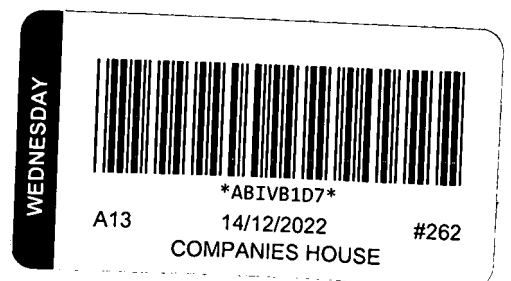


Company Registration No. 00895170 (England and Wales)

COMPUGRAPHICS INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



COMPUGRAPHICS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	W Laskow M J Siegmund
Secretary	M J Siegmund
Company number	00895170
Registered office	Unit 2 Genesis Business Park Albert Drive Sheerwater Woking Surrey GU21 5RW United Kingdom
Auditor	Grant Thornton UK LLP Regent House 80 Regent Road Leicester LE1 7NH

COMPUGRAPHICS INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal activities

Compugraphics' principal business is the supply of photomasks and reticles to the semiconductor and related product industries such as micro-electro-mechanical modules (MEMs) and opto-electronic devices. Photomask and reticles perform a function similar to a photographic negative when used to pattern structure using optical lithography. As such, Compugraphics has expertise in the processing of electronic design data, electron and laser beam pattern generation, liquid and gas plasma based chemical processing and etching, dimensional and metrology, pellicle attachment, and the repair of damaged photomasks and reticles.

Business review

The profit for the financial year amounted to £625,000 (2020: £682,000). The total equity is £7,584,000 (2020: £6,959,000). Despite the increase in turnover, the lower profit achieved in the year is a result of increased management charges from the wider group.

The directors remain committed to improving the company's efficiency and driving down the unit cost of production. Factors contributing to this increase were exchange gains. The market outlook for 2021 is stable.

We are one of three primary players in the competitive land scape and from an investment perspective, we continue to invest in mature nodes. Mature nodes continue to be stable based on macro level trends.

Key performance indicators

Compugraphics' key financial and other performance indicators were as follows:

	2021 £'000	2020 £'000	Change %
Turnover	10,716	10,235	4.70%
Operating profit	628	692	-9.25%
Current assets as % of current liabilities ('quick ratio')	732%	882%	-17%
Employee head-count at year end	47	48	-2.08%

The company participates in the group cashpooling process and all bank balances are swept to the group treasury company which are available on call to the company. This gives rise to the group receivable balance seen in the debtors note of the financial statements.

Future development

The company will continue to develop and review long term strategy to ensure growth in the future, including the directors commitment to continuous improvement and cost reduction plans which will go on to improve the overall profitability of the company.

The reduction in the rate of sterling against the US Dollar, the main currency within the electronics sector has been helpful to the company. About 52% of the company's sales are exports to EU countries. The company therefore benefits from the free movement of goods into and imported from the EU and it hopes that the negotiated exit treaty will minimize any adverse impacts on these movement.

The company's performance is linked to the global electronics industry which requires close cooperation and low intercontinental barriers to trade. We continue to be confident, that with appropriate management and focus, this industry will continue to offer good opportunities for our company.

COMPUGRAPHICS INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The directors have considered competition and technological innovation in the sector. We are one of three primary players in the competitive land scape and from an investment perspective, we continue to invest in mature nodes. Mature nodes continue to be stable based on macro level trends.

There is an ongoing project reviewing Brexit and putting actions in place to mitigate any issues that might arise. We are engaged with the wider group and customers on Brexit along with Scottish Enterprises which is a local government entity that supports local businesses.

Going concern

COVID-19 is a worldwide event. It has caused widespread disruption to businesses and financial markets, in addition to the human toll on life and health. Unfortunately, this pandemic could not have been predicted or prevented.

Fortunately COVID-19 has had very limited impact on the business during 2021.

On behalf of the board

Walt Laskow

.....
W Laskow

Director

Date: ...30/11/2022.

COMPUGRAPHICS INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £nil (2020: £3,000,000). The directors do not recommend payment of a further dividend.

Directors

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

W Laskow
M J Siegmund

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rate risk, credit risk, and pricing and foreign currency risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of cash across the wider group and appropriate use of the group cash pooling facilities. The company has no long term or short term debt.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

The board reviews and agrees policies for managing these risks as summarised below:

Credit risk

Historically one of the principal risks to the business has been the high dependency on a limited number of customers. As part our on-going strategy we have continued our efforts to reduce our dependency on a small number of customers. This trend continued in 2021. Debtors increased through the year. Customer credit exposure is mitigated through credit checks, manageable payment terms and monitoring of individual consumer accounts.

Cash flow risk

One area of uncertainty is the impact of USD exchange rates on our business. The USD exchange rate moved positively in 2020 and has remained in a positive position in 2021. This positively impacted our profit and loss, although this was partially mitigated by a degree of self-hedging i.e. offsetting sales in USD against purchases.

Research and development

The company undertakes research to improve the quality of products delivered to customers. This is linked into the company's process improvement which is managed by the Glenrothes senior team.

Accounts payable risk

Compugraphics enjoy strong supplier relationships and makes use of supplier payment terms. For all its key material and services the company always strives to have at least two suppliers to minimise risk and maximise cost leverage.

COMPUGRAPHICS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Auditor

Grant Thornton UK LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- an indication of likely future developments in the business of the company required by paragraph 7(1)(b).

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Walt Laskow

.....
W Laskow
Director

30/11/2022
Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUGRAPHICS INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Compugraphics International Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUGRAPHICS INTERNATIONAL LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

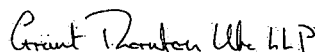
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUGRAPHICS INTERNATIONAL LIMITED (CONTINUED)

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

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates. We enquired of management, whether they were aware of any instances of noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our commercial experience and through discussion with management.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and evaluating management's incentives and opportunities for manipulation of the financial statements. We considered the risk of fraud to be higher through the potential for management override of controls.
- audit procedures performed by the engagement team included:
 - testing manual journal entries determined to be of unusual value, large value or with certain description characteristics, journals to suspense accounts or journals with unusual user postings.
 - challenging assumptions and judgements made by management in its estimates.
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - understanding of the financial reporting framework and the relevant tax compliance regulations specific to the entity.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it

Use of our report

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

 Grant Thornton UK LLP

Christopher Frostwick MA FCA (Senior Statutory Auditor)
For and on behalf of Grant Thornton UK LLP, Statutory Auditor
Chartered Accountants
Regent House
80 Regent Road
Leicester
LE1 7NH
..30/11/2022..

COMPUGRAPHICS INTERNATIONAL LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Turnover	3	10,716	10,235
Cost of sales		(7,790)	(7,172)
Gross profit		2,926	3,063
Distribution costs		(155)	(137)
Administrative expenses		(2,172)	(2,270)
Other operating income		29	36
Operating profit	6	628	692
Interest receivable and similar income	7	7	9
Profit before taxation		635	701
Tax on profit	8	(10)	(19)
Profit for the financial year		625	682

COMPUGRAPHICS INTERNATIONAL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
Fixed assets					
Tangible assets	10		1,349		1,569
Current assets					
Stocks	11	230		231	
Debtors	12	7,034		5,949	
Cash at bank and in hand		4		10	
		<u>7,268</u>		<u>6,190</u>	
Creditors: amounts falling due within one year	13	<u>(993)</u>		<u>(707)</u>	
Net current assets			<u>6,275</u>		<u>5,483</u>
Total assets less current liabilities			<u>7,624</u>		<u>7,052</u>
Creditors: amounts falling due after more than one year	14		<u>(40)</u>		<u>(93)</u>
Net assets			<u><u>7,584</u></u>		<u><u>6,959</u></u>
Capital and reserves					
Called up share capital	18		1,857		1,857
Share premium account	19		52		52
Profit and loss reserves	19		5,675		5,050
Total equity			<u><u>7,584</u></u>		<u><u>6,959</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/11/2022 and are signed on its behalf by:

Walt Laskow

 W Laskow
 Director

COMPUGRAPHICS INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		1,857	52	7,368	9,277
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	682	682
Dividends	9	-	-	(3,000)	(3,000)
Balance at 31 December 2020		1,857	52	5,050	6,959
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	625	625
Balance at 31 December 2021		1,857	52	5,675	7,584

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Compugraphics International Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 2 Genesis Business Park, Albert Drive, Sheerwater, Woking, Surrey, United Kingdom, GU21 5RW. The principal place of business is Eastfield Business Park, Glenrothes, Fife, Scotland, KY7 4NT.

The company's principal activities and nature of its operations are disclosed in the Strategic Report on page 1.

Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000, unless otherwise stated.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationships; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Compugraphics International Limited, is a wholly owned subsidiary of Element Solutions Inc and the results of Compugraphics International Limited are included in the consolidated financial statements of Element Solutions Inc which are available from Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA and are also available from www.elementsolutionsinc.com.

Going concern

At the time of approving the financial statements, the directors have considered forecasts of trading and cashflows for the company, which are subject to a group cash pooling process which are available on call to the company, and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. This was supported by letter of support from the parent company. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover on products sold is recognised when delivery of the products to the buyer has occurred. In this context, delivery means the point at which the risk of loss or damage to the goods passes from the company to the buyer under the Incoterm rule applicable for each sale. The company recognises turnover, including freight charged to customers, when products are shipped and the customer takes ownership and assumes risk of loss, future economic benefits are probable, persuasive evidence that an arrangement exists and the sales price is fixed or determinable.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	maximum 50 years straight line
Plant and equipment	maximum 10 years straight line
Fixtures and fittings	maximum 15 years straight line

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stock held on consignment is included in stock when substantially all of the principal benefits and inherent risks rest with the company. The corresponding liability is included under creditors.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less any amounts settled and any impairment losses unless the arrangement constitutes a financing transaction, where the financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the company financial statements.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

	2021	2020
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	1,815	1,893
North America	538	911
Europe	5,545	6,104
Rest of the world	2,818	1,327
	<u>10,716</u>	<u>10,235</u>

All revenue is generated from the single class of business, the sale of photomasks and reticles.

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	44	44
Administration	3	4
	<u>47</u>	<u>48</u>

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	2,196	2,026
Social security costs	250	229
Pension costs	142	120
	<u>2,588</u>	<u>2,375</u>

5 Directors' remuneration

No directors received any remuneration from the company during either the current or preceding year and are remunerated by another group company. The directors services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other fellow group undertakings or the ultimate parent company.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Operating profit

	2021 £'000	2020 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	280	(107)
Government grants	-	(36)
Fees payable to the company's auditor for the audit of the company's financial statements	20	25
Depreciation of owned tangible fixed assets	238	234
Amortisation of Scottish Enterprise grant	(49)	(34)
Operating lease charges	6	6
	<u> </u>	<u> </u>

The government grants in 2020 relate to incentives received from the UK government under the Job Retention Scheme to support employment impacted by the COVID-19 pandemic. Further details are disclosed in the Government grants accounting policy.

7 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest income		
Interest receivable from group companies	7	9
	<u> </u>	<u> </u>

The interest from group companies is in relation to intra-group cash pooling balances.

8 Taxation

	2021 £'000	2020 £'000
Deferred tax		
Origination and reversal of timing differences	34	30
Changes in tax rates	(27)	(12)
Adjustment in respect of prior periods	3	1
	<u> </u>	<u> </u>
Total deferred tax	10	19
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	635	701
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	121	133
Effect of change in corporation tax rate	(27)	(12)
Group relief	(95)	(103)
Other difference	11	1
	<u> </u>	<u> </u>
Taxation charge for the year	10	19
	<u> </u>	<u> </u>

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation (Continued)

In March 2020 the corporation tax rate enacted was 19% and this has been applied for the tax calculation in 2021. In March 2021 the Chancellor announced that the tax rate would increase to 25%, this has been substantively enacted and used in the measurement of deferred tax at the reporting date.

9 Dividends

	2021 Per share £'000	2020 Per share £'000	2021 Total £'000	2020 Total £'000
Ordinary shares				
Final paid	-	1.62	-	3,000

In 2021, a dividend of £nil was paid (2020: £3,000,000).

10 Tangible fixed assets

	Freehold buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2021	642	35,142	53	35,837
Additions	-	18	-	18
At 31 December 2021	642	35,160	53	35,855
Depreciation and impairment				
At 1 January 2021	642	33,573	53	34,268
Depreciation charged in the year	-	238	-	238
At 31 December 2021	642	33,811	53	34,506
Carrying amount				
At 31 December 2021	-	1,349	-	1,349
At 31 December 2020	-	1,569	-	1,569

The depreciation charges are recognised in the profit or loss of the year under cost of sales.

11 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	211	222
Work in progress	19	9
	230	231

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	1,207	1,241
Amounts owed by group undertakings	5,466	4,470
Other debtors	181	67
Prepayments and accrued income	68	49
	<u>6,922</u>	<u>5,827</u>
Deferred tax asset (note 15)	112	122
	<u>7,034</u>	<u>5,949</u>

Trade debtors are stated after an impairment loss of £5,000 (2020: £5,000).

Included within amounts owed by group undertakings are cash pooling balances of £5,347,444 (2020: £4,141,439) due from a fellow group entity. This attracts interest at 0.15% (2020: 0.15%) per annum. This balance is unsecured and repayable on demand.

All other amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

13 Creditors: amounts falling due within one year

	Notes	2021 £'000	2020 £'000
Trade creditors		381	378
Amounts owed to group undertakings		31	29
Taxation and social security		34	14
Government grants	16	19	15
Accruals and deferred income		528	271
		<u>993</u>	<u>707</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	Notes	2021 £'000	2020 £'000
Government grants	16	40	93

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2021 £'000	Assets 2020 £'000
Balances:		
Accelerated capital allowances	112	122
	<u> </u>	<u> </u>
Movements in the year:		2021 £'000
Asset at 1 January 2021		(122)
Charge to profit or loss		10
		<u> </u>
Asset at 31 December 2021		(112)
		<u> </u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to fixed asset timing differences that are expected to mature within the same period.

16 Government grants

	2021 £'000	2020 £'000
Arising from government grants	59	108
	<u> </u>	<u> </u>
Deferred income is included in the financial statements as follows:		
Current liabilities	19	15
Non-current liabilities	40	93
	<u> </u>	<u> </u>
	59	108
	<u> </u>	<u> </u>

The total governmental grant balance of £59,000 (2020: £108,000) shown within note 13 and 14 is comprised of two Scottish Enterprise grants that have been used to purchase a tangible fixed asset with a useful life of 5 - 10 years. The company has accounted for the grants under the accrual model and will release the balance to the profit and loss in line with underlying asset's useful life.

The grants are wholly discretionary, have no unfulfilled conditions and will not be required to be repaid, the company does not directly benefit from any other forms of governmental assistance.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	142	120

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,857,503	1,857,503	1,857	1,857

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

19 Reserves

Share premium

Share premium represents consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	7	7

21 Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33.1a not to disclose details of intra-group transactions where those transactions take place between companies which are wholly owned under a common parent entity. There are no other related party transactions requiring disclosure.

COMPUGRAPHICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Ultimate controlling party

The immediate parent company is MacDermid Continental Investments Limited, a company registered in England & Wales. MacDermid Continental Investments Limited has its registered office at: Unit 2 Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW.

The ultimate controlling entity is Element Solutions Inc, a company incorporated in the United States of America. Element Solutions Inc has its registered office at: Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA.

The largest and smallest group in which the results of the company are consolidated is headed by Element Solutions Inc, a company incorporated in the United States of America. The consolidated financial statements of the group are available to the public and may be obtained from the following address: Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA and are also available from www.elementsolutionsinc.com.