademarks, designs & patents relate to any contractual or registered right to identify the origin of goods. The relief from royalty method is used to value trademarks assigned to identified income generating units. The benefit of ownership of the trademark is valued as the relief from the royalty expense that would otherwise be incurred.
- **Customer & end user relationships and backlog:** Customer & supplier related intangible assets result from the current and expected future relationship of a company with its direct and indirect customers. Customer and supplier relationships are valued using the multi-period excess earnings method, estimating the cash flows attributable to existing relationships discounted to present value commensurate with the risk of realizing those cash flows from the intangible asset.

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised in accordance with the useful economic lives detailed in note 10.

Goodwill

Where the fair value of purchase consideration exceeds the fair value of identifiable tangible assets, liabilities and intangible assets, the balance of the cost is categorised as goodwill. The Group has identified two cash-generating units, William Edwards Limited and the remainder of the Steelite Group.

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Software

Software classed as an intangible asset is stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful life of 5 years.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Other intangible assets

Expenditure on brands is recognised in the profit and loss account as an expense as incurred.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Goodwill has no residual value. The useful economic lives of intangible assets over which amortisation is charged is included in Note 10.

Impairment

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired. The considerations relevant to these impairment reviews are detailed below.

(i) Financial assets (including trade and other debtors)

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

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

(ii) Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

(l) Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(m) Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(n) Turnover

Turnover represents amounts invoiced by the Group in respect of goods sold during the year, net of discounts, rebates and value added tax and is recognised at the point of despatch. The Group only has one class of business being the manufacture, distribution and sale of ceramic and non-ceramic tabletop ranges. No geographical split of sales is presented as in the opinion of the directors this would be seriously prejudicial to the interests of the entity.

(o) Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received, including any profit on a sale and leaseback transaction, are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

(p) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Group relief received / granted is not paid for.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(q) Exceptional items

Exceptional items are non-trading, non-cash or one-off items disclosed separately in the consolidated profit and loss account where the quantum or nature of such items are considered by management to otherwise distort the underlying performance of the Group.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Critical judgments and key sources of estimation uncertainty

Estimates and judgments are reviewed and evaluated based on historic experience and factors including future expectations that are reasonably expected to occur. The resulting accounting estimates will, by definition, seldom reflect actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are considered as follows:

Carrying value of tangible and intangible fixed assets

As disclosed in the Directors' Report, the business was affected by the impact of the pandemic on the global hospitality industry and accordingly, the Directors have performed an impairment review of the carrying value of tangible and intangible assets. Performing this assessment involves an estimate of future cash flows to be generated by the related cash-generating unit ('CGU'), which requires judgements including the expected rate of sales growth, margins and the discount rate. The recoverable value of each CGU is determined based on value in use calculations. These calculations use post-tax cash flow projections based on the next financial year's budget with growth rates applied to generate a five-year forecast. Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. No indication of impairment was noted from management's reviews.

The Group has two CGUs: Steelite International and William Edwards. The Directors do not consider the carrying value of the assets in William Edwards to be a key source of estimation uncertainty based on the level of headroom indicated by their value in use calculations.

For Steelite International, over the five years to 31 December 2026, management expects the business to continue to recover from the pandemic. The order book remains strong, and the business has been able to pass on cost price increases to customers. Replacing skilled labour lost during the pandemic and energy price volatility are expected to be the main business challenges giving rise to future uncertainty. The Directors sensitivity analysis suggests that if the forecast recovery in EBITDA in the next 12 months is not achieved as forecast, the carrying value of tangible and intangible assets would not be impaired. Additionally, if the post-tax discount rate of 11.5% were to increase by 1% there would not be an impairment. Therefore, further sensitivity analysis has not been disclosed. However, the Directors consider that the greatest level of estimation uncertainty is attached to the recovery achieved in the medium-term which remains inherently uncertain. If medium-term recover is slower than expected, an impairment may be required.

2 Prior period restatements

The consolidated profit and loss account and other comprehensive income and consolidated and company statements of changes in equity for the year ended 31 December 2020, the consolidated and company balance sheets at 31 December 2020, and the accompanying notes have been amended to reflect the following restatements:

- a) Non-productive wages & salaries reflect payroll costs associated with employees who were furloughed and therefore not actively working for the Group and are shown separately from the recovery from the UK Government's Coronavirus Job Retention Scheme ('CJRS'). The net cost to the business of £1,498,000 had previously been reported as exceptional, given the nature of these costs and in order to clearly explain financial performance during the periods affected by the Covid-19 pandemic. Non-productive wages & salaries and the accompanying CJRS receipts have now been reclassified to administrative expenses and other income respectively. In addition, intangible amortisation was previously presented as a separate financial statement line item within operating profit, but has now been reclassified to administrative expenses. There is no impact on the consolidated loss for the year ended 31 December 2020 or net assets at 31 December 2020.
- b) Government grants received in the years 2013 and 2014 against certain tangible fixed asset additions were historically netted off against the cost of the asset. Capital grants received have been restated and reflected as deferred income at 31 December 2020 and credited to the income statement in line with associated performance measures. The reported net book value of tangible fixed assets at 31 December 2020 has increased by £651,000. Accruals and deferred income due in less than one year have increased by £837,000. Reserves at 31 December 2020 have reduced by £186,000. There is no material impact on the consolidated loss for the year ended 31 December 2020.
- c) Wage costs for the year ended 31 December 2020, disclosed within note 4, have been reduced by £4,465,000 to correct an error in the disclosure and to ensure that the basis of preparation is consistent with the figures for the year ended 31 December 2021.

The effects of the prior period restatement are summarised as follows:

| | Prior Period Restatement | 2020 £000 |
|--|-----------------------------|--------------|
| <i>Consolidated profit and loss account and other comprehensive income</i> | | |
| Administrative expenses | (a) | (10,956) |
| Other income | (a) | 7,259 |
| Intangible amortisation | (a) | 2,199 |
| Exceptional items | (a) | 1,498 |
| Increase / (decrease) in profit for the financial year | | - |
| <i>Balance sheet</i> | | |
| Tangible fixed assets | (b) | 651 |
| Creditors falling due within one year | (b) | (837) |
| Increase / (decrease) in net assets | | (186) |

Notes to the Financial Statements (continued)

3 Operating loss

Expenses and auditor's remuneration included in operating loss:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Depreciation and other amounts written off tangible fixed assets: | | |
| Owned | 887 | 609 |
| Leased | 6 | 7 |
| Amortisation and other amounts written off intangible fixed assets | 2,274 | 2,199 |
| Hire of plant and machinery | 238 | 237 |
| Other operating leases | 2,153 | 2,159 |
| Research and development | 173 | 160 |
| Exchange rate gain | (253) | (475) |
| Non-productive wages & salaries arising from the Covid-19 pandemic | 1,057 | 8,757 |
| Coronavirus job retention scheme credits | (853) | (7,259) |
| <i>Auditor's remuneration</i> | | |
| Audit of these financial statements | 2 | 2 |
| Audit of financial statements of subsidiary undertakings | 167 | 82 |
| Taxation compliance and other tax advisory services | 21 | 10 |
| Other assurance services | - | 13 |
| | <u>190</u> | <u>107</u> |

Non-productive wages and salaries reflect payroll costs associated with employees who were furloughed and therefore not actively working for the Group, and are shown separately from the recovery from the UK Government's Coronavirus Job Retention Scheme.

Exceptional items include certain non-recurring expenses incurred during the year and are detailed in the table below. Restructuring costs relate to additional headcount reductions in the year which continued to address the impact of the COVID-19 pandemic on the Group, aligning the Group's headcount with its ongoing production requirements. Other exceptional items in the current year include certain non-recurring legal costs incurred.

In the prior year, legal and professional costs associated with the acquisition of William Edwards Limited were also expensed and included in exceptional items.

| | 2021 £000 | 2020 Restated (See Note 2) £000 |
|---|--------------|--|
| Restructuring costs | 119 | 1,351 |
| William Edwards Limited acquisition costs | - | 161 |
| Other exceptional items | 52 | 33 |
| | <u>171</u> | <u>1,545</u> |

4 Staff numbers and costs

The monthly average number of persons employed by the Group (including Directors) during the year was as follows:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2021 Number | 2020 Number | 2021 Number | 2020 Number |
| Management and administration | 149 | 176 | 4 | 4 |
| Production | 491 | 627 | - | - |
| | <u>640</u> | <u>803</u> | <u>4</u> | <u>4</u> |

Notes to the Financial Statements (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

| | Group | | Company | |
|-----------------------|---------------|----------------------------------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000 | Restated (See Note 2) £000 | £000 | £000 |
| Wages and salaries | 16,806 | 17,991 | - | - |
| Social security costs | 1,479 | 1,855 | - | - |
| Pension costs | 680 | 726 | - | - |
| | <u>18,965</u> | <u>20,572</u> | <u>-</u> | <u>-</u> |

None of the Directors received any remuneration in respect of their role with the Company with all costs incurred by a Group undertaking.

5 Directors' remuneration

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Directors' emoluments | 164 | 170 |
| Company contributions to defined contribution pension schemes | 15 | 13 |
| Amounts receivable under long term incentive schemes | - | 981 |
| | <u>179</u> | <u>1,164</u> |

The aggregate remuneration of the highest paid director was £164,155 (2020: £169,849) and company pension contributions of £15,292 (2020: £13,250) were made on his behalf. Amounts receivable under long-term incentive schemes relates to an incentive which became payable by the previous shareholder to the highest paid director on acquisition of the Group by Glazed Ultimate Holdings LLC. Retirement benefits are accruing to the following number of Directors:

| | 2021 Number | 2020 Number |
|--------------------------------------|----------------|----------------|
| Defined contribution pension schemes | <u>1</u> | <u>1</u> |

6 Interest receivable

| | 2021 £000 | 2020 £000 |
|---------------------------------|--------------|--------------|
| Interest receivable on deposits | <u>7</u> | <u>3</u> |
| | <u>7</u> | <u>3</u> |

7 Interest payable

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Interest payable on bank loans and overdrafts | 596 | 601 |
| Finance leases and hire purchase contracts | - | 7 |
| Discount unwind on deferred consideration | 55 | 65 |
| Loss on derivatives treated as fair value hedging instruments | - | 162 |
| Other interest payable | 15 | - |
| | <u>666</u> | <u>835</u> |

Notes to the Financial Statements *(continued)*

8 Taxation

(a) Total tax expense recognised in the profit and loss account

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | - | 6 |
| Adjustment in respect of prior periods | (307) | (99) |
| Overseas taxation | 338 | 114 |
| | <hr/> | <hr/> |
| Total current tax | 31 | 21 |
| Deferred taxation | (22) | (1,281) |
| | <hr/> | <hr/> |
| | 9 | (1,260) |

(b) Reconciliation of the effective tax rate

The tax assessed for the year is higher than (2020: lower than) the average rate of tax borne by the Group of 19.0% (2020: 19.0%).
 The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Loss on ordinary activities before taxation | (3,035) | (8,050) |
| Loss on ordinary activities multiplied by the average rate of corporation tax of 19.0% (2020: 19.0%) | (577) | (1,530) |
| <i>Effects of:</i> | | |
| Non-deductible expenses | 77 | 31 |
| Non-taxable income | (9) | (24) |
| Amortisation of intangible assets | 361 | 352 |
| Group relief surrendered | - | 8 |
| Tax losses | 413 | 91 |
| Effect of overseas tax | 163 | 61 |
| Movement in timing differences | - | 31 |
| Prior year items | (307) | (99) |
| Tax rate differences | 87 | - |
| Other movements | (199) | (181) |
| | <hr/> | <hr/> |
| Total tax charge | 9 | (1,260) |

(c) Factors affecting the tax charge for the current and future years

In the 2021 budget it was announced that the Corporation Tax main rate (for all profits except ring fence profits) would increase from the current rate of 19% to 25% with effect from 1 April 2023.

Notes to the Financial Statements (continued)

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Accelerated capital allowances | 76 | 59 | - | - |
| Other timing differences | (480) | (483) | 109 | 86 |
| Deferred tax (liabilities)/ assets (see notes 19 / 14) | <u>(404)</u> | <u>(424)</u> | <u>109</u> | <u>86</u> |

Factors that may affect future tax charges:

If the land and buildings were disposed of at the balance sheet amounts, no tax liability would arise (2020: £nil). The retained earnings of certain foreign subsidiaries would be subject to additional taxation if distributed. In the opinion of the directors these retained earnings are required to finance the continuing operation of those subsidiaries and, accordingly, no provision for additional taxation has been made.

10 Intangible assets and goodwill

| | Software £000 | Trademarks & Designs £000 | Customer & End User Relationships £000 | Non-compete Agreements £000 | Other separately identifiable intangible assets £000 | Goodwill £000 | Total £000 |
|-----------------------|------------------|---------------------------------|---|-----------------------------------|---|------------------|---------------|
| Cost | | | | | | | |
| At 1 January 2021 | 2,098 | 4,239 | 8,810 | 80 | 380 | 14,024 | 29,631 |
| Additions | 12 | - | - | - | - | - | 12 |
| At 31 December 2021 | <u>2,110</u> | <u>4,239</u> | <u>8,810</u> | <u>80</u> | <u>380</u> | <u>14,024</u> | <u>29,643</u> |
| Amortisation | | | | | | | |
| At 1 January 2021 | 1,125 | 731 | 3,807 | 80 | 380 | 3,008 | 9,131 |
| Charge for the year | 376 | 171 | 906 | - | - | 821 | 2,274 |
| At 31 December 2021 | <u>1,501</u> | <u>902</u> | <u>4,713</u> | <u>80</u> | <u>380</u> | <u>3,829</u> | <u>11,405</u> |
| Net Book Value | | | | | | | |
| At 31 December 2021 | <u>609</u> | <u>3,337</u> | <u>4,097</u> | <u>-</u> | <u>-</u> | <u>10,195</u> | <u>18,238</u> |
| At 31 December 2020 | <u>973</u> | <u>3,508</u> | <u>5,003</u> | <u>-</u> | <u>-</u> | <u>11,016</u> | <u>20,500</u> |

Software relates to the external and separately identifiable costs associated with the implementation of a new Enterprise Resource Planning ('ERP') platform in the UK which successfully went live on 2 January 2018. Current year additions relate to costs associated with the implementation of an upgraded payroll system in the UK. The software balance is being amortised over 5 years.

Included in the total net book value of Software is £165,000 (2020: £330,000) in respect of software held under finance leases. Depreciation for the year on these assets was £165,000 (2020: £165,000).

Goodwill held at 1 January 2021 relates to the acquisition of Steelite International Holdings Limited on 14 June 2016, and to the acquisition of William Edwards Limited on 6 March 2020. Goodwill is being amortised over 5 years. The Directors undertook a valuation exercise in respect of the intangible assets acquired in each transaction, which are being amortised over the following useful economic lives:

| | Steelite International Holdings | William Edwards |
|---|---------------------------------------|--------------------|
| Trademarks & designs | 25 years | 12 -25 years |
| Customer and end user relationships | 7 – 10 years | 10 years |
| Non-compete agreements | 3 years | - |
| Other separately identifiable intangible assets | <1 year | - |
| Goodwill | 20 years | 10 years |

The Company does not hold any intangible fixed assets.

Notes to the Financial Statements (continued)

11 Tangible fixed assets

| <i>Group</i> | Freehold Property £000 | Plant & Equipment and Capital Work in Progress <i>Restated</i> (See Note 2) £000 | Motor Vehicles £000 | Total <i>Restated</i> (See Note 2) £000 |
|-----------------------|------------------------------|--|---------------------------|--|
| <i>Cost</i> | | | | |
| At 1 January 2021 | 1,124 | 18,340 | 121 | 19,585 |
| Additions | - | 527 | - | 527 |
| Disposals | - | (25) | - | (25) |
| Exchange adjustments | - | (5) | (2) | (7) |
| At 31 December 2021 | 1,124 | 18,837 | 119 | 20,080 |
| <i>Depreciation</i> | | | | |
| At 1 January 2021 | 174 | 16,021 | 98 | 16,293 |
| Charge for the period | 5 | 882 | 6 | 893 |
| Disposals | - | (25) | - | (25) |
| Exchange adjustments | - | (5) | (1) | (6) |
| At 31 December 2021 | 179 | 16,873 | 103 | 17,155 |
| <i>Net Book Value</i> | | | | |
| At 31 December 2021 | 945 | 1,964 | 16 | 2,925 |
| At 31 December 2020 | 950 | 2,319 | 23 | 3,292 |

Included in the total net book value of Motor Vehicles is £16,000 (2020: £23,000) in respect of vehicles held under finance leases. Depreciation for the year on these assets was £6,000 (2020: £7,000). The book value of non-depreciable land included in freehold properties is £447,000 (2020: £447,000).

The Company does not hold any tangible fixed assets.

12 Investments

| <i>Company</i> | Shares in Subsidiary Undertakings £000 |
|--|---|
| <i>Cost</i> | |
| At 1 January 2021 and 31 December 2021 | 76,700 |
| <i>Net Book Value</i> | |
| At 31 December 2021 | 76,700 |
| At 31 December 2020 | 76,700 |

On 30 November 2020, the Directors commenced a restructuring of the UK corporate structure which resulted in several non-trading subsidiary undertakings, including St Athena Acquisition Company Limited, being struck off and dissolved. As a result of the exercise the investment in Steelite International Limited, previously held via intermediate holding companies, is now held directly by St Athena Global Holdings Limited.

Details of subsidiary companies are given in note 26.

Notes to the Financial Statements (continued)

13 Stocks

| | Group | | Company | |
|------------------|---------------|---------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Raw materials | 626 | 528 | - | - |
| Work in progress | 2,126 | 1,855 | - | - |
| Finished goods | 7,327 | 9,267 | - | - |
| | <u>10,079</u> | <u>11,650</u> | <u>-</u> | <u>-</u> |

At the balance sheet date, the difference between purchase price or production cost of stocks and their replacement values is not material.

The net impairment credit recognised in the profit and loss account for the year in respect of stocks was £250,000 (2020: £362,000).

14 Debtors

| | Group | | Company | |
|--------------------------------------|---------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| <i>Due in less than one year</i> | | | | |
| Trade debtors | 8,129 | 3,606 | - | - |
| Other debtors | 1,007 | 598 | - | - |
| Prepayments and accrued income | 924 | 816 | - | - |
| Other financial assets (see note 18) | - | 41 | - | - |
| Corporation tax | 228 | 61 | - | - |
| Deferred tax | - | - | 109 | 86 |
| | <u>10,288</u> | <u>5,122</u> | <u>109</u> | <u>86</u> |

The net impairment loss recognised in the profit and loss account for the year in respect of bad and doubtful trade debtors was £12,000 (2020: £17,000).

15 Creditors falling due within one year

| | Group | | Company | |
|---|---------------|--|---------------|---------------|
| | 2021 £000 | 2020 Restated (See Note 2) £000 | 2021 £000 | 2020 £000 |
| Interest bearing loans and borrowings (see note 17) | 128 | 125 | 115 | 115 |
| Trade creditors | 6,840 | 3,153 | - | - |
| Due to group undertakings | 2,952 | 1,777 | 64,871 | 64,043 |
| Taxation and social security | 546 | 1,440 | - | - |
| Other creditors | 509 | 642 | 1 | 103 |
| Accruals and deferred income | 2,613 | 2,188 | - | - |
| Other financial liabilities (see note 18) | 20 | - | - | - |
| Deferred consideration | 290 | 438 | - | - |
| | <u>13,898</u> | <u>9,763</u> | <u>64,987</u> | <u>64,261</u> |

The amounts due to Group undertakings are payable on demand. No interest accrues on these balances.

Notes to the Financial Statements (continued)

16 Creditors falling due after more than one year

| | Group | | Company | |
|---|---------------|---------------------------------|---------------|---------------|
| | 2021 £000 | 2020 <i>Restated</i> £000 | 2021 £000 | 2020 £000 |
| Interest bearing loans and borrowings (see note 17) | 11,216 | 11,330 | 11,186 | 11,301 |
| Deferred consideration | 645 | 874 | - | - |
| Deferred income | 2,020 | 2,107 | - | - |
| | <u>13,881</u> | <u>14,311</u> | <u>11,186</u> | <u>11,301</u> |

Deferred income relates to lease premiums being released in equal instalments to February 2046.

Deferred consideration represents the discounted value of deferred consideration arising on the acquisition of William Edwards Limited and its subsidiary, Anderton Port Limited. The total deferred consideration of £1,500,000 will be paid in five equal annual instalments over the period to 6 March 2025.

17 Interest bearing loans and borrowings

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| <i>Creditors falling due within one year</i> | | | | |
| Bank loans | 115 | 115 | 115 | 115 |
| Finance lease liabilities | 13 | 10 | - | - |
| Total amounts falling due within one year | <u>128</u> | <u>125</u> | <u>115</u> | <u>115</u> |
| <i>Creditors falling due after one year</i> | | | | |
| Bank loans | 11,186 | 11,301 | 11,186 | 11,301 |
| Finance lease liabilities | 30 | 29 | - | - |
| Total amounts falling due after one year | <u>11,216</u> | <u>11,330</u> | <u>11,186</u> | <u>11,301</u> |

At 31 December 2021, bank loans relate to a GBP Term Loan Facility extended as part of the acquisition of units in St Athena Global LLC on 20 December 2019. The GBP term loan facility is repayable by 20 December 2025, is secured by fixed and floating charges over the Group's assets and bears cash interest at 4.25% per annum above LIBOR (or SONIA with effect from 1 January 2022), with a floor of 1.0%, payable quarterly in arrears during the year. Quarterly capital repayments are scheduled at the end of January, April, July and October, with interest payments to be made on a monthly basis from January 2022 onwards.

The maturity of debt under the UK Term Loan facility is as follows:

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Within one year | 115 | 115 | 115 | 115 |
| In the second to fifth year | 11,186 | 11,301 | 11,186 | 11,301 |
| Total UK Term Loan principal outstanding | <u>11,301</u> | <u>11,416</u> | <u>11,301</u> | <u>11,416</u> |

The maturity of obligations under finance leases is as follows:

| | Group | | Company | |
|-----------------------------|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Within one year | 13 | 10 | - | - |
| In the second to fifth year | 30 | 29 | - | - |
| Finance lease liabilities | <u>43</u> | <u>39</u> | <u>-</u> | <u>-</u> |

Notes to the Financial Statements (continued)

18 Other financial assets/ (liabilities)

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| <i>Debtors falling due within one year</i> | | | | |
| Financial assets designated as fair value through profit or loss | - | 41 | - | - |
| <i>Creditors falling due within one year</i> | | | | |
| Financial liabilities designated as fair value through profit or loss | (20) | - | - | - |

Financial (liabilities)/ assets designated as fair value through profit and loss relate to various foreign currency forward contracts held by the Group against foreign currency denominated cash flows from the sale of goods. The timing and quantum of cash flows can vary depending upon future trade and the cash flows generated by overseas subsidiaries.

The fair value of forward exchange contracts is calculated as the difference between the contractual forward price and the mid-market valuation at the balance sheet dates, discounted using a risk-free interest rate (based on Government bonds).

19 Provision for liabilities and charges

| <i>Group</i> | Deferred Tax £000 |
|----------------------------------|----------------------|
| At 31 December 2020 | 424 |
| Credit in the year | (22) |
| Retranslation | 2 |
| At 31 December 2021 (see note 9) | 404 |

The Company does not hold any deferred tax liabilities.

20 Share capital

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| 100 ordinary shares of £1 each fully paid | 100 | 100 |

Called-up share capital represents the nominal value of the shares issued.

21 Reserves

| <i>Group</i> | Profit & Loss Reserve Restated (See Note 2) £000 |
|--|--|
| At 1 January 2021 (as previously reported) | 18,443 |
| Prior year adjustment | (186) |
| At 1 January 2021 (as restated) | 18,257 |
| Loss for the financial year | (3,044) |
| Foreign exchange movement on retranslation of foreign operations | (107) |
| At 31 December 2021 | 15,106 |
| <i>Company</i> | |
| At 1 January 2021 | 1,224 |
| Loss for the financial year | (588) |
| At 31 December 2021 | 636 |

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the Financial Statements (continued)

22 Pension schemes

The Group operates one defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £680,000 (2020: £726,000). Contributions totalling £109,000 (2020: £69,000) were due to the funds at the year-end. Death-in-Service benefits are insured, and the Group pays the premium required to cover the actual cost of risk from year to year.

23 Commitments

Capital commitments contracted for which no provision has been made in these financial statements were £nil (2020: £nil).

Total future minimum lease payments under non-cancellable operating lease rentals are as follows:

| | Group | | Company | |
|----------------------------|---------------|---------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Less than one year | 2,042 | 2,014 | - | - |
| Between one and five years | 7,029 | 6,881 | - | - |
| More than five years | 24,649 | 25,356 | - | - |
| | <u>33,720</u> | <u>34,251</u> | <u>-</u> | <u>-</u> |

24 Reconciliation of movement in net debt

| | At 31 December 2020 £000 | Cash Flow £000 | Non cash Changes £000 | At 31 December 2021 £000 |
|------------------------|-----------------------------------|-------------------|-----------------------------|-----------------------------------|
| Cash | 2,191 | (397) | (35) | 1,759 |
| Term debt due < 1 year | (115) | 115 | (115) | (115) |
| Term debt due > 1 year | (11,301) | - | 115 | (11,186) |
| Finance leases | (39) | 8 | (12) | (43) |
| | <u>(9,264)</u> | <u>(274)</u> | <u>(47)</u> | <u>(9,585)</u> |

25 Contingent liabilities

At 31 December 2021 the Company, together with certain other subsidiary undertakings, has cross guaranteed the borrowing of St Athena USA Holdings Inc. At 31 December 2021 the contingent liability under these guarantees amounted to \$139,035,000 (2020: \$121,982,000).

26 Subsidiary undertakings

At 31 December 2021 the Company had the following wholly owned subsidiary undertakings.

| | Country of Incorporation | Registered address |
|---|-----------------------------|--|
| Steelite International Limited* | England | Orme Street, Burslem, Stoke-on-Trent, ST6 3RB |
| S.I. Group Ltd Note A | England | Orme Street, Burslem, Stoke-on-Trent, ST6 3RB |
| Steelite International Benelux BV | Netherlands | 's-Gravelandseweg 258, NL- 3125 BK Schiedam, Netherlands |
| Steelite International Canada Ltd | Canada | Unit 2, 26 Riveria Drive, Markham, Ontario, L3R5M1 |
| Steelite International Deutschland GmbH | Germany | Philipp-Reis-Str. 16, 64404 Bickenbach, Germany |
| Steelite International Exports Ltd | England | Orme Street, Burslem, Stoke-on-Trent, ST6 3RB |
| William Edwards Ltd | England | Orme Street, Burslem, Stoke-on-Trent, ST6 3RB |
| Anderton Port Ltd | England | Orme Street, Burslem, Stoke-on-Trent, ST6 3RB |

*Direct subsidiary

Note A: Dormant Company

Steelite International Limited manufactures, sells and distributes ceramic tableware into the global hospitality market. The company also distributes and sells associated non-ceramic tabletop products. Steelite International Exports Limited and the overseas registered companies sell and distribute Steelite International Limited's products. Steelite International Limited also has a branch which is registered to trade in Australia. All subsidiaries are consolidated.

Notes to the Financial Statements *(continued)*

27 Related party transactions

During the period consultancy fees of £80,000 (2020: *£nil*) from a fellow subsidiary undertaking of St Athena Global LLC in respect of consultancy fees payable to an affiliate of the majority shareholder of St Athena Global LLC were accrued.

28 Ultimate parent company

The Company's immediate parent undertaking at 31 December 2021 was St Athena Global LLC, a company registered in Delaware, USA. The financial statements of St Athena Global LLC are not publicly available.

The Company's ultimate parent undertaking, controlling party and the largest group in which the results are consolidated at 31 December 2021 was Glazed Ultimate Holdings LLC, a company registered in Delaware, USA. Glazed Ultimate Holdings LLC is controlled by Arbor Investments IV. The financial statements of Glazed Ultimate Holdings LLC are not publicly available.

29 Subsequent events

The ongoing situation in Ukraine has placed further cost pressures on the Group, with unprecedented increases in, and volatility of, wholesale power prices. The Group closely monitors power prices and where appropriate forward buys to mitigate cost increases. On 8 June 2022 the enlarged Group of which St Athena Global Holdings Limited is a member successfully completed a refinance, increasing available facilities to offset the impact of power prices on its working capital.