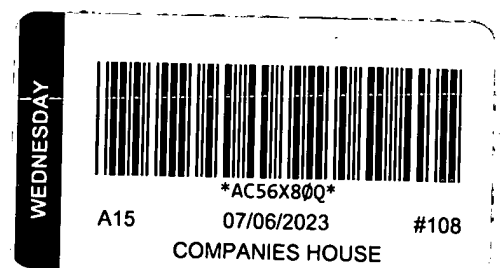


Ultima Holding Limited

**Annual report and financial statements
for the year ended 31 December 2021**



Ultima Holding Limited

Company information

Directors

P Mathieu
A Yeandle

Registered number

10114708

Registered office

Armacell UK
Mars Street
Oldham
Lancashire
OL9 6LY

Auditor

Mazars LLP
Chartered Accountants and Statutory Auditor
1 St Peters Square
Manchester
M2 3DE

Ultima Holding Limited

Contents

	Page(s)
Strategic report	1
Directors' report	2 - 4
Independent auditor's report to the members of Ultima Holding Limited	5 - 8
Profit and loss account and other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 23

Ultima Holding Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report and the audited financial statements of Ultima Holding Limited ("the Company") for the year ended 31 December 2021.

Business review

The principal activity of the Company is that of a holding company in a group which manufacture and sell insulation, specialty foams and rubber solutions for a wide range of industries.

During the year, the company made a loss before tax of €1,300,000 (2020: €1,495,000) and had net assets of €2,992,000 (2020: €4,292,000).

Financial key performance indicators ("KPIs")

Disclosures related to KPIs are not considered to be relevant to the readers of the financial statements due to the straight forward nature of the company's activities and have therefore been excluded.

Principal risks and uncertainties

The company has direct investments in Ultima Acquisition GB Limited. The company also has indirect investments in Armacell Insulation UK Holding Limited, Insulation Spain Holdings SLU, Armacell UK Limited, Armacell Insulation United States Holding Inc, Insulation United States Holdings LLC, Armacell United States Holdings LLC, Armacell LLC, Armacell Iberia SLU, Armacell Brazil Ltda and a 49% holding in Armacell Thailand Limited.

The principal risk facing the company is the recoverability of its investments in subsidiaries. The company takes reasonable steps to manage and control these risks by regularly monitoring the performance of the subsidiaries and considering the impact it may have on the carry amounts of the investments and if any action is required.

The company holds loans payable to fellow group undertakings denominated in Euros. The interest payable on loans are denominated in Euros and are charged at fixed asset interest rates as shown in note 10.

The UK has left the EU and the transition period is over. The UK trading company directly owned by Armacell Insulation UK Holding Limited has not found any issues with imports and exports since the end of the transition period on 31 December 2021 and has been able to continue to trade as usual.

The company have reviewed the potential impact of COVID-19 on the business and are actively working with suppliers and customers to ensure no disruption in supplies. The directors are satisfied that the steps being taken mitigate against the risk.

This report was approved by the board on the 19th of May 2023 and signed on its behalf by:


A Yeandle
Director

Ultima Holding Limited

Directors' report for the year ended 31 December 2021

The directors present their directors' report and the audited financial statements of Ultima Holding Limited (the "Company") for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to €1,300,000 (2020: loss €1,495,000).

The directors do not recommend the payment of a dividend (2020: €nil).

Going concern

The company is part of the Armacell International S.A. group of companies (the Group). As a holding company, the company meets its day to day cash requirements from intercompany balances with other Group companies. Therefore the company is dependent on the Group as a whole. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have access to sufficient funds, through funding from its intermediate parent company, Armacell International S.A. to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, Armacell International S.A., not seeking repayment of the amounts currently due to the Group from the UK Armacell subsidiaries, which includes the company and a number of holding or management companies, and providing further funding if required. The net amount outstanding at 31 December 2021 from the UK Armacell subsidiaries is €40.6 million, but as set out in note 10 the amount owed to group undertakings by the company at the same date is €35.7 million. Armacell International S.A. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Future developments

The company will continue to act as a holding company.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

P Mathieu
A Yeandle

Ultima Holding Limited

Directors' report (continued) for the year ended 31 December 2021

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which the directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by Armacell International Holding GmbH, a fellow group undertaking, throughout the financial year.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Events after the reporting period

There have been no post balance sheet events that would require adjustment or disclosure in the financial statements for the year ended 31 December 2021.

Ultima Holding Limited

Directors' report (continued) for the year ended 31 December 2021

Disclosure of information to auditor

The directors who held office at the date of approval of the 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

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

This report was approved by the board on the 19th of May 2023 and signed on its behalf by:



**A Yeahdle
Director**

Independent auditor's report to the members of Ultima Holding Limited

Opinion

We have audited the financial statements of Ultima Holding Limited (the 'Company') for the year ended 31 December 2021 which comprise of the Profit and loss and other comprehensive income, Balance Sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 Ultima Holding Limited (continued)

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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

Independent auditor's report to the members of Ultima Holding Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent auditor's report to the members of Ultima Holding Limited (continued)

Use of the audit 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.



Christopher Martin (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE
Date: 19 May 2023

Ultima Holding Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2021

	Note	2021 €000	2020 €000
Administrative expenses		(21)	(20)
Operating loss		(21)	(20)
Interest payable and similar expenses	6	(1,279)	(1,475)
Loss before taxation		(1,300)	(1,495)
Tax on loss	7	-	-
Loss for the financial year and other comprehensive income		(1,300)	(1,495)

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account and other comprehensive income and therefore no statement of other comprehensive income has been presented.

The notes on pages 12 to 23 form part of these financial statements.

**Balance sheet
as at 31 December 2021**

	Note	2021 €000	2020 €000
Fixed assets			
Investments	8	38,267	38,267
		<u>38,267</u>	<u>38,267</u>
Current assets			
Debtors: Amounts falling due within one year	9	462	614
Creditors: Amounts falling due within one year	10	(35,737)	(34,589)
Net current liabilities		<u>(35,275)</u>	<u>(33,975)</u>
Net assets		<u>2,992</u>	<u>4,292</u>
Capital and reserves			
Called up share capital	11	-	-
Share premium account		13,870	13,870
Retained earnings		(10,878)	(9,578)
Total equity		<u>2,992</u>	<u>4,292</u>

The financial statements were approved and authorised for issue by the board on the 19th of May 2023 and were signed on its behalf by:


A Yeandle
Director

The notes on pages 12 to 23 form part of these financial statements.

Ultima Holding Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital €000	Share premium account €000	Retained earnings €000	Total equity €000
At 1 January 2021	-	13,870	(9,578)	4,292
Loss and other comprehensive income for the financial year	-	-	(1,300)	(1,300)
At 31 December 2021	-	13,870	(10,878)	2,992

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital €000	Share premium account €000	Retained earnings €000	Total equity €000
At 1 January 2020	-	8,133	(8,083)	50
Loss and other comprehensive income for the financial year	-	-	(1,495)	(1,495)
Shares issued during the year	-	5,737	-	5,737
At 31 December 2020	-	13,870	(9,578)	4,292

The notes on pages 12 to 23 form part of these financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

1. General information

Ultima Holding Limited ("the Company") is a holding company for a group of companies which manufacture and sell insulation, specialty foams and rubber solutions for a wide range of industries. The Company is a private company limited by shares and is incorporated and domiciled in England. The address of the registered office is Armacell UK, Mars Street, Oldham, Lancashire, OL9 6LY, United Kingdom.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted Financial Reporting Standard 101, the Reduced Disclosure Framework ("FRS 101") in these financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, Related party disclosures; (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The company has taken advantage of the exemptions listed above as it is a wholly owned subsidiary of Armacell Holdco Luxembourg, S.a.r.l., which prepares consolidated financial statements which are publicly available. See note 14 for further details.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.2 Going concern

The company is part of the Armacell International S.A. group of companies (the Group). As a holding company, the company meets its day to day cash requirements from intercompany balances with other Group companies. Therefore the company is dependent on the Group as a whole. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have access to sufficient funds, through funding from its intermediate parent company, Armacell International S.A. to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, Armacell International S.A., not seeking repayment of the amounts currently due to the Group from the UK Armacell subsidiaries, which includes the company and a number of holding or management companies, and providing further funding if required. The net amount outstanding at 31 December 2021 from the UK Armacell subsidiaries is €40.6 million, but as set out in note 10 the amount owed to group undertakings by the company at the same date is €35.7 million. Armacell International S.A. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

2.3 Consolidation

The financial statements contain information about Ultima Holding Limited as an individual company. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the publicly available consolidated financial statements of an intermediate parent undertaking, Armacell Holdco Luxembourg, S.a.r.l., a company incorporated in Luxembourg.

2.4 New standards, amendments, IFRIC interpretations and disclosures requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

2.5 Functional and presentation currency

The company's functional and presentational currency is Euro's. All financial information is presented in Euro's and has been rounded to the nearest thousand.

2.6 Foreign currency translation

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

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.7 Interest payable and similar expenses

Interest payable is charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated instrument.

2.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.9 Investments

Investments in subsidiary undertakings are recognised and carried at cost less amounts written off.

The company reviews its investments for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be supported by their underlying assets. Any impairment in value is charged through profit or loss.

2.10 Financial instruments

(i) Financial assets

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

Classification

The company classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortised cost its contractual cash flows should be 'solely payments of principal and interest (SPPI)' on the principal amount outstanding and the financial assets should be held under a business model where cash flows result from collecting contractual cash flows. Financial assets which are debt instruments are measured at fair value through other comprehensive income where the contractual cash flows are SPPI and the assets are managed under a business model where cash flows result from both collecting contractual cash flows and selling the financial assets.

For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition, measurement and derecognition

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss ('FVTPL'), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, except for those subsequently measured at fair value through other comprehensive income ('FVTOCI'), the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(i) Financial assets(continued)

Recognition, measurement and derecognition (continued)

For derecognition of financial assets measured at FVTOCI, any cumulative gain or loss is recognised in other comprehensive income. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

Debt instruments

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the company's debt instruments are measured at amortised cost as the assets are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest.

The company's debt instruments consist of the following:

Amounts owed by parent and fellow subsidiary undertakings.

Impairment

To measure the expected credit losses contract assets have been grouped based on shared credit risk characteristics and the days past due. The company uses judgement in making assumptions around the risk of default and expected loss rates, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables.

For amounts owed by parent and fellow subsidiary undertakings, the company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since the initial recognition, in which case lifetime expected credit losses should be recorded.

Management considers amounts owed by parent and fellow subsidiary undertakings to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

(ii) Financial liabilities

Financial liabilities at amortised cost include borrowings and trade and other creditors. These financial instruments are initially measured at fair value, net of any transaction costs in the case of borrowings, and subsequently measured at amortised cost using the effective interest rate. Borrowings are classified as current liabilities (creditors due within one year), unless the company has an unconditional right to defer settlement of the liability for at least one year after the statement of financial position date.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities are derecognised when the company's obligations specified in the contract expire, are discharged or cancelled. Interest expense is recognised using the effective interest rate method.

(iii) Offsetting

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

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment of investments

Impairment testing is an area involving management judgments, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

4. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2021 €000	2020 €000
Fees for the audit of the company's financial statements	4	3

5. Directors' remuneration

The directors did not receive or waive any emoluments in respect of their services to the company during the year ended 31 December 2021 or the previous financial year.

The company has no employees other than the directors.

6. Interest payable and similar charges

	2021 €000	2020 €000
Interest payable on loans due to group undertakings	1,126	1,348
Finance costs	153	127
	<u>1,279</u>	<u>1,475</u>

7. Taxation

There is no current or deferred tax for the financial year ended 31 December 2021 or the previous financial year.

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 €000	2020 €000
Loss before taxation	(1,300)	(1,495)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(247)	(284)
Effects of:		
Deferred tax not recognised	247	284
Total tax charge for the year	-	-

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

7. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. Fixed asset investments

	Investments in subsidiary companies €000
Cost	
At 1 January 2021	38,267
At 31 December 2021	38,267
Net book value	
At 31 December 2021	38,267
At 31 December 2020	38,267

In the opinion of the directors the market value of the above investments exceed the carrying amounts and no impairment charge was deemed necessary.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

8. Fixed asset investments (continued)

Subsidiary undertakings

As at 31 December 2021, the company owned 100% of ordinary share capital of the following undertakings:

Name	Registered office	Principal activity
Ultima Acquisition GB Limited	Mars Street, Oldham, OL9 6LY, United Kingdom	Holding Company
Armacell Insulation UK Holding Limited*	Mars Street, Oldham, OL9 6LY, United Kingdom	Holding company
Insulation Spain Holdings SLU*	Pil. Ind Riera d'Esclanya, C/Can, Magi, 1, 17213 Esclanya-Segur (Girona), Spain	Holding company
Armacell UK Limited*	Mars Street, Oldham, OL9 6LY, United Kingdom	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams
Armacell Insulation United States Holding Inc.*	55 Vilcom Center Dr #200, Chapel Hill, NC 27514 USA	Holding company
Armacell Iberia SLU*	Pil. Ind Riera d'Esclanya, C/Can, Magi, 1, 17213 Esclanya-Begur (Girona), Spain	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams
Insulation United States Holdings LLC*	55 Vilcom Center Dr #200, Chapel Hill, NC 27514 USA	Holding company
Armacell United States Holdings LLC*	55 Vilcom Center Dr #200, Chapel Hill, NC 27514 USA	Holding company
Armacell LLC*	55 Vilcom Center Dr #200, Chapel Hill, NC 27514 USA	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams
Armacell Brazil Ltda*	Praca Dom Epamonodas, 52 Bairro N Sra. Do Perpetuo Socorro, 12421 Pindamonhang ab SP CEP, Brazil	Manufactures, markets and distributes elastomeric and polyethylene insulation and engineered foams

*Undertakings are held by 100% subsidiary undertakings, rather than directly held by the company.

The company indirectly owned 49% of the ordinary share capital of Armacell Thailand Limited, a company registered in Thailand.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

9. Debtors: Amounts falling due within one year

	2021 €000	2020 €000
Prepayments	462	614

10. Creditors: Amounts falling due within one year

	2021 €000	2020 €000
Loans due to group undertakings	35,702	34,576
Accruals	35	13
	35,737	34,589

In 2016 the company received loan notes of €24,397,000, interest accrued but not paid is compounded at 31 December resulting in principal balances of €34,576,000 at 31 December 2020 and at 31 December 2021 €35,702,000. The loan notes accrue interest at rates of 3.38-3.63% and have no fixed date of repayment.

11. Share capital

	2021 €	2020 €
Authorised, allotted, called up and fully paid		
2 (2020: 2) ordinary shares of €1.00 each	3	3
1 ordinary shares of €1.00 each	1	1
	4	4

12. Reserves

Share premium account

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

13. Related party transactions

The company is exempt from disclosing related party transactions with companies that are wholly owned within the PAI Europe VII Finance S.a.r.l. group.

Ultima Holding Limited

Notes to the financial statements for the year ended 31 December 2021

14. Parent undertakings and controlling party

The company's immediate parent undertaking is Armacell International S.A., a company incorporated in Luxembourg.

The smallest group in which the result of the company are consolidated is that headed by Armacell International S.A., 89C rue Pafebruch, West Side Village, L-8308 Capellen, GD of Luxembourg, B176931. The largest group in which the results of the company are consolidated is that headed by Neptune Holdco S.A.R.L., 53 Boulevard Royal, L-2449 Luxembourg, R.C.S. Luxembourg, B234201. The consolidated financial statements of these groups are available to the public and may be obtained from Armacell International S.A., 89C rue Pafebruch, West Side Village, L-8308 Capellen, GD of Luxembourg, B176931.

15. Events after the reporting period

There have been no post balance sheet events that would require adjustment or disclosure in the financial statements for the year ended 31 December 2021.