Essentra Components Limited

Strategic report, Directors' report and financial statements

Registered number 547495

31 December 2021

Contents

Strategic report

for the year ended 31 December 2021

Principal activities and business review

The Company is a wholly owned subsidiary of Essentra plc and its principal activity during the year was the supply of plastic technology products to domestic and international markets.

During the current financial year, revenue increased by 18.2% as the worldwide manufacturing output recovered from the global Covid-19 pandemic.

The Company's net asset position has increased during the year to £113,098,000 (2020: £86,006,000) primarily driven by the profit generated by the business.

The activities of the Company are in line with the operational strategy of Essentra plc, of which Essentra Components Limited is a subsidiary in the Components Division. Further details of Essentra plc's Group and Component Solutions Division strategies can be found in the Group Business Review and Components Division Business Review on pages 4 to 23 and 60 to 65 of the Essentra plc Annual Report 2021. The Essentra plc Annual Report 2021 does not form part of this report, but is referred to where relevant for the purposes of this report.

Principal business risks and uncertainties

The principal business risks and uncertainties of the Company are integrated with the principal business risks of the Essentra Group and are not managed separately. The principal business risks and uncertainties of the Essentra Group, which include those of the Company, are discussed on pages 45 to 59 of the Essentra plc Annual Report 2021.

The principal risks faced by the Company of financial nature are due to its principal activities. The Company is exposed to interest rate risk, price risk and liquidity risks.

Financial risk management

The Company's ultimate parent during the year, Essentra plc, managed the interest rate, price and liquidity risks associated with the whole group, details of which can be found in the financial risk management disclosure note on pages 182 to 188 of the Essentra plc Annual Report 2021.

Operational and Supply Chain Disruption risk

The Company operate a diverse, global operational footprint and supply chain. Ensuring these operations and supply chains are resilient is a fundamental part of maintaining the customer service levels by giving options and alternatives, to minimise the impact of disruption.

Disruptive events could be focused on particular locations, driven by single points of failure in our operations or supply chain, be localised natural events or result from political conflict. Here, our global footprint provides risk diversification, through alternative manufacturing options elsewhere in the Group. Equally, disruptive events might be broader in nature and impact a number of sites simultaneously, for example via the COVID-19 pandemic, or climate change related issues in the longer term. In this situation, our global footprint may expose us to a broader set of potential disruption risks than more focused businesses.

Robust business continuity planning and management practices are required to minimise the impact on production capability, supply chain management, customer relationships, reputation, revenue and profit. Mitigation actions are in place to address the risks. Further details of which can be found in the Risk Management Report of the Essentra plc Annual Report 2021 on pages 55.

Key performance indicators

During the year, the Directors of Essentra plc managed the Group's operations on a Group, and Divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Strategic report

for the year ended 31 December 2021 (continued)

Environment

The Company is committed to continuous improvement in its environmental performance and applies a structured approach to monitoring its environmental impact through a number of different processes. The company recognises its impact on the environment needs to be quantified into standardised measures and is committed to effectively managing data collection especially with the introduction of Streamlined Energy and Carbon Reporting (SECR). Further details of which can be found in the Corporate Responsibility Report of the Essentra plc Annual Report 2021 on pages 24 to 28.

Health and safety

The Company's overriding commitment in the workplace is to the health and safety of its employees and all those who visit the Company's operations. On pages 35 to 36 of the Essentra plc Annual Report 2021 are further details of the health and safety policies in place across the Group and in the Company.

On behalf of the board

DocuSigned by:
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G Hannen
Director

29 September 2022

Registered Office:
Langford Locks
Kidlington
Oxford
OX5 1HX
United Kingdom

Directors' report

for the year ended 31 December 2021

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2021. The Company has chosen, in accordance with section 414 C (11) of the Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which would otherwise be required to be disclosed in the Directors' Report.

Results and dividends

The profit for the financial year was £21,170,000 (2020: £22,123,000).
No dividends were paid during the current year (2020: £9,000). No further dividends are currently being proposed.

Prior period errors

During the year, the Company discovered a prior period error in respect of the value of pension assets and the apportionment of members split. The error occurred as a result of a flexible apportionment agreement which was signed in 2018, that had not been fully reflected in the financial statements at that time. This agreement transferred the Essentra section of the Essentra Pension Plan from Essentra International Limited to Essentra Components Limited. The issue has been resolved following a full review and with the actuaries calculating the apportionment change and prior period errors.

The financial statements for the year ended 31 December 2020, which were authorised for issue on 29 September 2021, have not been reissued. For more details on prior period errors please see pages 16 to 18 below.

Stakeholder engagement

Section 172 of the Companies Act requires the directors to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with supplies, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The long-term success of the company is predicated on the daily commitment of our workforce to the purpose and values of the company (Six Principles). These six principles being; (1) A winning, engaged team, (2) Freedom to operate, (3) Delivery, (4) Openness, honesty and integrity, (5) Safety, respect and diversity, and (6) Energy for change. The company engages with its employees regularly and has developed a people strategy which seeks to create an environment in which employees are happy at work and that best supports their well-being. Further details of workforce engagement activities can be found in the Board engagement with employees section of the Corporate Governance Report of the Essentra plc Annual Report 2021 on pages 15 and 19.

Local suppliers are engaged through working group initiatives that are run by regional management. The Companies code of conduct and Modern Slavery Statement is shared with all key and new suppliers. Procurement runs a supplier development program with all key suppliers.

The company has invested in key account management structures across the business to manage relationships with customers. This ensures that the most appropriate services are provided for individual accounts.

Throughout the operations of the business, the company supports and endorses human rights through the active demonstration of employment policies, supply chain and the responsible provision of products and services. This commitment includes a mandatory requirement that all sites avoid the employment of children, as well as a commitment to the prevention of slavery and human trafficking.

Policy and practice on payment of creditors

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with those terms, providing that suppliers also comply with all relevant terms and conditions.

Directors' report

for the year ended 31 December 2021 (continued)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:
S Fawcett
G Hannen

Employees

Employees of Essentra Components Limited are a vital resource in the pursuit of operational excellence and the provision of quality products and service to its customers. Employees are encouraged to get involved with the Company's performance through employee share schemes and other means. The Company uses various communication channels to bring the financial and economic factors effecting performance to the attention of its employees. Further details of employee programmes and policies, including gender diversity, and share schemes can be found in the Strategic Report of the Essentra plc Annual Report 2021 on pages 15 to 19.

The Company is fully aware of and takes seriously its responsibilities to keep all employees informed of all matters of concern to them and to consult them so that their views can be considered when making decisions likely to affect their interests. To this end the Company has procedural arrangements with recognised trade unions for the regular consultation and negotiation of matters concerning their members' interests. Regular meetings are also held with employees, at which Company performance and other matters related to its activities are discussed. Each employee is also issued with a handbook which details the Company's personnel and employment policies.

Throughout its activities the Company supports human rights as set down by the United Nations Declaration and its International Labour Organisation conventions.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

COVID-19

The uncertainty as to the future impact on the Company of the ongoing Covid-19 pandemic has been considered as part of the Company's adoption of the going concern basis, taking into account the experience during 2021 and the most recent circumstances.

As at 31 December 2021 and the date of approval of these financial statements, all of Essentra plc's manufacturing and distribution facilities are operational and have broadly resumed to pre-pandemic levels of service. Across Essentra plc, public health measures advised by governments are being followed in support of their efforts to contain the spread of the virus, and the supply chain is being proactively managed as are operating costs and the timing of capital expenditure.

Going concern

The Company participates in the Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. The Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis that the Group has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

Directors' report

for the year ended 31 December 2021 (continued)

Going concern (continued)

Since the balance sheet date, and as part of the going concern assessment, the Board has also considered a downside scenario that reflects the current uncertainty in the global economy and which management consider to be severe but plausible. The results of this scenario show that there is sufficient liquidity in the Group for a period of at least 12 months from the date of approval of these financial statements, and do not indicate any covenant breach during the test period. The scenario includes assumption for similar extent of disruptions as seen in 2021.

The severe but plausible scenario does not indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Significant level of headroom remains in place with regard to liquidity and compliance with financial covenants. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Post balance sheet events

Please refer to note 23 of the financial statements for more details.

Future outlook

The Company will continue to expand into emerging segments and markets and develop its product base. For further details please refer to the Group Business Review and Components Division Business Review sections of the Essentra plc Annual Report 2021 on pages 4 to 23 and 60 to 65.

On 26 October 2021, the Essentra group announced the strategic goal to become a pure play Components business with the first step in this process being to review the full range of strategic options for the Filters business. On 26 November 2021, it was announced the Essentra group had decided to commence a strategic review of the Packaging division. Further to the announcements regarding the strategic reviews, on 24 June 2022, the Essentra Group announced the proposed disposal of the Company and the subsidiary entities which constitute the Essentra Group's Packaging business. This transaction is expected to complete in the latter half of the year 2022. The proposed transaction is not expected to materially impact the results or financial position of the Company.

Branches

In 2020, the Company established a branch in Germany, following the opening of a new distribution facility in Nettetal, Germany.

Directors' indemnities

During the financial year and at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors and the Company Secretary to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a Director or officer of the Company.

Directors' statement as to disclosure of information to the auditors

In the case of each director in office at the date the directors' report is approved:

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

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

Directors' report

for the year ended 31 December 2021 (continued)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

On behalf of the Board

DocuSigned by:
3A80DD41E952406...
G Hannen
Director

29 September 2022

Registered Office:
Langford Locks
Kidlington
Oxford
OX5 1HX
United Kingdom

Independent auditors' report to the members of Essentra Components Limited

Report on the audit of the financial statements

Opinion

In our opinion, Essentra Components Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Essentra Components Limited (Continued)

Report on the audit of the financial statements (Continued)

Reporting on other information (Continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, employment legislation and taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of journal entries to manipulate financial statement accounts and balances and the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquiring of management including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- Performing a review of board meeting minutes during the year;

Independent auditors' report to the members of Essentra Components Limited (Continued)

Report on the audit of the financial statements (Continued)

Responsibilities for the financial statements and the audit (Continued)

Auditors' responsibilities for the audit of the financial statements (Continued)

- Auditing the risks of management override of controls and fraud in revenue recognition including the testing of journal entries based on targeted risk criteria;
- Designing audit procedures to incorporate unpredictability in our testing;
- Challenging estimates and judgements made by management in preparing the financial statements; and
- Agreeing the financial statement disclosures to underlying supporting documentation

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

A. Walsh

Alan Walsh (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands

29 September 2022

Income statement

for the year ended 31 December 2021

	Note	2021	2020 (restated*)
		£000	£000
Turnover	3	**86,286**	73,014
Cost of sales		**(50,231)**	(33,037)
Gross profit		**36,055**	39,977
Selling and distribution expenses		**(4,302)**	(5,091)
Administrative expenses		**(12,331)**	(13,871)
Operating profit	7	**19,422**	21,015
Income from shares in group undertakings		**998**	338
Other interest receivable and similar income	8	**58**	198
Interest payable and similar expenses	9	**(150)**	(61)
Other finance income - pensions	15	**58**	96
Profit before taxation		**20,386**	21,586
Tax on profit	10	**784**	537
Profit for the financial year		**21,170**	22,123

Adjusted profit measure:			
Operating profit		**19,422**	21,015
Adjusting items	6	**4,927**	4,629
Adjusted operating profit		**24,349**	25,644

* See the note on accounting policies for further details of the prior year restatement.

Statement of comprehensive income

for the year ended 31 December 2021

	Note	**2021**	2020
		£000	£000
			(restated)*
Profit for the financial year		**21,170**	22,123
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	*15*	**7,910**	(1,576)
Deferred tax (charge) / credit on remeasurement of defined benefit pension schemes	*10,18*	**(2,248)**	299
		5,662	(1,277)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation of foreign operations		**169**	(24)
		169	(24)
Other comprehensive income for the year		**5,831**	(1,301)
Total comprehensive income		**27,001**	20,822

* See the note on accounting policies for further details of the prior year restatement.

Balance sheet

at 31 December 2021

	Note	**31 December 2021**	31 December 2020 *(restated*)*	1 January 2020 *(restated*)*
		£000	£000	£000
Fixed Assets				
Intangible assets	*11*	**11,981**	11,240	8,167
Tangible assets	*12*	**18,794**	19,146	18,939
Right-of-use assets	*13*	**5,040**	978	357
Investments	*14*	**7,736**	8,151	8,151
Retirement benefit assets	*15*	**12,418**	4,511	6,059
Deferred tax assets	*18*	**643**	1,936	1,837
Total fixed assets		**56,612**	45,962	43,510
Current assets				
Inventories	16	**16,086**	10,744	10,184
Debtors	17	**82,199**	52,176	29,862
Cash at bank and in hand		**2,322**	341	482
		100,607	63,261	40,528
Creditors: amounts falling due within one year	*19*	**(39,543)**	(22,296)	(18,593)
Net current assets		**61,064**	40,965	21,935
Total assets less current liabilities		**117,676**	86,927	65,445
Creditors: amounts falling due after one year	*20*	**(4,578)**	(921)	(645)
Net assets		**113,098**	86,006	64,800
Capital and reserves				
Called up share capital	*21*	**16,959**	16,959	16,959
Share premium account		**3,359**	3,359	3,359
Revaluation reserve		**657**	657	657
Capital reserve		**1,065**	1,065	1,065
Other reserve		**3,458**	3,458	3,458
Translation reserve		**145**	(24)	-
Retained earnings		**87,455**	60,532	39,302
Total shareholders' funds		**113,098**	86,006	64,800

* See the note on accounting policies for further details of the prior year restatement.

The financial statements on pages 10 to 37 were approved by the board of Directors on 29 September 2022 and were signed on its behalf by:

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G Hannen
Director

Statement of changes in equity

for the year ended 31 December 2021

	Note	Called up share capital	Share premium	Revaluation reserve	Capital reserve	Other reserve	Translation reserve	Retained earnings	Total shareholders' funds
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2020		**16,959**	**3,359**	**657**	**1,065**	**3,458**	**-**	**39,938**	**65,436**
Change in accounting policies (net of tax)	1	-	-	-	-	-	-	(1,883)	(1,883)
Correction of errors (net of tax)	1	-	-	-	-	-	-	1,247	1,247
Restated total equity at the beginning of the financial year		**16,959**	**3,359**	**657**	**1,065**	**3,458**	**-**	**39,302**	**64,800**
Profit for the financial year		-	-	-	-	-	-	22,123	22,123
Other comprehensive income for the year		-	-	-	-	-	(24)	(1,277)	(1,301)
Total comprehensive income for the year		-	-	-	-	-	**(24)**	**20,846**	**20,822**
Credit in relation to share-based incentives	4	-	-	-	-	-	-	375	375
Dividend paid to Parent		-	-	-	-	-	-	9	9
Balance at 31 December 2020 *(restated*)*		**16,959**	**3,359**	**657**	**1,065**	**3,458**	**(24)**	**60,532**	**86,006**
Profit for the financial year		-	-	-	-	-	-	21,170	21,170
Other comprehensive income for the year		-	-	-	-	-	169	5,662	5,831
Total comprehensive income for the year		-	-	-	-	-	**169**	**26,832**	**27,001**
Credit in relation to share-based incentives	4	-	-	-	-	-	-	43	43
Credit in relation to tax on share-based incentives		-	-	-	-	-	-	48	48
Balance at 31 December 2021		**16,959**	**3,359**	**657**	**1,065**	**3,458**	**145**	**87,455**	**113,098**

* See the note on accounting policies for further details of the prior year restatement.

Notes to the financial statements

for the year ended 31 December 2021

1 Accounting policies

The Company is incorporated and domiciled in England, United Kingdom under the Companies Act. The address of the registered office is Langford Locks, Kidlington, Oxford, OX5 1HX, England. The Company is a private Company limited by shares.

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.

Basis of preparation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Essentra plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Essentra plc are prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards and are available to the public and may be obtained from the registered office of Essentra plc at Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements have been prepared on a historical cost basis as modified by derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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 2.

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

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 *Share-Based Payment*
- the requirements of paragraphs 62, B64(b), B64(e), B64(g), B64(h), B64(j) to B64(m), b64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- the requirement of IFRS 7 *Financial Instruments: Disclosures*
- the requirement of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS *16 Property, Plant and Equipment* and paragraph 118(e) of IAS 38 *Intangible Assets*
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*
- the requirements of IAS 7 *Statement of Cash Flows*
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
- the requirements in IAS 24 Related Party Disclosures to disclose 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 and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the consolidated financial statements of Essentra plc.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Going concern

The Company participates in the Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. The Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements. The uncertainty as to the future impact on the Company of the ongoing Covid-19 pandemic has been considered as part of the Company's adoption of the going concern basis, taking into account the experience during 2021 and the most recent circumstances. On the basis that the Group has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

Since the balance sheet date, and as part of the going concern assessment, the Board has also considered a downside scenario that reflects the current uncertainty in the global economy and which management consider to be severe but plausible. The results of this scenario show that there is sufficient liquidity in the Group for a period of at least 12 months from the date of approval of these financial statements, and do not indicate any covenant breach during the test period. The scenario includes assumption for similar extent of disruptions as seen in 2021.

The severe but plausible scenario does not indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Significant level of headroom remains in place with regard to liquidity and compliance with financial covenants. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Changes in accounting policies

During 2021, the Company has changed its accounting policy relating to the capitalisation of certain software costs; this change follows the IFRS Interpretation Committee's agenda decision published in April 2021 and relates to the capitalisation of costs of configuring or customising application software under "Software as a Service" ("SaaS") arrangements.

The Company's accounting policy has historically been to capitalise costs attributable to the configuration and customisation of SaaS arrangements as intangible assets on the balance sheet, irrespective of whether the services were performed by the SaaS supplier or third party. Following the adoption of the above IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine if the Company has control of the software. For those arrangements where we do not have control of the developed software, to the extent that the services were performed by third parties and those services are distinct from the SaaS arrangement, the Company derecognised the intangible asset previously capitalised. Amounts paid to the supplier in advance of the commencement of the service period, for configuration or customisation, services which are not distinct from the SaaS arrangement, are treated as a prepayment. Any costs incurred which resulted in a software asset from which the Company has control, i.e. the power to obtain the future economic benefits and to restrict others' access to those benefits, continue to be capitalised as an intangible asset.

The costs written off are presented within operating profit in the income statement. Given the significant impact of this policy change, in presenting the Company's adjusted operating profit, configuration and customisation costs of significant SaaS arrangements are presented as part of adjusting items (see note 6) in order to present an alternative performance measure that excludes the impact of such costs which, in the view of management, represent investments in upgrading the Company's technological capability including costs associated with current implementation of a cloud-based enterprise resource planning ("ERP") system within the Company. Configuration and customisation costs of non-significant SaaS arrangements are included within adjusted operating profit.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Changes in accounting policies (continued)

This change in accounting policy led to adjustments amounting to £7,018,000 and £2,324,000 reduction in the intangible assets recognised in the 31 December 2020 and 1 January 2020 balance sheets respectively. Customisation and configuration costs for SaaS arrangements of £4,694,000 and £2,324,000 were charged to operating expenses for 2020 and 2019 respectively that relate to major SaaS arrangements and therefore are presented within adjusting items with regards to the Company's adjusted operating profit. No customisation and configuration costs for non-significant SaaS arrangements were included within adjusted operating profit and for 2020 and 2019.

Accordingly, the prior period balance sheet and income statement have been restated in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The tables below show the impact of the change in accounting policy on previously reported financial results and position.

Prior period errors

During the year, the Company discovered a prior period error in respect of the value of pension assets and the apportionment of members split. The error occurred as a result of a flexible apportionment agreement which was signed in 2018, that had not been fully reflected in the financial statements at that time. This agreement transferred the Essentra section of the Essentra Pension Plan from Essentra International Limited to Essentra Components Limited. The issue has been resolved following a full review and with the actuaries calculating the apportionment change and prior period errors.

Accordingly, the prior period balance sheet and income statement have been restated in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The error has been corrected by restating the comparative figures as detailed in the tables below.

Impact on income statement

	As previously reported 31 December 2020	Impact on restatement on SaaS arrangements	Impact on restatement on retirement benefit assets	Restated 31 December 2020
	£000	£000	£000	£000
Operating profit	25,709	(4,694)	-	21,015
Profit before taxation	26,280	(4,694)	-	21,586
Tax on profit	(355)	892	-	537
Profit for the financial year	**25,925**	**(3,802)**	-	**22,123**

Adjusted profit measure:				
Operating profit	25,709	(4,694)	-	21,015
Adjusting items	(65)	4,694	-	4,629
Adjusted operating profit	**25,644**	-	-	**25,644**

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Impact on statement of comprehensive income

	As previously reported 31 December 2020	Impact on restatement on SaaS arrangements	Impact on restatement on retirement benefit assets	Restated 31 December 2020
	£000	£000	£000	£000
Profit for the financial year	**25,925**	**(3,802)**	**-**	**22,123**
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit pension schemes	(1,203)	-	(373)	(1,576)
Deferred tax (charge) / credit on remeasurement of defined benefit pension schemes	228	-	71	299
	(975)	-	(302)	(1,277)
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation of foreign operations	(24)	-	-	(24)
	(24)	-	-	(24)
Other comprehensive income for the year	**(999)**	**-**	**(302)**	**(1,301)**
Total comprehensive income	**24,926**	**(3,802)**	**(302)**	**20,822**

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Impact on the balance sheet

	As previously reported 31 December 2020 £000	Impact of restatement on SaaS arrangements £000	Impact on restatement on retirement benefit assets £000	Restated 31 December 2020 £000
Intangible assets	18,258	(7,018)	-	11,240
Tangible assets	19,146	-	-	19,146
Retirement benefit assets	3,344	-	1,167	4,511
Deferred tax	825	1,333	(222)	1,936
Other assets and liabilities	49,173	-	-	49,173
Net assets	**90,746**	**(5,685)**	**945**	**86,006**
Retained earnings	65,272	(5,685)	945	60,532
Other equity balances	25,474	-	-	25,474
Total shareholders' funds	**90,746**	**(5,685)**	**945**	**86,006**

	As previously reported 1 January 2020 £000	Impact of restatement on SaaS arrangements £000	Impact on restatement on retirement benefit assets £000	Restated 1 January 2020 £000
Intangible assets	10,491	(2,324)	-	8,167
Tangible assets	18,939	-	-	18,939
Retirement benefit assets	4,519	-	1,540	6,059
Deferred tax assets	1,689	441	(293)	1,837
Other assets and liabilities	29,798	-	-	29,798
Net assets	**65,436**	**(1,883)**	**1,247**	**64,800**
Retained earnings	39,938	(1,883)	1,247	39,302
Other equity balances	25,498	-	-	25,498
Total shareholders' funds	**65,436**	**(1,883)**	**1,247**	**64,800**

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

New standards, amendments and IFRS IC interpretations

During the year, except for the changes in accounting policies disclosed above, there have been no new accounting standards, or amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 31 December 2021, that have had a material impact on these financial statements.

Turnover

Turnover is recognised from the sale of goods when the significant risks and rewards of ownership have been transferred to the customer. It represents the amounts (excluding value added tax) derived from the supply of plastic technology products to domestic and international markets during the year.

Adjusting items

Adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are shown as a separate line item within operating profit on the face of the income statement in order for the reader to obtain a clearer understanding of the results from ongoing operations. By excluding the impact of items which, in management's view, do not form part of the company's operating results, such as significant restructuring and closure costs and other items which are non-recurring or one-off in nature.

(i) Acquisition integration and restructuring costs

Costs relating to the integration of acquired businesses and restructuring associated with acquisitions and reorganisation of the company's organisational structure. These include costs in relation to senior management restructuring and for external consultancy and project costs.

(ii) Other adjusting items

Income relating to the revaluation gains on acquisition of investments and costs relating to the disposal of investments and impairment of investments. Impairments of investment are to the extent that the carrying amount of the investment is reflective of the underlying value of its subsidiaries.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 **Accounting policies** (continued)

Foreign currencies

i) Foreign currency transactions

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date and gains or losses on translation are included in the income statement. Exchange differences arising from movements in spot rates are included in the income statement as exchange gains or losses.

Exchange gains or losses arising from the interest differential elements of forward currency contracts are included in external interest income or expense.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into sterling at the exchange rate at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at average exchange rates.

Taxation

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

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

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Intangible assets and amortisation

i) Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Under IFRS 3 *Business Combinations* goodwill is not amortised but is tested for impairment at each balance sheet date.

ii) eCommerce and software development costs

Amortisation is provided to write off the cost of eCommerce development costs on a straight-line basis over their estimated useful lives at an annual rate of 20%.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Previously revalued properties were treated as being held at deemed cost upon transition to FRS 101.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items. The carrying values of tangible fixed assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Tangible fixed assets are depreciated over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Freehold land and Buildings	Land not depreciated, Buildings 2-10%
Plant, machinery and motor vehicles	7-20%
Fixtures, fittings and equipment	10-33%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Lease liabilities and lease right-of-use assets

Rentals associated with leases that are of low-value or less than 12 months in length are expensed to the income statement on a straight line basis. The associated lease incentives are amortised in the income statement over the life of the lease.

Leases greater than 12 months in length, and not of low value, are recognised as a lease right-of-use asset with the associated future lease payment terms recognised as a lease liability. The right-of-use assets and the associated lease liabilities are recognised by unwinding the future lease payments at the rate implicit to the lease or, if the rate implicit to the lease cannot be readily determined, at the relevant incremental borrowing rate.

The lease right-of-use assets are amortised over their useful lives or the lease term, whichever is shorter. The lease liabilities are derecognised by applying the future lease payments.

Investment in subsidiary undertakings

Investment in subsidiary undertakings is held at cost less any provision for impairment. The Company assesses at each balance sheet date whether the investment in its subsidiaries has been impaired.

Impairment

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 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.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

Pensions

(i) Defined contribution schemes

Obligations for contributions to defined contribution pension schemes are expensed to the income statement as incurred.

(ii) Defined benefit schemes

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay.

The net obligations in respect of defined benefit pension schemes are calculated separately for the scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating to the terms of Essentra's obligations. The calculation is performed by a qualified independent actuary using the projected unit credit method. Net interest on defined benefit assets is presented within finance income, and net interest on defined benefit liabilities is presented within finance expense.

Actuarial gains and losses that have arisen are recognised in full in the statement of comprehensive income.

The amounts charged to operating profit are the current service cost, past service cost (including curtailments) and gains and losses on settlement.

The value of a net pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's financial assets at amortised costs comprise receivables in the balance sheet.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Interest income is recognised accordingly using the effective interest method.

Inventories

Inventories are valued at the lower of cost (on a first in, first out basis) and net realisable value. For work-in-progress and finished goods, cost includes an appropriate proportion of labour cost and overheads.

Financial liabilities

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially recognised at fair value net of transaction costs incurred. They are subsequently held at amortised cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are measured initially at its fair value as an asset or liability in the balance sheet. Subsequent changes in the fair value of the derivative instrument are measured at year end, with any gain or loss recognised in the income statement.

Provisions

A provision is recognised when there is a probable legal or constructive obligation as a result of a past event and a reliable estimate can be made of the outflow of resources that will be required to settle the obligation. The outflow is the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Share-based payments

The share option programme allows employees to acquire shares of the ultimate parent Company.

A charge is made in the income statement based on the fair value of option awards using the Monte Carlo or binomial valuation models and relevant quoted share price information with a corresponding increase in equity. The fair value is measured at grant date and spread over the period between grant and vesting date of the options. The amount recognised as an expense will be adjusted to reflect the actual number of share options that vest with the exception of options that fail to vest because market conditions are not met.

Dividends

Dividends are recognised as a liability in the period in which they are approved by the shareholders of the Company (final dividend) or paid (interim dividend).

Dividends from subsidiary undertakings and associated undertakings are accounted for in the period in which the shareholders' right to receive payment has been established and when, in the Directors' opinion, sufficient funds are available for payment. Dividends receivable are shown net of any underlying overseas taxation.

2 Critical accounting judgements and estimates

The following provides information on those policies that management considers critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

a) Pensions

Defined benefit pension schemes are accounted for in accordance with IAS 19. The application of IAS 19 requires the exercise of judgement in relation to the assumptions used and for each assumption there is a range of possible outcomes (see note 15). In consultation with the Company's actuaries, management decides the point within those ranges that most appropriately reflects the Company's circumstances. Small changes to these assumptions can have a significant impact on valuations. The Company performs a sensitivity analysis for the significant assumptions used in determining post-retirement costs and liabilities, as detailed in note 15.

b) Depreciation

Property, plant and equipment represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Decreasing an asset's expected life or its residual value would result in a higher depreciation charge in the income statement. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Historically changes in useful lives and residual values have not resulted in material changes to the Company's depreciation charge (see note 12).

Notes to the financial statements

for the year ended 31 December 2021 (continued)

3 Turnover

	2021	2020
	£000	£000
By geographical market		
United Kingdom	**20,690**	15,762
Europe, Middle East, Africa	**62,561**	54,359
Rest of the world	**3,035**	2,893
	86,286	73,014

4 Staff numbers and cost

	2021	2020
	£000	£000
Wages and salaries	**14,058**	11,623
Social security costs	**1,347**	1,254
Other pension costs (note 15)	**611**	599
Share-based payments	**42**	375
	16,058	13,851
Staff costs recharged from a group company*	**3,830**	680
	19,888	14,531

The average monthly number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Manufacturing	**173**	119
Marketing	**68**	74
Administration	**80**	131
	321*	324

*Other than the number of employees disclosed above, average monthly number of 99 employees (2020: 18) were employed by Essentra Components GmbH and performed services to the Company. During the year Essentra Components GmbH recharged staff costs of £3,830,000 (2020: £680,000) to the Company regarding these employees.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

5 Remuneration of Directors

	2021	2020
	£000	£000
Directors' emoluments	**842**	539
Pension costs	**70**	66
	912	605

Remuneration in respect of the highest paid Director was £547,000 (2020: £347,000). The highest paid Director exercised options and received shares under long-term incentive schemes in Essentra plc, the Company's ultimate parent Company. The remuneration of the highest paid Director in the current and prior year did not include any contributions made in respect of money purchase schemes or a defined benefit pension scheme.

	Number of Directors	
	2021	2020
The number of Directors in respect of whose services shares were received or receivable under long-term incentive schemes	**2**	2

With the exception of the directors' emoluments above, that were paid by Essentra International Limited, the Directors did not receive any fees or emoluments from the Company during the year (2020: £nil) directly attributable to their position within the Company. All other fees or emoluments were paid by other group companies and the amount attributable to the qualifying services provided by them to the Company cannot be reliably estimated.

6 Adjusting items

	2021	2020 *(restated*)*
	£000	£000
Customisation and configuration costs of significant software as a service ("SaaS") arrangements	**4,369**	4,694
Revaluation gain on investment of Componentes Innovadores Limitada	**-**	(65)
Impairment of investment (Note 14)	**415**	-
Others	**143**	-
	4,927	4,629

The adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the results from ongoing operations. By excluding the impact of items which, in management's view, do not form part of the Company's operating results, such as significant restructuring and closure costs and other items which are non-recurring or one-off in nature.

In accordance with the revised accounting policy in relation to the customisation and configuration costs of software as a service ("SaaS") arrangements (see the note on accounting policies), costs of significant SaaS arrangements which, in the view of management, represents investment in upgrading the Group's technological capability, were expensed as adjusting items. In the current year, costs of £4,369,000 (2020: £4,694,000) were attributable to major SaaS projects and related primarily to the costs of implementing a new cloud-based enterprise resource planning ("ERP") system within the Group.

In the prior year the revaluation gain on investment of Componentes Innovadores Limitada relates to a reduction to the value of deferred consideration falling due to the vendor of, after successful claims were made after the balance sheet date (see note 14).

Notes to the financial statements

for the year ended 31 December 2021 (continued)

7 Operating profit

	2021	2020 *(restated*)*
	£000	£000
Operating profit is stated after charging/(crediting):		
Inventory recognised as an expense	**32,634**	22,827
Personnel expense (see note 4)	**19,888**	14,531
Amortisation of intangible fixed assets (see note 11)	**1,039**	1,172
Loss on disposal of tangible fixed assets	**9**	-
Depreciation of tangible fixed assets (see note 12)	**2,113**	1,770
Depreciation of right-of-use assets (see note 13)	**692**	125
Writing back impairment of trade debtors	**(10)**	(38)
Foreign exchange (gains)/ losses	**(816)**	453
Auditors' remuneration:		
Fees payable to Company's auditors for the audit of statutory financial statements	**117**	97

The Company's auditors received no remuneration relating to non-audit services during the year (2020: £nil).

8 Interest receivable and similar income

	2021	2020
	£000	£000
Receivable from group undertakings	**58**	198

9 Interest payable and similar expenses

	2021	2020
	£000	£000
IFRS 16 lease interest	**135**	13
Net foreign exchange losses	**15**	48
	150	61

10 Tax on profit

a) Amounts (credited) / charged in the income statement

	2021	2020
UK corporation tax	**£000**	£000
Adjustments in respect of prior periods	**-**	(750)
Withholding tax suffered	**71**	4
Total current tax (credit) / charge	**71**	(746)

Notes to the financial statements

for the year ended 31 December 2021 (continued)

10 Tax on profit (continued)

a) Amounts (credited) / charged in the income statement (continued)

	2021	2020
		(restated)*
Deferred tax (note 18)	**£000**	£000
Origination and reversal of timing differences	**507**	(476)
Adjustments in respect of prior periods	**(494)**	685
Change in tax rate	**(868)**	-
Total deferred tax charge / (credit) on profit	**(855)**	209
Tax credit	**(784)**	(537)

* See the note on accounting policies for further details of the prior year restatement.

b) Tax relating to items charge / (credited) to the other comprehensive income

	2021	2020
	£000	£000
Deferred tax charge / (credit) on remeasurement of defined benefit pension scheme	**2,248**	(299)
Tax credit in the statement of other comprehensive income	**2,248**	(299)

c) Factors affecting the tax (credit) / charge for the year

The total tax credit on profit before taxation differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% (2020: 19%). The tax credit is higher than (2020: credit higher than) the standard rate and the differences are explained below:

	2021	2020
	£000	£000
Profit before taxation	**20,386**	21,586
Tax charge at 19% (2020: 19%)	**3,873**	4,101
Effects of:		
Expenses not deductible and income not taxable	**58**	33
Non-taxable dividend income	**(190)**	
Adjustments in respect of prior periods	**(494)**	(65)
Withholding taxes suffered	**71**	4
Reclassification of deferred tax assets on share based payments to / (from) other comprehensive income	**2**	-
Change in tax rates	**(868)**	-
Group relief claimed for nil payment	**(3,236)**	(4,610)
Total tax credit reported in the income statement (see above)	**(784)**	(537)

d) Change in corporation tax rate

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). These include an increase of the main rate of corporation tax to 25% from 1 April 2023.

In September 2022, the Government announced that from 1 April 2023 the corporation tax rate will not be increasing to 25%. At the balance sheet date, the proposal to cancel the previously enacted tax rise had not been substantively enacted, therefore, its effects are not included in these financial statements. Due to the timing of this announcement its impact has not been quantified.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

11 Intangible assets

	Goodwill	eCommerce & software development costs	Total
	£000	**£000**	**£000**
Cost			
At beginning of year *(restated*)*	6,762	6,297	13,059
Additions	-	1,780	1,780
Transfers	-	-	-
At end of year	6,762	8,077	14,839
Accumulated amortisation			
At beginning of year *(restated*)*	725	1,094	1,819
Charge for the year	-	1,039	1,039
At end of year	725	2,133	2,858
Net book value			
At 31 December 2021	**6,037**	**5,944**	**11,981**
At 31 December 2020 *(restated*)*	6,037	5,203	11,240

* See the note on accounting policies for further details of the prior year restatement.

The Company tests goodwill annually for impairment, other assets are assessed for indicators of impairment annually and tested for impairment if indicators exist. A discounted cash flow analysis is computed to compare the discounted estimated future operating cash flows (on a value in use basis) to the net carrying value of the goodwill.

When intangible assets are amortised, this is charged to administration expenses through the income statement.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

12 Tangible assets

	Freehold land and buildings £000	Plant, machinery and motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At beginning of year	13,081	21,478	15,823	50,382
Additions	5	1,019	988	2,012
Disposals	-	(1,325)	(275)	(1,600)
Currency translation	(29)	(13)	(215)	(257)
At end of year	13,057	21,159	16,321	50,537
Accumulated depreciation				
At beginning of year	2,713	17,797	10,726	31,236
Charge for the year	211	821	1,081	2,113
Disposals	-	(1,312)	(275)	(1,587)
Currency translation	(1)	-	(18)	(19)
At end of year	2,923	17,306	11,514	31,743
Net book value				
At 31 December 2021	**10,134**	**3,853**	**4,807**	**18,794**
At 31 December 2020	10,368	3,681	5,097	19,146

Notes to the financial statements

for the year ended 31 December 2021 (continued)

13 Right-of-use assets

	Land and Buildings £000	Plant, machinery and motor vehicles £000	Total £000
Cost			
At beginning of year	728	520	1,248
Additions	5,034	-	5,034
Disposals	-	(20)	(20)
Currency translation	(295)	-	(295)
At end of year	5,467	500	5,967
Accumulated depreciation			
At beginning of year	11	259	270
Charge for the year	596	96	692
Disposals	-	(20)	(20)
Currency translation	(15)	-	(15)
At end of year	592	335	927
Net book value			
At 31 December 2021	**4,875**	**165**	**5,040**
At 31 December 2020	717	261	978

Notes to the financial statements

for the year ended 31 December 2021 (continued)

14 Investments

	2021 £000	2020 £000
Cost		
At beginning of year and at end of year	**8,242**	8,242
Provision for impairment		
At beginning	**91**	91
Impairment charge (Note 6)	**415**	-
At end of year	**506**	91
Net book value		
At end of year	**7,736**	**8,151**

The Company impaired its investment in Skiffy Limited and North West Plastics Limited by £415,000, as the net assets of the investments were reduced by declaring dividends. Both companies dissolved on 31 May 2022.

On 26 June 2019, Essentra Components Limited acquired 100% of the share capital of Componentes Innovadores Limitada. The company is incorporated in Costa Rica. The transaction was settled for cash consideration of £6,182,000 and deferred consideration of £794,000. Deferred consideration was payable to the vendor in two instalments of £397,000 due in August 2020 and August 2021.

During the year, the Company reached an agreement with the vendor to settle its deferred consideration liability. This full and final settlement of £669,000 consisted of a payment to the vendor of £573,000 and the release of a receivable balance of £96,000 due from the vendor for an escrow claim.

In the prior year, the Company recognised income of £125,000 as a result of this settlement agreement, this being the difference between the initial investment value recognised in the prior year of £6,976,000 and total cash outlay of £6,851,000. The actual cash outlay was lower than original estimates partly due to successful claims against the vendor (£65,000) and as a result of favourable movements in rates of exchange between $US Dollars and £UK Sterling (£60,000). Income for successful claims has been recognised as a gain on the acquisition of business (see note 6) and the exchange gain element is presented within administrative expenses.

All entities listed below are wholly-owned subsidiaries of the Company. The investments relate to ordinary shares. The principal country in which each Company operates is the country of incorporation.

The subsidiary companies of the Company's investments at the balance sheet date are as follows:

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Registered office**
Essentra Sp.z o.o.	Poland	Distribution	11 Lokowa Street, 90-562, Lodz, Poland
Essentra Components sro	Slovakia	Distribution	Gogol'ova 18, 852 02 Bratislava, Slovakia
Essentra Components GmbH	Austria	Distribution	Schubertring 6, 1010 Wien, Austria
Essentra Components Sarl	Switzerland	Distribution	Rue du Grand-Chene 2, c/o Pierre-Alain Killais, Lexartis Avocats, 1003 Lausanne, Switzerland
Components Innovadores Limitada	Costa Rica	Manufacturing	Cartago-Cartago Parque Industrial Y Zona Franca Zeta, Cartago, Edificios, 48C3 48C4, Costa Rica
Skiffy Limited	England & Wales	Non-trading	Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom
Stera Tape Limited	England & Wales	Non-trading	Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom
Alliance Plastics Limited	England & Wales	Non-trading	Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom
North West Plastics Limited	England & Wales	Non-trading	Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom
Filtrona Custom Moulding Limited	England & Wales	Non-trading	Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom

Notes to the financial statements

for the year ended 31 December 2021 (continued)

15 Retirement benefit assets

The Essentra Pension Plan ('the Group scheme') is both a defined benefit scheme, providing benefits based on final pensionable pay, and a defined contribution scheme, providing benefits based on monthly contributions. The assets of the Group scheme are held separately from those of Essentra plc and its subsidiaries and contributions are determined by a qualified independent actuary, every three years using the projected unit method. Pension costs of the defined benefit scheme are assessed in accordance with the advice of independent professionally qualified actuaries. The most recent valuation of the scheme was as at 5 April 2018. The results of this valuation have been updated to 31 December 2021 by a qualified independent actuary, taking account of the investment returns achieved by the schemes and the level of contributions. The next valuation report was finalised on 6 July 2022.

The defined benefit scheme is administered by a board of trustees and the assets are held independently from Essentra. The board of trustees comprises member nominated trustees, employer nominated trustees and independent advisory trustees. The scheme trust deeds prohibit a majority on the board to be established by either the member or employer nominated trustees.

The defined benefit scheme entitles remaining members to a pension calculated on 1.25% or 2% of their capped final pensionable pay multiplied by the number of pensionable years of service. Some members have historical entitlements to accrual rates of 1.67%-1.9% and 3% for certain tranches of their service.

The scheme was closed for future accrual from 1 April 2015, and curtailment gains were recognised in profit or loss accordingly in 2015. Following the closure of the Group's principal defined benefit pension scheme to future accruals, the scheme is funded by the Group's subsidiaries and employees are not required to make any further contribution. The funding of this scheme is based on separate actuarial valuations for funding purposes for which the assumptions may differ from those used in the valuation for IAS 19 purposes.

The net retirement benefit asset presented in these financial statements relates to the members of the Group scheme who are employed by the Company (Essentra Components Limited) and not all Essentra employees.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The amounts recognised in the income statement and in the statement of comprehensive income for the year are as follows:

	2021	2020
	£000	£000
Amounts expensed against operating profit		*(restated*)*
Defined contribution scheme	**424**	437
Defined benefit scheme – service cost and administrative expense	**187**	162
Total operating expense	**611**	599
Amounts included as other finance income		
Net interest on defined benefit scheme assets	**(1,186)**	(1,688)
Net interest on defined benefit scheme liabilities	**1,128**	1,592
Net interest income	**(58)**	(96)
Amounts recognised in the statement of comprehensive income		
Returns on defined benefit scheme assets excluding net interest income	**(1,636)**	10,328
Impact of changes in assumptions and experience to the present value of defined benefit	**9,546**	(11,904)
Remeasurement of defined benefit scheme	**7,910**	(1,576)

• See the note on accounting policies for further details of the prior year restatement.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

15 Retirement benefit assets (continued)

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

	2021	2020
	%	%
Increase in salaries	**n/a**	**n/a**
Increase in pensions:		
at RPI capped at 5%	**3.1**	2.7
at CPI capped at 5%	**2.7**	2.2
at CPI minimum 3%, capped at 5%	**3.3**	3.1
at CPI capped at 2.5%	**2.2**	1.9
Discount rate	**1.9**	1.3
Inflation rate	**3.0**	2.5
Post-retirement mortality (in years):		
Males retiring today at age 65	**22.0**	22.5
Females retiring today at age 65	**24.4**	24.3
Males retiring in 20 years at age 65	**23.2**	23.8
Females retiring in 20 years at age 65	**25.8**	25.7

The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustees' investment policies. The allocation of assets is arrived at taking into consideration current market conditions and trends, the size of potential returns relative to investment risk and the extent to which asset realisation needs to match liability maturity. There are risks underlying these considerations. If asset returns fall below the returns required for scheme assets to match the present value of scheme liabilities, a scheme deficit results. Persistent deficits represent an obligation the Company must settle through increased cash contributions. If asset maturities are not properly matched with liability maturities, there is also the risk that the Company could be required to make unplanned short-term cash contributions to resolve resulting liquidity issues. Scheme assets are invested by the trustees in asset classes and markets that are considered to be reasonably liquid, so this matching and liquidity risk is considered to be sufficiently mitigated.

The equity, corporate bond and government bond assets are either direct investments or investments made via a managed fund for those asset classes. All of these assets have a quoted market price in an active market. The other asset class relates primarily to property and hedge funds, which are valued at their cumulative unit offer price. No direct investment in property is held. No plan assets are invested directly in the shares of Essentra plc. The pension scheme has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The Company's contributions to its defined benefit pension scheme are determined in consultation with trustees, taking into consideration actuarial advice, investment conditions and other local conditions and practices. Employer contributions of £162,000 (2020: £94,000) were paid during the year ended 31 December 2021.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

15 Retirement benefit assets (continued)

The fair value of scheme assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the pension scheme liabilities, which are derived from cash flow projections over long periods and are therefore inherently uncertain, are as follows:

	2021 £000	2020 £000 *(restated*)*
Equities	**24,966**	24,063
Bonds / Liability driven investment ("LDI")	**63,587**	68,060
Other	**1,044**	233
Fair value of scheme assets	**89,597**	92,356
Present value of scheme liabilities	**(77,179)**	(87,845)
Net retirement benefit assets	**12,418**	4,511

Changes in the fair value of the defined benefit pension obligations during the year:

	Defined benefit pension scheme assets £000	**Defined benefit pension scheme liabilities £000**	**2021 Total £000**	Defined benefit pension scheme assets £000 *(restated*)*	Defined benefit pension scheme liabilities £000 *(restated*)*	2020 Total £000 *(restated*)*
Beginning of year	**92,356**	**(87,845)**	**4,511**	83,323	(77,264)	6,059
Service cost and administrative expense	**(187)**	**-**	**(187)**	(162)	-	(162)
Return on plan assets excluding amounts in net interest income	**(1,636)**	**-**	**(1,636)**	10,328	-	10,328
Actuarial gains / (losses) arising from change in financial assumptions	**-**	**5,489**	**5,489**	-	(12,134)	(12,134)
Actuarial gains / (losses) arising from demographic assumptions	**-**	**1,717**	**1,717**	-	(410)	(410)
Actuarial gains arising from experience	**-**	**2,340**	**2,340**	-	640	640
Finance income/(expense)	**1,186**	**(1,128)**	**58**	1,688	(1,592)	96
Benefits paid	**(2,248)**	**2,248**	**-**	(2,915)	2,915	-
Contributions by employer	**126**	**-**	**126**	94	-	94
Settlements	**-**	**-**	**-**	-	-	-
End of year	**89,597**	**(77,179)**	**12,418**	92,356	(87,845)	4,511

Sensitivity

For the significant assumptions used in determining defined benefit costs and liabilities, the following sensitivity analysis gives the estimate of the impact on the measurement of the scheme liabilities as at 31 December 2021.

	(Increase)/decrease in scheme liabilities £000 *(restated*)*
0.5% decrease in the discount rate	**(7,421)**
0.5% increase in the discount rate	**6,479**
1.0% decrease in the rate of inflation	**5,579**
1.0% increase in the rate of inflation	**(5,721)**
1 year increase in life expectancy	**(3,321)**

* See the note on accounting policies for further details of the prior year restatement.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

16 Inventories

	2021 £000	2020 £000
Raw materials and consumables	**1,103**	516
Finished goods and goods held for resale	**14,983**	10,228
	16,086	10,744

The Directors do not consider that the replacement cost of inventories on a current cost basis is materially different from the figures stated above. Included in the value of inventories is a provision of £4,301,000 (2020: £3,006,000).

17 Debtors

	2021 £000	2020 £000
Trade debtors	**2,969**	2,970
Other debtors	**13**	28
Amounts owed by group undertakings	**77,794**	47,062
Other taxes	**827**	1,547
Prepayments and accrued income	**407**	569
Derivative financial assets	**189**	-
	82,199	52,176

Included in amounts owed by group undertakings is an amount of £67,767,000 (2020: £39,996,000) owed by Essentra Finance Limited, which carries on the business of group financing for Essentra plc, the Company's ultimate parent Company. The balance is repayable on demand, unsecured and interest is charged at a rate set with reference to the interest rate benchmark, Sterling Overnight Index Average ("SONIA") (2020: London Inter-bank Offered Rate ("LIBOR")). The Company adopted SONIA from 1 January 2021 following the adoption of the Interest Rate Benchmark Reform. Other amounts owed by group undertakings are trading balances under normal commercial terms and interest is not charged.

18 Deferred tax (liabilities) / assets

Deferred tax assets and liabilities are attributable to the following:

			2021			2020 *(Restated*)*
	Assets £000	**Liabilities £000**	**Net £000**	Assets £000	Liabilities £000	Net £000
Tangible fixed assets[1]	**3,621**	**-**	**3,621**	2,775	-	2,775
Employee benefits[2]	**-**	**(3,034)**	**(3,034)**	-	(841)	(841)
Other temporary differences[3]	**56**	**-**	**56**	2	-	2
Deferred tax asset/(liability)	**3,677**	**(3,034)**	**643**	2,777	(841)	1,936

* See the note on accounting policies for further details of the prior year restatement.

[1] A deferred tax asset arises on tangible fixed assets as the tax value of assets is higher than the corresponding accounting value. This arises as tax deductions are determined by the applicable tax laws whereas accounting depreciation is calculated in line with the Company's accounting policy

[2] This represents deferred tax on the Company's defined benefit pension schemes and share-based incentives

[3] This includes expenditure that will be deductible in future periods for tax purposes when the amounts are settled in cash

Notes to the financial statements

for the year ended 31 December 2021 (continued)

18 Deferred tax (liabilities) / assets (continued)

	2021	2020 *(Restated*)*
	£000	£000
Deferred tax (liabilities) / assets movements in the year:		
At beginning of year	**1,936**	1,837
(Charge) / credit to the income statement in respect of the current year	**(507)**	476
Adjustments in respect of prior periods	**494**	(685)
(Charge) / credit to other comprehensive income	**(2,248)**	299
Credit to reserves	**100**	9
Change in tax rates	**868**	-
At end of year	**643**	1,936

* See the note on accounting policies for further details of the prior year restatement.

19 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	**5,053**	4,414
Amounts owed to group undertakings	**30,120**	15,016
Corporation tax	**6**	-
Other creditors including taxation and social security	**493**	382
Accruals and deferred income	**3,357**	1,763
Derivative financial instruments	**3**	91
Deferred consideration	**-**	573
IFRS 16 lease liability	**511**	57
	39,543	22,296

Amounts owed to group undertakings are repayable on demand, unsecured and interest is charged at a rate set with reference to the interest rate benchmark, SONIA (2020: LIBOR).

20 Creditors: amounts falling due after one year

	2021	2020
	£000	£000
IFRS 16 lease liability	**4,578**	921

21 Called up share capital

	2021	2020
	£000	£000
Issued and fully paid ordinary shares of 10p (2020: 10p) each	**16,959**	16,959

Number of ordinary shares in issue		
	Number	Number
At beginning and end of year	**169,587,979**	169,587,979

Notes to the financial statements

for the year ended 31 December 2021 (continued)

22 Dividends paid

The directors do not propose a final dividend in respect of the financial year ended 31 December 2021 (2020: £9,000).

23 Post balance sheet events

On 26 October 2021, the Essentra plc ("the Group") announced the strategic goal to become a pure play Components business with the first step in this process being to review the full range of strategic options for the Filters business. On 26 November 2021, it was announced the Group had decided to commence a strategic review of the Packaging division. After the balance sheet date, the Group is still undergoing such a strategic review.

Further to the announcements regarding the strategic reviews, on 24 June 2022, the Group announced the proposed disposal of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their subsidiary entities which constitute the group's Packaging business. This transaction is expected to complete in the latter half of the year 2022. Whilst the Company has balances with fellow group entities which are impacted by this transaction, these balances are expected to be settled in the normal course of business and/or the completion process. The proposed transaction is not expected to materially impact the results or financial position of the Company.

As part of the strategic review, the following transactions have taken place.

On 19 April 2022, the Company allotted 470,000,000 £0.1 ordinary shares to Essentra International Limited at a consideration of £47,000,000.

On 6 May 2022, the Company allotted 73,430,000 £0.1 ordinary shares to Essentra International Limited at a consideration of £7,343,000.

On 24 June 2022, the Company acquired 100% of the shares in Essentra Components Srl from ESNT Holdings SpA at a consideration of £7,343,000.

On 4 June 2022, the Company acquired certain leasehold interests from Essentra Packaging & Security Limited at a consideration of £7,000,000. On the same day, the Company entered into a sublease with Essentra Filter Holdings Limited pursuant to which the Company granted a sublease to Essentra Filter Holdings Limited over Giltbrook Farm, Greasley Broxtowe, Nottinghamshire for a term of ten years.

On 7 June 2022, Essentra International Limited transferred its 100% shareholding in Essentra Components Limited to ESNT International Limited in exchange for 482,204,000 ordinary shares of ESNT International Limited.

In September 2022, the Government announced that from 1 April 2023 the corporation tax rate will not be increasing to 25%. At the balance sheet date, the proposal to cancel the previously enacted tax rise had not been substantively enacted, therefore , its effects are not included in these financial statements. Due to the timing of this announcement its impact has not been quantified.

24 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

As at 31 December 2021, the Company's immediate parent undertaking is Essentra International Limited, a Company incorporated in England and Wales. As mentioned in note 23 above, the the Company's immediate parent changed to ESNT International Limited in June 2022.

The ultimate parent Company is Essentra plc, a Company incorporated in England and Wales. This is the only group in which the results of the Company are consolidated.

The consolidated financial statements of Essentra plc are available to the public and may be obtained from the registered office of Essentra plc at Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom.