

Registration number: 07088219

Mexichem UK Limited  
Annual Report and Financial Statements  
for the Year Ended 31 December 2023

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## **Mexichem UK Limited**

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## **Mexichem UK Limited**

### **Company Information**

#### **Directors**

Mrs Valeria Villanueva

Mr Gregory Smith

Mrs Kenwin Zhou

#### **Company secretary**

Mr Euan Archibald

#### **Registered office**

The Heath Business & Technical Park  
Runcorn  
Cheshire  
WA7 4QX

#### **Auditor**

Deloitte LLP  
100 Embankment  
Cathedral Approach  
Manchester  
United Kingdom  
M3 7FB

## Mexichem UK Limited

### Strategic Report for the Year Ended 31 December 2023

The directors present their report for the year ended 31 December 2023.

#### **Fair review of the business**

Mexichem UK Limited, the 'Company', manufactures and distributes fluorocarbons and speciality chemicals for industrial and pharmaceutical purposes, with primary outlets into refrigeration, air conditioning and metered dose inhaler applications.

The operation is based in the UK and from here the Company services customers across Europe, India and the Middle East.

The principal products are HFC-134a, medical grade HFA-134a, medical grade HFA-227ea and various refrigerant blends.

The Company's medical business is the leading global manufacturer and supplier of HFA medical propellants.

The directors believe the Company performed creditably and are pleased to report an increase in Profit Before Tax to £27,520,000 (2022: £11,885,000) an increase of 131.5%. One of the reasons for the large increase is that dividend income increased to £23,785,000 (2022: £13,108,000).

Tax credits for the year increased to £7,172,000 from £528,000 in 2022. This is due to an increase in tax relief claimed as a result of a prior year tax adjustment.

Revenue increased by 14.5% to £101,601,000 (2022: £88,758,000). The year started broadly flat in terms of sales volumes which were comparable to those in the early months of the previous year and remained consistent throughout the year. However, an increase in prices for a large medical customer in the early part of Quarter 3 saw a spike in sales revenues for the medical stream in comparison to 2022. This continued for the remainder of the year resulting in significantly increased revenues.

Volumes for industrial sales were down slightly on the previous year but due to a shift in area sales revenues continued to grow as a higher sales price was achieved.

Gross margins increased by 17.6% to £24,024,000 (2022: £20,423,000) this was largely down to the increase in sales price which was achieved for both revenue streams.

Distribution costs continued to fall following a global peak caused by the COVID pandemic and were down 28.56% from £11,704,000 in 2022 to £8,360,000 in 2023 in line with expectation.

During the year there has been two changes to intercompany recharges.

- Research and development expenditure is charged to the entity developing the product rather than the R&D entity in Mexico.
- The business has reviewed its activity of its employees for its subsidiary Mexichem Fluor EU BV the outcome was a change in the allocation of support costs between the two companies.

This has resulted in administration costs going down 50% on comparative figures from £12,378,000 in 2022 to £7,884,000 in 2023. This is as a result of a revised policy which means that costs are now split more equally between the Company and its subsidiaries.

## Mexichem UK Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

Overall, there has been an increase in net assets in the year from £91,482,000 to £126,173,000. This increase is largely down to the fact that Creditors falling due within one year reduced significantly from £55,331,000 to £28,023,000. A major reason for this decrease is because amounts due to related parties has dropped from £31,412,000 to £8,154,000 as a result of a change in payment terms meaning we were able to settle some accounts before the year end. Trade creditors saw a reduction from £7,998,000 to £5,004,000 mainly due to one off payment being outstanding in 2022.

Non-current assets in the year have increased from £38,722,000 to £84,564,000 due to the reclassification of £44,917,000 of loans to group undertakings from current to non-current due to a change in terms upon renewal during the year. Right of use asset values have also increased to £12,035,000 compared to £10,319,000 in 2022 as a result of investment in machinery.

Stock fell from £32,759,000 in 2022 to £26,746,000 this was due to additional stockpiles from the 2022 financial year being sold off in order to reduce levels held. Trade and other receivables have remained consistent after taking consideration of the reclassification of the loans to group undertakings mentioned above with figures of £37,042,000 compared to £72,832,000 in 2022. Cash at hand saw an increase of 56% with figures reaching £16,290,000 at 31 December 2023 as the Company began to build up balances following on from the sales of additional stock piles.

#### Key performance indicators

In conjunction with the management of costs and working capital to improve profit and cash the Company uses a number of KPIs to monitor performance. These KPIs are monitored at a global level and not on a local entity basis. These are compared against budget, any variances that arose in the year were satisfactorily explained:

- EBITDA - earnings before interest, tax, depreciation and amortisation, and exceptional items.
- Gross profit as a percentage of sales.
- EBITDA as a percentage of sales.
- Fixed costs as a percentage of gross profit. Fixed costs are direct plant fixed costs plus indirect costs from overhead functions.
- Working capital as a percentage of sales. Working capital relates solely to stock, operating debtors and operating creditors.
- Working capital ratios - these include debtor days - indicating the average length of time it takes to receive cash from a sale; stock turn - indicating the number of times that stock is turned over; and creditor days - indicating the average length of time it takes to pay cash for a purchase.

#### Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Company's long-term performance and could cause actual results to differ materially from those expected. The risk profile is consistent with the prior year, each risk has been taken into consideration by the directors in carrying out their duties in respect of going concern and there are no threats to the solvency and liquidity of the business that have not been adequately mitigated by the measures set out below.

#### Competition and illegal trading

Price pressures can be experienced in more developed markets, due to the availability of product. This can result not only in downward pressure on gross margins but also increases the risk that products are not considered to represent value for money. There is a risk that illegal products may enter the market which can have a negative impact on price and profitability. In particular product has recently been imported into the market from China without the appropriate EU FGas accreditation.

## Mexichem UK Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

The sales teams monitor market prices on an ongoing basis and local management have responsibility for pricing in the local market. The Company has engaged via European Fluorocarbons Technical Committee (EFCTC) to address illegal imports and raise awareness across Europe. We are supporting a multi-pronged approach which includes raising awareness, an illegal trade hotline, increased customs checks and fines. In 2022 China launched new regulatory checks on products exported to Europe.

The risk has been assessed to be consistent with previous years. Future developments with FGas regulations could increase this risk in future years.

#### ***Manufacturing***

The manufacturing facilities could be disrupted for reasons beyond our control such as fire, work force actions or other issues. We have detailed recovery plans for the most likely situations so that business continuity procedures are in place and staff are appropriately trained to implement them should these situations occur.

#### ***Environment and regulation***

The manufacturing process has a direct impact on the environment, and we are under increasing regulatory pressure. There is a risk that, if we fail to comply with all appropriate regulation, we will incur financial penalties as well as damage to the Company's reputation. Regulators continue to consider and develop new regulations that may impact the products we produce and sell.

We have in place an appropriate programme to closely monitor compliance with all environmental regulations. We closely monitor developments and, when appropriate, lobby for the desired outcome of new proposed regulations. New regulations are set with a future timetable so that we can align the R&D strategy to respond. Future developments in environmental regulations could increase the critical nature of this risk in future years.

#### ***Foreign exchange***

We have significant sales and purchases outside the UK and as such are exposed to movements in exchange rates. Exchange rate exposures are managed within approved policy parameters. Ongoing political policy development and economic issues could change this assessment in future years.

#### ***State of the economy***

The current economic environment may lead to a fall in demand for products. Price rises for raw materials used in the manufacturing process may lead to a decline in profitability. Logistic pressures as a result of global supply chain issues could impact inward supplies of finished goods and raw materials, outward supplies of finished goods to customers and the rise in cost for logistic services may impact profitability.

The Company's commercial operations are spread across the European community such that we are not dependent on one country alone for revenue. There are internal processes in place to ensure that raw materials are obtained from suppliers at competitive prices. Further the Mexichem Group is vertically integrated which gives us a competitive advantage in the supply of key raw materials.

## Mexichem UK Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

The Company's service delivery function focuses on procurement customer service and logistics, these teams meet regularly to discuss business requirements and current challenges. Any associated cost impacts are fed into the financial forecasting and budget processes.

We have no customers or suppliers based in Russia or Ukraine. The business has been impacted by increased energy prices and UK wage inflation rates.

#### *Information technology*

The Company is reliant of information technology to run its operations and internal processes and ensure covered from any cyber attacks.

We have a documented business continuity plan which covers how the business would restore its operating systems and what manual processes and documentation the business would use during the outage. Any changes to IT are implemented through Project Management and Change Control processes before implementation to ensure there is no material effect on the business. The Company has a full cyber security process providing clear guidelines to mitigate any attacks.

#### **Section 172(1) statement**

The directors of a Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

“A director of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so 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 suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company.

The directors remain committed to ensuring that business activities are conducted in a responsible manner for the benefit of all of our stakeholders, including the Company's employees, customers, partners, and local communities through dedication to ethical, sustainable and fiscally responsible principles.

Strategic decision making for the Company is driven by Group, and the information is presented at Board meetings. Directors are briefed on the potential impacts and risks for our customers, employees and other stakeholders including our suppliers, the community and environment and how they are to be managed. The Directors take these factors into account before deciding on the local implementation of Group policy and decision making.

The board is accountable to the Company's shareholders. It is the board's responsibility to ensure business continuity, future viability and profitability is maintained. The board is responsible for managing the Company's reserves effectively, and paying out regular dividends to the Company's shareholders, where appropriate. The board reviews the Company's financial information in its board meetings. The directors review Company's cash reserves, profitability and current year financial results against budget. The board ensures the business has sufficient cash reserves to meet its working capital requirements.

As a result of the considerations made and discussed below, the board is satisfied that its directors complied with their legal duty under section 172 of the Companies Act 2006.

## Mexichem UK Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

The paragraphs on the next page outline how the directors perform their duties to satisfy these requirements, but more importantly, to promote the success of the Company.

#### **Engagement with employees**

The calibre and capability of our people are critical to the Company's success. We want our people to be proud of working for Koura (Koura is a brand name and division of the wider Orbia group of which the Company is a part) and we want to be in a position to attract and retain the best talent. We strive to offer opportunities for development and progression, fair reward and recognition of performance and an inclusive environment.

We prioritise "people" in our triple-bottom line of people, planet, and profit, placing our employees at the heart of our culture. Our values, including "Be Brave," "Embrace Diversity," and "Take Responsibility," shape our work ethos. Regular employee surveys and monthly town halls led by executives allow us to gauge employee sentiment and address key issues. Training and development are key priorities for both Koura and Orbia, with every employee's progress tracked through corporate software.

#### **Engagement with suppliers, customers and other relationships**

##### ***Our customers***

Our customers are ultimately key and without their continued support, we would not have the potential to grow and develop. We produce high quality products, produced to the most demanding industry standards and provide a service level that can be relied upon to deliver.

We regularly engage with our diverse customer base, often directly through our sales teams and our operational management teams. Through reports from local management teams and monitoring of customer service levels, the Directors ensure customers continue to receive the high-quality products and levels of service that the Koura brand stands for.

##### ***Our suppliers***

The Company is dependent on high quality goods and services provided by our suppliers and as a result, long-term partnerships are sought for the benefit of all parties. We ensure clear communication of our requirements and a partnership approach that seeks to provide long-term benefits to all parties.

Due to scale and geographic diversity, the Company generally operates localised supply chains in the territories in which we operate. This allows direct interaction between our supply-chain teams, our business unit management and local suppliers, ensuring short lines of communications and the ability to react quickly.

##### ***Government and regulators***

The Company falls under the jurisdiction of numerous governmental and regulatory bodies, specifically with environmental matters such as REACH regulations and FGas regulations. Ensuring compliance with these is crucial to the business functioning in the short and long term.

Due to the vital nature of ensuring compliance with the regulations, the business regularly engages with regulatory bodies and employs staff to deal with regulatory matters. Regulation forms a key part of business strategy considerations and is a crucial part of any future considerations.

##### ***Our local communities***

We recognise our responsibility to the communities in which we operate and our broader responsibilities to reduce the impact of our activities on our environment.

**Mexichem UK Limited**

**Strategic Report for the Year Ended 31 December 2023 (continued)**

We're deeply committed to being active investors in our local communities, running projects globally to support people, local economies, and the environment. At Koura, sustainable development is a priority, with a focus on identifying key impacts, risks, and opportunities to drive performance and embed sustainability into our strategy. Our pioneering work in fluorine chemistry has earned international acclaim, and we're now developing refrigerants with lower global warming potential. For carbon emission statistics, please see the Energy and Carbon Reporting section in the Strategic report.

Approved by the board on 26 September 2024 and signed on its behalf by:

*Kenwin Zhou*

.....  
Mrs Kenwin Zhou  
Director

## **Mexichem UK Limited**

### **Directors' Report for the Year Ended 31 December 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

#### **Directors of the Company**

The directors, who held office during the year, were as follows:

Mr David Smith (ceased 25 October 2023)

Mr Simon Gardner (ceased 18 August 2023)

Mrs Andrea Ost (ceased 25 January 2024)

The following directors were appointed after the year end:

Mrs Valeria Villanueva (appointed 25 January 2024)

Mr Gregory Smith (appointed 25 January 2024)

Mrs Kenwin Zhou (appointed 25 January 2024)

#### **Principal activity**

The principal activity of the Company is the manufacture and distribution of fluorocarbons and speciality chemicals for industrial and pharmaceutical purposes, with primary outlets into refrigeration, air conditioning and metered dose inhaler applications.

#### **Dividends**

During the year ended 31 December 2023 Mexichem UK Limited did not pay an interim dividend (2022: £nil).

The directors do not recommend payment of a final dividend (2022: nil).

#### **Political donations**

The Company made no political donations during the year (2022: nil).

#### **Charitable donations**

The Company made no charity donations during the year (2022: nil).

#### **Employee involvement**

Details of how the Company engages with its employees and with its other business relationships are set out in the strategic report within the S172 statement and form part of this report by cross reference.

#### **Future developments**

We are working closely with our customers and advisors to manage the key changes to the EU Fgas regulatory changes. It is expected these changes will impact medical prices and quantities as previously exempt product will begin to be covered by the regulation.

## **Mexichem UK Limited**

### **Directors' Report for the Year Ended 31 December 2023 (continued)**

#### **Research and development**

The directors regard the investment in research and development as integral to the continuing success of the business. The Company's research and development activities can be split into two key areas.

- Ongoing research and development on the optimisation of plant productivity.
- New product development - the identification of new, low Global Warming Potential, fluorocarbon refrigerants designed to meet the long-term needs of the pharmaceutical industry.

For several years the Company has been developing a new medical propellant, Zephex 152a. Zephex 152a will bring about a greater than 90 percent reduction in inhaler carbon footprints compared to current metered dose inhalers (MDIs) and results in the environmental impact of MDIs being as low as other 'green' inhaler technologies such as dry powder inhaler (DPIs).

During the previous year the Company completed construction of a 152a purification asset, this is a significant step in the new generation medical propellant strategy. The asset was commissioned during the second half of 2022.

#### **Going concern**

In carrying out their duties in respect of going concern, the directors have carried out a review of the financial position and cash flow for a period of 12 months from the date of signing these financial statements. This review encompassed revenue, expenditure and cash flows taking in to account specific business risks and uncertainties brought about by the current economic environment. The current economic conditions create uncertainty particularly over the price of products and the exchange rate between sterling and euro and sterling and US dollars and thus the consequence for the cost of some of the Company's sales and raw material purchases. Key reasons underpinning the Director's conclusion in relation to going concern are as follows:

- Constrained sales volumes, as a result of global supply chain issues, have been offset by higher prices;
- it has a positive cash balance as at the date of signing the financial statements and has outstanding short term intercompany loans that can be called in if needed. The Company is not reliant on any external debt;
- that in preparing their cash flow forecasts the directors have taken into consideration reasonably possible worst-case scenarios.
- even in the most reasonably expected downside projections the Company is forecast to remain solvent and sufficiently liquid.

The Company continues to trade within the European Union. Current economic events within Europe and other regions are monitored closely by the directors. The impacts of these events are captured in the monthly forecasting, annual budget processes and downside projections.

Based on the assessment carried out, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Mexichem UK Limited

### Directors' Report for the Year Ended 31 December 2023 (continued)

#### Energy and carbon report

We have reported on all sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

#### Reporting boundary and methodology

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. Therefore, energy use and emissions are aligned with financial reporting for the UK and exclude the non-UK based subsidiaries that would not qualify under the 2018 Regulations in their own right. We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

#### Energy efficiency actions taken

Improved energy efficiency cannot always be introduced overnight but is a result of a determined effort over time. By carefully selecting specific processes and monitoring their performance we are developing a clear picture so we can precisely determine where savings can be made and what can be achieved. Our aim is to avoid wasting energy by driving more efficient processes. Updates can be found on Orbia's sustainability goals on the Company website at <https://www.orbia.com/sustainability/>

#### Emissions and energy consumption

Summary of greenhouse gas emissions and energy consumption for the year ended 31 December 2023:

#### GHG emissions and energy usage data for period 1 January to 31 December 2023

	2023	2022
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO <sub>2</sub> e)	38.84	45.67
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO <sub>2</sub> e)	739.10	725.37
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing fuel	37.61	34.47
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>815.55</b>	<b>805.51</b>
Energy consumption used to calculate emissions - kwh	3,582,166	3,714,120
Emissions (tonnes of CO <sub>2</sub> e) per £m revenue	8.03	9.81

#### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

## Mexichem UK Limited

### Directors' Report for the Year Ended 31 December 2023 (continued)

#### Foreign exchange risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company manages this risk through approved policy parameters. The risk has been assessed to be consistent with previous years.

#### Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

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

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

#### Liquidity risk

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

#### Directors' liabilities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Disclosure of information to the auditor

##### Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the board on 26 September 2024 and signed on its behalf by:

*Kenwin Zhou*

.....  
Mrs Kenwin Zhou  
Director

## **Mexichem UK Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing.

## **Mexichem UK Limited**

### **Independent Auditor's Report to the Members of Mexichem UK Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Mexichem UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

##### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Other information**

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

## **Mexichem UK Limited**

### **Independent Auditor's Report to the Members of Mexichem UK Limited (continued)**

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.

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

## **Mexichem UK Limited**

### **Independent Auditor's Report to the Members of Mexichem UK Limited (continued)**

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation and Tax Legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Health and Safety at work legislation, Data Protection Act, Bribery Act, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and EU Fluorinated Greenhouse Gases Regulation.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area and our procedures performed to address it are described below:

We presume a risk of material misstatements due to fraud related to revenue, and evaluate which types of revenue, revenue transactions or assertions give rise to such risks. We have deemed the risk of material misstatements in relation to revenue cut-off to be significant due to potential stakeholder pressure to recognise revenue before the corresponding performance obligations are met and the complexities of varying customer agreements and sales terms. We have performed the following procedures to address the risk:

- We have evaluated sales terms to ensure revenue recognition aligns with IFRS 15 guidance and substantively tested a sample of sales invoice recognised pre and post year-end and agreed to third party supporting evidence to determine whether appropriate cut-off was applied and that performance obligations had been satisfied.

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

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

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

## Mexichem UK Limited

### Independent Auditor's Report to the Members of Mexichem UK Limited (continued)

#### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

#### Use of our report

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

*Carl Acton*

.....  
Carl Acton BA (Hons), BFP FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
100 Embankment,  
Cathedral Approach  
Manchester  
United Kingdom  
M3 7FB

27 September 2024

**Mexichem UK Limited**

**Profit and Loss Account for the Year Ended 31 December 2023**

	Note	2023 £ 000	2022 £ 000
<b>Revenue</b>	4	101,601	88,758
Cost of sales		<u>(77,577)</u>	<u>(68,335)</u>
<b>Gross profit</b>		24,024	20,423
Other operating income and expenses	5	20,399	11,259
Distribution costs		(8,360)	(11,704)
Administrative expenses		(7,884)	(12,378)
Other gains or losses	6	<u>(1,571)</u>	<u>3,854</u>
<b>Operating profit</b>	7	26,608	11,454
Finance income	8	1,436	831
Finance costs	9	<u>(524)</u>	<u>(400)</u>
<b>Profit before taxation</b>		27,520	11,885
Tax	13	<u>7,172</u>	<u>528</u>
<b>Profit for the financial year attributable to the owners of the Company</b>		<u>34,692</u>	<u>12,413</u>

The above results were derived from continuing operations.

**Mexichem UK Limited**

**Balance Sheet as at 31 December 2023**

	Note	31 December 2023 £ 000	31 December 2022 £ 000
<b>Non-current assets</b>			
Tangible assets	14	27,612	27,803
Right of use assets	15	12,035	10,319
Trade and other receivables	18	44,917	-
Deferred tax assets	13	-	600
		84,564	38,722
<b>Current assets</b>			
Stocks	17	26,746	32,759
Trade and other receivables	18	37,042	72,833
Cash at bank and in hand	19	16,290	10,412
		80,078	116,004
<b>Creditors: Amounts falling due within one year</b>	20	(28,023)	(55,331)
<b>Net current assets</b>		52,055	60,673
<b>Total assets less current liabilities</b>		136,619	99,395
<b>Creditors: Amounts falling due after more than one year</b>	21	(8,442)	(7,740)
<b>Provisions for liabilities</b>	23	(2,003)	(173)
<b>Net assets</b>		126,174	91,482
<b>Capital and reserves</b>			
Called up share capital	24	43,734	43,734
Retained earnings		82,440	47,748
Shareholders' funds		126,174	91,482

The financial statements were authorised for issue by the board on 26 September 2024 and signed on its behalf by:

*Kenwin Zhou*

.....  
Mrs Kenwin Zhou  
Director

The notes on pages 20 to 45 form an integral part of these financial statements.

## Mexichem UK Limited

### Statement of Changes in Equity for the Year Ended 31 December 2023

	<b>Share capital</b>	<b>Retained</b>	<b>Total</b>
	<b>£ 000</b>	<b>earnings</b>	<b>£ 000</b>
		<b>£ 000</b>	
At 1 January 2023	43,734	47,748	91,482
Profit for the year	-	34,692	34,692
Total comprehensive income	-	34,692	34,692
At 31 December 2023	43,734	82,440	126,174

  

	<b>Share capital</b>	<b>Retained</b>	<b>Total</b>
	<b>£ 000</b>	<b>earnings</b>	<b>£ 000</b>
		<b>£ 000</b>	
At 1 January 2022	43,734	35,335	79,069
Profit for the year	-	12,413	12,413
Total comprehensive income	-	12,413	12,413
At 31 December 2022	43,734	47,748	91,482

The notes on pages 20 to 45 form an integral part of these financial statements.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 1 General information

The Company is a private Company limited by share capital, incorporated and domiciled in England.

The principal activity and nature of the Company are set out in the directors' report on page 8.

These financial statements were authorised for issue by the board on 26 September 2024.

#### 2 Accounting policies

##### Summary of material accounting policy information and key accounting estimates

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 meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2023 the Company has undergone transition from reporting under UK-adopted IFRS Accounting Standards to FRS 101 'Reduced Disclosure Framework'. This transition is not considered to have had no material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions including certain disclosures under IFRS 15 'Revenue' and IFRS 16 'Leases'. Where relevant, equivalent disclosures have been given in the Group financial statements of Orbia Advanced Corporation S.A.B. de C.V.

The Company's results are included in the consolidated accounts of Orbia Advanced Corporation S.A.B. de C.V. a Company incorporated in Mexico. Copies of Orbia Advanced Corporation SAB de C.V. consolidated financial statements can be obtained from the Company Secretary, Orbia Advanced Corporation SAB de C.V. Avenida Paseo de la Reforma 483, Piso 47, Colonia Cuauhtemoc, Alcaldia, Cuauhtemoc, Ciudad de Mexico, 06500 Accordingly, the Company has taken advantage of the exemption given in s401 of the Companies Act 2006 from preparing and delivering group accounts.

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 the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

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 high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

These financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds, except where otherwise stated.

#### Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based payments' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).
- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- The requirements of section 29 Income Tax disclosures paragraph 29.29

#### Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2023 have had a material effect on the financial statements.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### Revenue recognition

The Company earns revenue from the sale of goods and the provision of services.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with customer and excludes amounts collected on behalf of third parties.

For sales of refrigerant gases, revenue is recognised when control of the goods has transferred, this varies across the customer base depending on the International Commercial Terms (Incoterms). Following the transfer of control, the customer has full discretion over the manner of distribution and price to sell the goods and has the primary responsibility when on-selling the goods and bears the risks of loss in relation to the goods.

For sales of medical propellant, revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product.

For the provision of services, revenue is recognised when is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. If performance bonus's form part of the contract revenue is recognised when the performance metric achievement has been agreed with the customer.

A receivable is recognised when revenue is recognised as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

##### Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

##### Finance income and costs policy

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

##### Foreign currency transactions and balances

The Company's functional currency is pounds sterling due to the economic environment the Company trades in. In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

##### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long lease buildings	Straight line over 5-10 years
Plant and machinery	Straight line over 3-13 years
Assets in the course of construction	Not depreciated

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors.

##### **Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress 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. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Leases**

###### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### Leases (continued)

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS16.

##### *Initial recognition and measurement*

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

##### *Subsequent measurement*

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the profit and loss account, unless the costs are included in the carrying amount of

another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

##### *Lease modifications*

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### *Lease modifications (continued)*

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

##### *Short term and low value leases*

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the profit and loss account.

##### *Sub leases*

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Financial instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e., the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e., the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

###### **Classification and measurement**

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### Classification and measurement (continued)

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

##### Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

##### Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

##### Derecognition

###### *Financial assets*

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### **Derecognition (continued)**

When the Company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's balance sheet and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Modification of financial assets and financial liabilities**

##### *Financial assets*

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised, and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

##### *Financial liabilities*

If the terms of a financial liabilities are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised, and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

##### Impairment of financial assets

###### *Measurement of Expected Credit Losses*

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

To measure the expected credit losses, trade debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the debtors. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not believe there are any critical judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Directors do not believe there are any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	98,225	84,889
Rendering of services	3,376	3,869
	101,601	88,758

The analysis of the Company's revenue for the year by market is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
United Kingdom and Europe	73,969	59,524
Rest of world	27,632	29,234
	101,601	88,758

#### 5 Other operating income and expenses

The analysis of the Company's other operating income for the year is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Dividend income	23,785	13,108
Miscellaneous other operating income	940	834
Royalties paid	(4,326)	(2,683)
	20,399	11,259

During the year ended 31 December 2023 Mexichem UK Limited received dividend income from a subsidiary Mexichem Fluor EU B.V. of £23,784,992 (2022: £13,108,023).

Included within miscellaneous other operating income are government grants. In 2023, government grants of £575,748 (2022: £489,552) were received as part of a Government initiative to provide immediate financial support as a result of incurring qualifying research and development expenditure. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. In 2023 these grants were surrendered to Mexichem Fluor EU B.V.

#### 6 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss on disposal of tangible assets	-	(131)
Loss from changes in provisions	(81)	-
Gain/(loss) from write-downs and reversals of stock	35	(59)
Foreign exchange (loss)/gain	(1,525)	4,044
	(1,571)	3,854

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 7 Operating profit

Arrived at after charging

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	4,782	3,160
Depreciation on right of use assets - machinery	3,057	2,279
Depreciation on right of use assets - property	794	782
Depreciation on right of use assets - other	56	43
Research and development cost	5,170	9,605
Expense on short term leases (over one month)	4,102	3,389

#### 8 Finance income

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest income on bank deposits	112	61
Interest from overpaid tax	15	11
Interest from intergroup loans	1,309	759
	1,436	831

#### 9 Finance costs

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on leases	524	400

#### 10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	13,973	11,780
Social security costs	1,899	1,599
Pension costs, defined contribution scheme	2,607	1,939
	18,479	15,318

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 10 Staff costs (continued)

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Production	128	122
Administration and support	83	83
Research and development	38	37
	249	242

#### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	1,034	705
Contributions paid to money purchase schemes	24	30
Amounts receivable under long term incentive scheme	-	15
	1,058	750

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Received or were entitled to receive shares under long term incentive schemes	3	3
Exercised share options	3	3
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	433	350
Company contributions to money purchase pension schemes	9	2

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 Directors' remuneration (continued)

During the year the highest paid director exercised share options was entitled to receive shares under a long term incentive scheme amounting to £0 (2022: £8,700).

No compensation was paid to past directors as a result of loss of office.

#### 12 Auditor's remuneration

	2023 £ 000	2022 £ 000
Audit of the financial statements	101	96

No non audit fee is paid/payable to the auditor.

#### 13 Tax

Tax (credited)/ charged in the profit and loss account

	2023 £ 000	2022 £ 000
<b>Current taxation</b>		
UK corporation tax	(9,520)	(441)
UK corporation tax adjustment to prior periods	-	165
	(9,520)	(276)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	921	317
Arising from changes in tax rates and laws	58	100
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	1,369	(669)
	2,348	(252)
Total deferred taxation	2,348	(252)
Tax credit in the profit and loss account	(7,172)	(528)

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 13 Income tax (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 23.52% (2022 - 19%).

The differences are reconciled below:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	27,520	11,885
Corporation tax at standard rate	6,473	2,258
Decrease in current tax from adjustment for prior periods	(8,548)	(504)
Increase from effect of different UK tax rates on some earnings	58	100
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(5,494)	(2,381)
Decrease arising from group relief tax reconciliation	-	(1)
Increase arising from overseas tax suffered	46	-
Decrease from effect of tax incentives	576	-
Other tax effects for reconciliation between accounting profit and tax income	(283)	-
<b>Total tax credit</b>	<b>(7,172)</b>	<b>(528)</b>

#### Deferred tax

Deferred tax assets and liabilities

	<b>Asset</b>	<b>Liability</b>	<b>Net deferred tax</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>2023</b>			
Accelerated tax depreciation	-	2,087	2,087
Provisions	(339)	-	(339)
	(339)	2,087	1,748
<b>2022</b>			
Accelerated tax depreciation	(110)	-	(110)
Provisions	(490)	-	(490)
	(600)	-	(600)

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 13 Income tax (continued)

	At 1 January 2023 £ 000	Recognised in income £ 000	At 31 December 2023 £ 000
Deferred tax movement during the year:			
Accelerated tax depreciation	(110)	2,197	2,087
Provisions	(490)	151	(339)
	(600)	2,348	1,748

Deferred tax movement during the prior year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	(154)	44	(110)
Provisions	(194)	(296)	(490)
	348	252	(600)

At the balance sheet date, the Company has unrecognised deferred tax asset of £298,000 available for offset against future profits. The total amount unrecognised is in relation to capital losses brought forward and we do not anticipate future chargeable gains to arise against which these losses could be offset.

The 2021 Budget announced a change to the UK main rate of corporation tax increasing it from 19% to 25% with effect from 1 April 2023. This change to the UK main rate of corporation tax was substantively enacted as part of Finance Bill 2021 (on 24 May 2021) before the balance sheet date therefore deferred tax has been calculated at 25% in these financial statements.

**Mexichem UK Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**14 Tangible assets**

	<b>Long lease buildings £ 000</b>	<b>Plant and equipment £ 000</b>	<b>Assets under construction £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 January 2023	3,905	32,668	7,773	44,346
Additions	299	2,122	2,170	4,591
Transfers	54	6,476	(6,530)	-
At 31 December 2023	<u>4,258</u>	<u>41,266</u>	<u>3,413</u>	<u>48,937</u>
<b>Depreciation</b>				
At 1 January 2023	1,166	15,377	-	16,543
Charge for the year	510	4,272	-	4,782
At 31 December 2023	<u>1,676</u>	<u>19,649</u>	<u>-</u>	<u>21,325</u>
<b>Carrying amount</b>				
At 31 December 2023	<u>2,582</u>	<u>21,617</u>	<u>3,413</u>	<u>27,612</u>
At 31 December 2022	<u>2,739</u>	<u>17,291</u>	<u>7,773</u>	<u>27,803</u>

At 31 December 2023, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1,111,762 (2022: £6,117,000).

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 15 Right of use assets

	Machinery £ 000	Property £ 000	Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2023	12,102	3,513	157	15,772
Additions	5,603	-	20	5,623
At 31 December 2023	17,705	3,513	177	21,395
<b>Depreciation</b>				
At 1 January 2023	3,223	2,160	70	5,453
Charge for the year	3,057	794	56	3,907
At 31 December 2023	6,280	2,954	126	9,360
<b>Carrying amount</b>				
At 31 December 2023	11,425	559	51	12,035
At 31 December 2022	8,879	1,353	87	10,319

#### 16 Investments

Details of the subsidiary as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	% of ownership 2023	Carrying amount
Mexichem Flour EU B.V	Manufacture and distribution of chemicals	The Heath, Runcorn, WA7 4QX UK	Ordinary	100%	£1

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 17 Stock

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Raw materials and consumables	586	637
Finished goods and goods for resale	26,160	32,122
	26,746	32,759

There is no material difference between the balance sheet value and the replacement cost.

The cost of stock recognised as an expense in the year amounted to £77,228,000 (2022: £68,124,000). This is included within cost of sales.

#### 18 Trade and other receivables

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
<b>Trade and other receivables falling due within one year</b>		
Trade debtors	12,571	13,982
Provision for impairment of trade debtors	(280)	(332)
Net trade debtors	12,291	13,649
Amounts due from related parties	20,174	53,688
Prepayments	610	628
Other debtors	1,249	2,043
Corporation tax receivable	2,718	2,824
	37,042	72,833

In 2023 it was considered loans due from related parties were to be reclassified as long term on account of renewal during FY23. Remaining amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
<b>Trade and other receivables falling due after more than one year</b>		
Loans to group undertakings	44,917	-

Loans to group undertakings have an interest rate of between 5.1% and 6.6%. Total interest received in the year was £2,096,369 (2022 - £758,812). These loans are unsecured and payable on demand. It is not expected to be realised within 12 months of the reporting period.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 19 Cash at bank and in hand

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank	16,290	10,412

#### 20 Creditors: amounts falling due within one year

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	5,004	7,998
Accrued expenses	9,539	12,137
Amounts due to related parties	8,154	31,412
Social security and other taxes	1,375	598
Current portion of long term lease liabilities	3,951	3,186
	28,023	55,331

Amounts owed by related parties are unsecured, interest free and are repayable on demand.

#### 21 Creditors: amounts falling due after more than one year

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Other non-current financial liabilities	183	277
Long term lease liabilities	8,259	7,463
	8,442	7,740

Included in other non-current financial liabilities is an amount of £183,000 (2022: £277,000) relating to a stock program. Mexichem has a restricted stock program for its executive staff. This program consists in assigning a specific number of "phantom" actions to the executive known as Long-Term Incentive Plan (LTIP). The Company annually grants a determined amount of phantom shares aligned with the value of the real shares. Each year the value of the LTIP is granted to the active executives selected, who have been rendering services for at least six months at the time of the allocation.

## **Mexichem UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **21 Creditors: amounts falling due after more than one year (continued)**

Of the total value allocated, 40% is paid in three proportional parts (13.33% each a year) only if the annual performance targets established in the plan are achieved.

The remaining 60% of the value allocated will be paid in the third year of the allocation, only if the financial performance targets for the three years are achieved.

Payments are only made to employees active on the payroll at the time the exercise of the phantom shares is approved.

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 22 Leases

##### Leases included in creditors

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Current portion of long term lease liabilities	3,951	3,186
Long term lease liabilities	8,259	7,463
	8,259	7,463

##### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Less than one year	4,087	3,305
2 years	3,394	2,742
3 years	2,830	2,060
4 years	1,131	1,924
5 years	429	618
6 years	339	-
	12,210	10,649

Total lease liabilities (undiscounted)

**Total cash outflows related to leases**

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
<b>Amounts recognised in profit and loss</b>		
Interest expense on lease liabilities	524	400
Expenses on short-term leases	4,102	3,389
Depreciation expense on Right-of-Use assets	3,907	3,105
	8,533	6,894

The Company lease assets including office properties and ISO tanks.

At 31 December 2023, the Company is committed to £946,000 for short-term leases (2022- £275,000).

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 23 Other provisions

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 1 January 2023	-	173	173
Additional provisions	1,748	-	1,748
Increase in existing provisions	-	82	82
At 31 December 2023	1,748	255	2,003
Non-current liabilities	1,748	-	1,748
Current liabilities	-	255	255

The restructuring provision of £93,365 (2022: £93,365) relates to the closure costs of HFC-125, the blending facility and divestment of the feedstock business. The provision will be utilised as these sites are cleared. It is expected this will be completed by 31 December 2024.

The Dilapidation provision of £161,147 (2022: £80,000) relates to the dilapidation work required for the now exited old offices which were vacated in 2023. It is expected this will be completed by 31 December 2024.

#### 24 Share capital

##### Authorised, issued and fully paid

	31 December 2023		31 December 2022	
	No. 000	£ 000	No. 000	£ 000
43,734,436 ordinary shares of £1 each	43,734	43,734	43,734	43,734

#### 25 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2,606,686 (2022: £1,939,000.00).

As at 31 December 2023, unpaid contributions due in respect of the current year were £190,478 (2022: £166,000).

## Mexichem UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 26 Commitments

##### Capital commitments

The total amount contracted for tangible fixed assets but not provided in the financial statements was £1,111,762 (2022: £6,117,000)

The total amount contracted for but not provided in the financial statements was £Nil (2022 - £Nil).

##### Other financial commitments

The Company held payment guarantees at 31 December 2023 for the following;

- Belgian VAT €7,500 (2022: €7,500)
- HMRC £300,000 (2022:£300,000)
- Dutch tax £15,660 (2022: £15,660)
- BGI Consejeria €27,829 (2022: €27,829)
- Dutch tax €150,000 (2022:€150,000)
- Belgian VAT €7,500 (2022 €7,500)

#### 27 Parent and ultimate parent undertaking

The Company's immediate parent is Mexichem Fluor S.A. de C.V.

The ultimate parent is Orbia Advance Corporation, S.A.B. de C.V.

The most senior parent entity producing publicly available financial statements is Orbia Advance Corporation, S.A.B. de C.V. These financial statements are available upon request from These financial statements are available upon request from <https://www.orbia.com/investor-relations/financial-reports/annual-reports-and-filings/>.

The ultimate controlling party is Kaluz S.A. de C.V.

##### Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Orbia Advance Corporation, S.A.B. de C.V., incorporated in Mexico.

The address of Orbia Advance Corporation, S.A.B. de C.V. is:

Avenida Paseo de la Reforma 483, Piso 47, Colonia Cuauhtemoc, Alcaldia, Cuauhtemoc, Ciudad de Mexico, 06500A. Orbia Advance Corporation, S.A.B. de C.V. is also the smallest group in which the results are consolidated. The Company has taken advantage of the exemptions included in IAS 24 for wholly owned subsidiaries not to disclose transactions with entities that are part of the Orbia Advance Corporation, S.A.B. de C.V. group of companies.

#### 28 Events after the end of the reporting period

A further £37,800,000 was advanced to group companies on 10 September 2024, with £22,500,000 passing to Wavin BV and £15,300,000 moving to Orbia Advanced Corporation, This took the total loan receivable to £79,000,000.