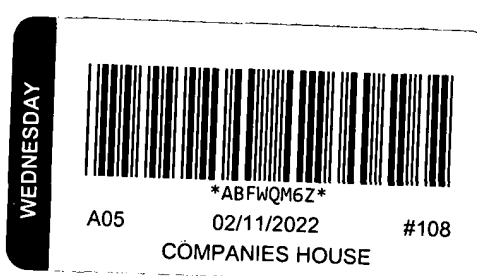


Registered number: 02264869

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

COMPANY INFORMATION

Directors	M S Dain J D Norris
Company secretary	S Rad
Registered number	02264869
Registered office	Composites House Sinclair Close Heanor Gate Industrial Estate Heanor Derbyshire DE75 7SP
Independent auditor	Deloitte LLP Statutory Auditor Hanover Building Corporation Street Manchester M4 4AH

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the Strategic Report of Cytec Industrial Materials (Derby) Limited (the "Company") for the year ended 31 December 2021.

Business review

Objectives

The Company manufactures and supplies impregnated composite materials. The Company's objective was to increase profitability and meet the objectives of Solvay S.A. ('Solvay') whilst trading under its current company structure and to transfer the trade to Cytec Engineered Materials Ltd on 1 July 2021. In pursuing this objective the Company intended to maintain sound financial management and avoid excessive risks. As described in the principle activity section the Company ceased to be a manufacturing enterprise in 2021 and became an intermediate holding company in the year.

Key business strategies

In pursuit of its objectives the Company has a number of key business strategies which have been successfully implemented over recent years.

Prior to the transfer of trade to CEM on 1 July 2021, we aimed to increase sales by increasing product ranges with existing customers, increasing market share within our key markets and by delivering technology and products beyond our customers' imagination. We planned to improve our gross margin by fully leveraging the benefits of cross-business collaboration within Solvay. These aims were pursued in the first six months of the year until the transfer of the manufacturing business to Cytec Engineered Materials.

Principal risks and uncertainties

Prior to the transfer of trade and assets the key risk areas of the Company were:

- customer pricing affecting sales and gross margin;
- loss of key customer accounts;
- volatility in commodity prices;
- foreign exchange risk;
- The effect of the UK leaving the EU;
- COVID-19; and
- Russian invasion of Ukraine.

The Company seeks to manage as far as possible the key risks that it faces.

Prior to the transfer of trade & assets, customer pricing was under constant review and was managed by our sales team. Excellent customer service and product quality as well as strong customer relations continued to mitigate pricing pressures.

The customer base has expanded in recent years, reducing the financial risks faced by the loss of a customer account.

The buying power of the Solvay group reduces the adverse impact of movements in commodity prices.

Foreign exchange risk is managed by the Group treasury function, through utilising group banking facilities and internal bank accounts.

The Company's activities expose it to credit risk on the Company's principal financial assets, which are trade and other receivables mainly due from other Group entities. 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 Company has no significant concentration of credit risk, with no historical issues with recoverability.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties (continued)

Following the impact of the 'Brexit' referendum, we will continue to monitor the risks and opportunities involved with UK leaving the EU and the Company will mitigate this through the Solvay group where possible.

In 2021, the spread of COVID-19 continued to impact many local economies around the globe. In many countries, businesses were being forced to cease or limit operations for long or indefinite periods of time.

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear. It is not possible to estimate reliably the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

The businesses trade was impacted by COVID-19 by a slow recovery in the first half of the year.

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The anticipated impact of the conflict is a surge in inflationary pressure, which is already intense and is expected to be mitigated in 2022 through additional pricing and sourcing initiatives. However, as the Company transferred its business to Cyttec Engineered Materials Ltd on 1 July 2021 there is no expected risk.

Research and development

The directors consider that the future of the Solvay group depends upon the technical superiority of its products and service and they are committed to enhancing this superiority by continuing programmes of research and development.

It is company policy to take a prudent view of expenditure incurred on research programmes, all of which is written off in the year in which it is incurred, except to the extent that expenditure is recoverable from grant funding or to the extent the expenditure meets the definition of 'development' expenditure and is then capitalised.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The Company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2021 £000	2020 £000
Turnover	25,527	43,122
Gross profit	2,315	7,286
Gross profit % (gross profit/turnover)	9.07%	16.90%
Operating loss	3,212	5,141
Working capital	Nil	10,825

The decrease in gross profit percentage reflects the reduced product sales prices achieved in the current market. The operating loss reflects the reduction in gross margin but still maintaining a similar operating structure and similar levels of group recharge of costs. Working capital levels are monitored regularly but have reduced to nil since the transfer of trade, assets and liabilities to CEM.

Directors' statement of compliance with duty to promote the success of the Company

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Our Stakeholders

The directors consider that the Company's key stakeholders are its customers, suppliers, workforce and shareholders.

The Board seeks to understand the respective interest of such stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various means including direct engagement by Board members, and by receiving reports and updates from members of senior management who engage with such groups.

Having regard to the likely consequences of any decision in the long term

The Board is mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

The most significant recent example of this is the decision, stemming from the adverse effects of COVID-19 on the composite materials market, to restructure operations to more closely align with current demand schedules whilst protecting the longer-term ability to meet customer requirements.

Having regard to the interests of the Company's employees

The Board takes active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in our decision making.

The Group has a number of effective workforce engagement mechanisms in place:-

Employees are kept informed of performance and strategy through biannual town hall presentations from members of the senior management.

Employee engagement surveys are undertaken twice a year by the Solvay group, covering the majority of the workforce, and the results are analysed and reported to the Board who look to promote actions in response to the survey results.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with duty to promote the success of the Company (continued)

Having regard to the need to foster the Company's business relationships with suppliers, customers and others until the transfer to CEM

Suppliers

The Board recognises the benefits of maintaining strong relationships with key raw material suppliers in the composites industry. Members of the senior management hold regular discussions with representatives of those key suppliers in which pertinent issues for both parties are discussed.

Customers

The interests of customers are always at the forefront of the Board's decision-making processes. Members of the senior management team, maintain regular contact with the Company's larger customers and always seeks to represent their interests in Board level discussions. The Board receives regular updates from management in respect of the views of other customers.

Having regard to the impact of the Company's operations on the community and the environment

The Board supports the Company's goals and initiatives with regard to reducing adverse impacts on the environment and supporting the communities that it touches. Compliance with all legislation intended to protect people, property and the environment is a fundamental priority of the Solvay group and the Board fully supports this. Management lead by example and allocate the required resources to achieve excellence in HSE performance.

The Company always seeks to be a good neighbour to the communities in which it operates, and engages positively with community representatives when called upon to do so.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

The Board recognises the importance of operating a robust corporate governance framework. Part of the Board's remit is to monitor the Group's compliance to high standards of business conduct.

The Board encourages all employees to display a professional attitude to all business dealings, both with colleagues and with external parties and operates the Solvay Code of Conduct, which all employees are expected to comply with.

Having regard to the need to act fairly as between members of the Company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the Company's strategy through the long term, taking into consideration the impact on stakeholders and the need to ensure the long term sustainability of the Company. the directors, in doing so, act as fairly as possible between the Company's members. Decisions on capital expenditure, R&D and the defined benefit pension plan taken during the course of the year, were all carefully considered against this backdrop

Future developments

Following the transfer of trade and assets to CEM on 1st July 2021, the Company became an intermediate holding company with its first acquisition taking place on the 8th August 2022, as disclosed in the post balance sheet event note. Further additions will take place in 2023.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Environmental policy and climate

The Company is committed to adopting a responsible approach to environmental matters.

The management of the Company seeks to minimise any adverse impact on the environment from all aspects of the Company's operations by means of environmentally sound disciplines, which take practical steps to control effectively or eliminate any known pollution risks, without entailing excessive cost. Specifically, methods of minimising the environmental costs of disposal of waste, the recycling of wood, the re-use of cardboard and paper products, and the reduction of energy consumption.

Post balance sheet events

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The anticipated impact of the conflict is a surge in inflationary pressure, which is already intense and is expected to be mitigated in 2022 through additional pricing and sourcing initiatives. The Company will continue to closely monitor the situation and the evolution of the conflict, but does not consider it to be an adjusting event.

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies: EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

On 8 August 2022 the shareholding in Solvay Specialty Polymers UK Limited was purchased from its sister company Solvay UK Holding Company Limited for consideration of £1. This transfer has no effect on the trading and function of the Company.

The Company has determined that the above events are non-adjusting event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact.

This report was approved by the board and signed on its behalf by:



M S Dain
Director

Date: 21st October 2022

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements of Cytec Industrial Materials (Derby) Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The principal activities of the Company for the first six months of the year comprise the manufacture and supply of impregnated composite materials. The Company did not carry on any trade for the last six months of the year.

Results and dividends

The loss for the financial year amounted to £1,766,000 (2020: £4,529,000).

During the year and up to the date of this report, dividends of £Nil (2020: £Nil) were proposed and paid.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M S Dain (appointed 12 April 2021)
J D Norris
D S Clears (resigned 28 February 2021)

Qualifying third party indemnity provisions

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

Going concern

As part of the Solvay Group's plan to reduce the number of legal entities in the UK, the decision was taken by management in October 2020 to transfer the trade and assets of the Company to its parent company, Cytec Engineered Materials Ltd ('CEM') as of 1 July 2021. The Company continued to trade up until this date, following which all existing trade was transferred to CEM. Following the Group restructuring, the Company became an intermediate holding company and, as such, does not expect to have any cash flows over the next 12 months. Nonetheless, in case any cash requirements arise, the directors have received a letter of support from Solvay SA, confirming that it will provide the Company with any financial support that may be needed for a period of at least 13 months from the date of signing these financial statements. The directors are satisfied that Solvay SA has the ability to provide this support. As a result, the directors have prepared the financial statements on a going concern basis.

As disclosed in the post balance sheet events, the Company acquired the full shareholding in Solvay Specialty Polymers UK Limited on 8th August 2022 as part of the move to become an intermediate holding company.

Research and development activities

During the year £1,043,000 (2020: £2,302,000) was expended on research and development programmes by the Company.

Financial risk management policies and objectives

Details of financial risk management policies and objectives are discussed in the Strategic Report on page 2 and 3 and form part of this report by cross reference.

Future developments

Future developments have been set out within the Strategic Report on page 5 and form part of this report by cross reference.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

Post balance sheet events

The post balance sheet events have been set out within the Strategic Report on page 6 and form part of this report by cross reference.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be 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.

Independent auditors

During the year it was decided to appoint Ernst & Young LLP as auditor going forward, replacing Deloitte LLP who did not seek reappointment.

This report was approved by the board and signed on its behalf by:



M S Dain
Director

Date: 21st October 2022

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

Opinion

In our opinion the financial statements of Cytec Industrial Materials (Derby) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 statement of total comprehensive income;
- 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" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED (CONTINUED)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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. 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 about their own identification and assessment of the risks of irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED (CONTINUED)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Financial Reporting Standards, 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 anti bribery and data protection regulations.

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

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

- Manual adjustments to revenue: We have tested the design and implementation of controls involving management revenue adjustments and estimation process, we have used journal entry detail to identify manual entries to revenue and ensured the appropriateness of each entry selected; we have reconciled the transaction system subledger of revenue to that of the general ledger, ensuring all manual entries are included in the population subject to testing.

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 external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the 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.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED (CONTINUED)

Matters on which we are required to report by exception

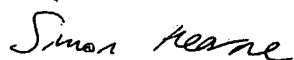
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Simon Hearne FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester

Date: 21 October 2022

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

	Note	2021 £000	2020 £000
Turnover	4	25,527	43,122
Cost of sales		(23,212)	(35,836)
Gross profit		2,315	7,286
Administrative expenses		(5,527)	(12,427)
Operating loss	5	(3,212)	(5,141)
Profit on disposal of investment	14	1,500	-
Interest receivable and similar income	9	7	41
Interest payable and similar expenses	10	(87)	(202)
Loss before taxation		(1,792)	(5,302)
Tax on loss	11	26	773
Loss for the financial year		(1,766)	(4,529)
Other comprehensive income/(expense) for the financial year:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit asset		2,462	(2,843)
Return on scheme assets (less)/greater than discount rate		(157)	1,604
Deferred tax arising on gains in the pension scheme		(429)	401
Other comprehensive income/(expense) for the financial year		1,876	(838)
Total comprehensive income/(expense) for the financial year		110	(5,367)

The notes on pages 17 to 42 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
REGISTERED NUMBER: 02264869

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	-	2,458
Tangible assets	13	-	16,326
Investments	14	-	-
		<hr/>	<hr/>
		-	18,784
Current assets			
Stocks	15	-	9,867
Debtors: amounts falling due after more than one year	16	35,640	66
Debtors: amounts falling due within one year	16	-	9,826
		<hr/>	<hr/>
		35,640	19,759
Creditors: amounts falling due within one year	17	(17,888)	(20,983)
		<hr/>	<hr/>
Net current assets/(liabilities)		17,752	(1,224)
		<hr/>	<hr/>
Total assets less current liabilities		17,752	17,560
Creditors: amounts falling due after more than one year	18	-	(203)
Provisions for liabilities			
Deferred taxation	20	-	(577)
Pension asset	25	-	862
		<hr/>	<hr/>
Net assets		17,752	17,642
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	1,209	1,209
Profit and loss account	22	16,543	16,433
		<hr/>	<hr/>
Total shareholder's funds		17,752	17,642
		<hr/>	<hr/>

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



M S Dain
Director

Date: 21st October 2022

The notes on pages 17 to 42 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2020	1,209	21,800	23,009
Comprehensive expense for the financial year			
Loss for the financial year	-	(4,529)	(4,529)
Remeasurements of defined benefit asset (note 25)	-	(2,843)	(2,843)
Return on scheme assets greater than discount rate (note 25)	-	1,604	1,604
Deferred tax arising on gains in the pension scheme	-	401	401
Other comprehensive expense for the financial year	-	(838)	(838)
Total comprehensive expense for the financial year	-	(5,367)	(5,367)
At 31 December 2020 and 1 January 2021	1,209	16,433	17,642
Comprehensive income for the financial year			
Loss for the financial year	-	(1,766)	(1,766)
Remeasurements of defined benefit asset (note 25)	-	2,462	2,462
Return on scheme assets less than than discount rate (note 25)	-	(157)	(157)
Deferred tax arising on gains in the pension scheme	-	(429)	(429)
Other comprehensive income for the financial year	-	1,876	1,876
Total comprehensive income for the financial year	-	110	110
At 31 December 2021	1,209	16,543	17,752

The notes on pages 17 to 42 form part of these financial statements.

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

1. General information

Cytec Industrial Materials (Derby) Limited (the "Company") is a private company limited by shares incorporated and registered in the United Kingdom (England and Wales) under the Companies Act 2006. Its registered address is Composites House, Sinclair Close, Heanor Gate Industrial Estate, Heanor, Derbyshire, DE75 7SP.

The principal activities of the Company for the first six months of the year comprise the manufacture and supply of impregnated composite materials. The Company did not carry on any trade for the last six months of the year.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 74A(b) of IAS 16
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Solvay S.A. as at 31 December 2021 and these financial statements may be obtained from Solvay SA, rue de Ransbeck 310, B-1120, Brussels.

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

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements.

2.4 Going concern

As part of the Solvay Group's plan to reduce the number of legal entities in the UK, the decision was taken by management in October 2020 to transfer the trade and assets of the Company to its parent company, Cytec Engineered Materials Ltd ('CEM') as of 1 July 2021. The Company continued to trade up until this date, following which all existing trade was transferred to CEM. Following the Group restructuring, the Company became an intermediate holding company and, as such, does not expect to have any cash flows over the next 12 months. Nonetheless, in case any cash requirements arise, the directors have received a letter of support from Solvay SA, confirming that it will provide the Company with any financial support that may be needed for a period of at least 13 months from the date of signing these financial statements. The directors are satisfied that Solvay SA has the ability to provide this support. As a result, the directors have prepared the financial statements on a going concern basis.

As disclosed in the post balance sheet events, the Company acquired the full shareholding in Solvay Specialty Polymers UK Limited on 8th August 2022 as part of the move to become an intermediate holding company.

2.5 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency (GBP) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

2.6 Turnover

Turnover is recognised in the Statement of Comprehensive Income when goods are supplied to customers against orders received, the significant risks and rewards of ownership have been transferred to the customer and the amount of turnover can be measured reliably. Turnover excludes value added tax and other similar sales taxes. No turnover is recognised where the recovery of the consideration is not probable. Turnover is stated after the deduction of discounts and allowances and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

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

2. Accounting policies (continued)

2.7 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:

- 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).

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 included in finance cost in the statement of comprehensive income, 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 Property, Plant and Equipment. 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.

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

2. Accounting policies (continued)

2.7 Leases (continued)

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.

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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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

2. Accounting policies (continued)

2.7 Leases (continued)

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. No sub leases currently exist.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Interest receivable and interest payable

Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

2.10 Dividends income

Dividend income is recognised in the Statement of Comprehensive Income on the date the entity's right to receive payments is established.

2.11 Dividends distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which dividends are approved by the Company's shareholders.

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

2. Accounting policies (continued)

2.12 Employee benefits

Defined contribution pension plan

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

Defined benefit pension plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Comprehensive Income.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

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

2. Accounting policies (continued)

2.12 Employee benefits (continued)

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each Balance Sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in the Statement of Comprehensive Income.

Where the Company's parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

2.13 Current and deferred taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

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

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

2. Accounting policies (continued)

2.14 Intangible assets

Intangible assets were stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of intangible assets. The estimated annual amortisation rates as a percentage of cost are as follows:

Development costs	- 20%
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Assets under construction were separately disclosed in the assets note, however no amortisation is charged until they are fully commissioned.

Amortisation methods, useful lives and residual values are reviewed at each Balance Sheet date and any changes treated as a change in accounting estimate.

2.15 Tangible assets

Tangible assets were stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Land is not depreciated. The estimated annual depreciation rates as a percentage of cost are as follows:

Freehold buildings	- 4.55%
Leasehold improvements	- Over the period of the lease
Plant and machinery	- 6.6% to 15%
Motor vehicles	- 25%
Computer equipment	- 20% to 33%

Assets under construction are separately disclosed in the assets note, however no depreciation is charged until they are fully commissioned.

Depreciation methods, useful lives and residual values are reviewed at each Balance Sheet date and any changes treated as a change in accounting estimate.

2.16 Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

2.17 Stocks

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

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

2. Accounting policies (continued)

2.18 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

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

2. Accounting policies (continued)

2.19 Financial instruments

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these revised financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in line with IFRS 9.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
3. Judgements in applying accounting policies and key sources of estimation uncertainty
Key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Defined benefit pension scheme

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. The assumptions are reviewed by qualified actuaries on at least an annual basis and are considered to be as accurate as possible. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. The carrying amount of the defined benefit pension scheme is disclosed in note 25.

Critical accounting judgements in applying the Company's accounting policies

With the exception of the defined benefits pension scheme, the directors do not consider that there are any critical accounting judgements or sources of estimation uncertainty in applying the Company's accounting policies.

4. Turnover

All turnover is generated from the sale of goods in relation to the principal activity of the Company until 1 July 2021.

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
United Kingdom	8,326	14,196
Rest of Europe	9,913	20,760
North America	5,752	6,399
Rest of the World	1,536	1,767
	25,527	43,122

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

5. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Research and development expensed as incurred	1,043	1,624
Depreciation of tangible assets	920	1,942
Depreciation of right of use assets	83	182
Amortisation of intangible assets	114	114
Foreign exchange (profit)/loss	(31)	52
Cost of stock recognised as an expense	14,486	24,504
Impairment of stock recognised as an expense	421	719
(Profit)/loss on disposal of fixed assets	(1,368)	27

6. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	24	48

No non-audit services were provided in the current or prior year.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	4,293	10,191
Social security costs	359	1,012
Other pension costs	255	602
Share based payment (see note 25)	7	39
	4,914	11,844

The average monthly number of employees, including the directors, during the year was as follows:

	2021 Number	2020 Number
Production	61	140
Non-production and administration	35	71
	96	211

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
8. Directors' remuneration

	2021	2020
	£000	£000
Aggregate directors' remuneration	134	606
Company contributions to defined contribution pension schemes	10	44
	<u>144</u>	<u>650</u>

During the year retirement benefits were accruing to 3 directors (2020: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £95,000 (2020: £253,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2020: £33,000).

9. Interest receivable and similar income

	2021	2020
	£000	£000
Other interest receivable	<u>7</u>	<u>41</u>

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Net interest on bank overdraft	-	190
Loans from group undertakings	82	-
Lease interest	5	12
	<u>87</u>	<u>202</u>

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

11. Tax on loss

	2021 £000	2020 £000
Corporation tax		
Current tax on losses for the financial year	13	-
Adjustments in respect of previous periods	230	-
Total current tax	<u>243</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(118)	(773)
Changes to tax rates	(151)	-
Total deferred tax	<u>(269)</u>	<u>(773)</u>
Total tax	<u>(26)</u>	<u>(773)</u>
Factors affecting tax credit for the year		

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	2020 £000
Loss before taxation	<u>(1,792)</u>	<u>(5,302)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(340)	(1,007)
Effects of:		
Expenses not deductible for tax purposes	48	234
Adjustments in respect of prior years	80	-
Income not taxable	(69)	-
Disposal of subsidiaries	(285)	-
Transfer of trade out	526	-
Amounts not recognised	14	-
Total tax credit for the financial year	<u>(26)</u>	<u>(773)</u>

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

11. Tax on loss (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% has been substantively enacted at the Balance Sheet date, its effects are included in these financial statements.

12. Intangible assets

	Development costs £000	Development costs under construction £000	Total £000
Cost			
At 1 January 2021	632	2,079	2,711
Additions	-	654	654
Transfer to fellow group subsidiary (see note 23)	(632)	(2,733)	(3,365)
At 31 December 2021	-	-	-
Accumulated amortisation			
At 1 January 2021	253	-	253
Charge for the year	24	-	24
Transfer to fellow group subsidiary (see note 23)	(277)	-	(277)
At 31 December 2021	-	-	-
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	379	2,079	2,458

Development costs have been capitalised in accordance with IAS38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

13. Tangible assets

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles, plant and machinery £000	Computer equipment £000	Right-of-use assets £000	Assets under construction £000	Total £000
Cost							
At 1 January 2021	10,420	282	17,213	337	693	1,713	30,658
Additions	-	-	19	-	-	471	490
Transfer to fellow group subsidiary (see note 23)	(10,420)	(282)	(17,232)	(337)	(693)	(2,184)	(31,148)
At 31 December 2021	-	-	-	-	-	-	-
Accumulated depreciation							
At 1 January 2021	3,904	243	9,654	204	327	-	14,332
Charge for the year	253	4	730	23	83	-	1,093
Transfer to fellow group subsidiary (see note 23)	(4,157)	(247)	(10,384)	(227)	(410)	-	(15,425)
At 31 December 2021	-	-	-	-	-	-	-
Net book value							
At 31 December 2021	-	-	-	-	-	-	-
At 31 December 2020	6,516	39	7,559	133	366	1,713	16,326

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	4,173
Disposals	(4,173)
At 31 December 2021	-
Accumulated impairment	
At 1 January 2021	4,173
Disposals	(4,173)
At 31 December 2021	-
Net book value	
At 31 December 2021	-
At 31 December 2020	-

As part of the local entity reduction scheme, the Company sold its investment in Cytec Industrial Materials (Manchester) Ltd to its parent company Cytec Engineered Materials Ltd on 1 July 2021 for £1,500,000.

The following was a subsidiary undertaking of the Company as of 31 December 2020.

Name	Registered office	Principal activity	Class of shares	Holding
Cytec Industrial Materials (Manchester) Limited	Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP	Non-trading company, holding property for sale	Ordinary	100%

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

15. Stocks

	2021 £000	2020 £000
Raw materials and consumables	-	7,134
Work in progress	-	633
Finished goods	-	2,100
	<u>-</u>	<u>9,867</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £14,486,000 (2020: £24,504,000). The write-down of stocks to net realisable value during the year amounted to £421,000 (2020: £719,000).

16. Debtors

	2021 £000	2020 £000
Due after more than one year		
Amounts owed by fellow group undertakings	35,640	-
Deferred taxation (note 20)	-	66
	<u>35,640</u>	<u>66</u>

	2021 £000	2020 £000
Due within one year		
Trade debtors	-	6,035
Amounts owed by fellow group undertakings	-	2,034
Other debtors	-	202
Corporation tax	-	896
Prepayments and accrued income	-	659
	<u>-</u>	<u>9,826</u>

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

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

17. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	-	5,077
Amounts owed to fellow group undertakings	17,888	13,301
Lease liabilities (see note 19)	-	168
Other creditors	-	1,852
Accruals and deferred income	-	585
	<u>17,888</u>	<u>20,983</u>

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

18. Creditors: amounts falling due after more than one year

	2021	2020
	£000	£000
Lease liabilities (see note 19)	-	203
	<u>-</u>	<u>203</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
19. Leases

Lease liabilities are due as follows:

	2021 £000	2020 £000
Current portion of long term lease liabilities	-	168
Long term liabilities	-	203
	<u>-</u>	<u>371</u>
	<u>-</u>	<u>371</u>

Lease liabilities maturity analysis

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

	2021 £000	2020 £000
Less than one year	-	168
2 years	-	106
3 years	-	67
4 years	-	21
5 years	-	9
	<u>-</u>	<u>371</u>
	<u>-</u>	<u>371</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2021 £000	2020 £000
Right-of-use assets	135	194
Interest	5	12
	<u>140</u>	<u>206</u>
	<u>140</u>	<u>206</u>

Finance lease exposure transferred to CEM on 1 July 2021.

	2021 £000
Opening balance	371
Interest	5
Repayment	(135)
	<u>241</u>
	<u>241</u>

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

20. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(511)	(1,685)
Credited to profit or loss for the year	269	1,174
Charged to other comprehensive income for the year	(429)	-
Movement arising from transfer of trade	671	-
At end of year	-	(511)

The deferred tax balance is made up as follows:

	2021 £000	2020 £000
Tangible assets	-	(414)
Other	-	66
Employee benefits	-	(163)
	-	(511)
Comprising:		
Asset - due after one year	-	66
Liability	-	(577)
	-	(511)

21. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,209,212 (2020: 1,209,212) Ordinary shares of £1 (2020: £1) each	1,209	1,209

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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

23. Transfer to Cytec Engineered Materials Limited

On 1 July 2021, the Company transferred the trade and assets and liabilities to Cytec Engineered Materials Limited (CEM). The transfers were completed at net book value and consideration was in the form of an intercompany loan, unsecured, interest free and repayable on demand.

24. Capital commitments

There were no capital commitments at the year end (2020: £640,000).

25. Employee benefits

a) Defined benefit plans

The Company is the sponsoring employer of the Advanced Composites Group pension scheme providing benefits based on final pensionable pay. The plan is for the benefit of all relevant employees of Cytec Industrial Materials (Derby) Limited. The scheme was closed to future accruals on 30 April 2014.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	21,641	18,831
Interest cost	179	373
Actuarial (gains)/losses	(2,462)	2,843
Past service cost	-	16
Benefits paid	(168)	(422)
Decrease due to effect of business combination	(19,190)	-
At the end of the year	-	21,641

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	22,503	20,907
Interest income	187	414
Return on plan assets (less)/greater than discount rate	(157)	1,604
Benefits paid	(168)	(422)
Decrease due to effect of business combination	(22,365)	-
At the end of the year	-	22,503

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
25. Employee benefits (continued)

Composition of plan assets:

	2021 £000	2020 £000
Cash and cash equivalents	-	3,547
Equity instruments	-	11,971
Debt instruments	-	6,985
Total plan assets	-	22,503

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA- rated. All other plan assets are not quoted in an active market. All are quoted at fair value.

	2021 £000	2020 £000
Fair value of plan assets	-	22,503
Present value of plan liabilities	-	(21,641)
Net pension scheme asset	-	862

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Past service cost	-	16
Actual return on scheme assets	(157)	1,604

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	2.00	1.25
Future salary increases	N/A	N/A
Future pension increases	3.00	2.75
Mortality rates		
- for a male aged 65 now	21.1 years	21.3 years
- at 65 for a male aged 45 now	22.1 years	22.4 years
- for a female aged 65 now	23.1 years	23.2 years
- at 65 for a female member aged 45 now	24.3 years	24.4 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
25. Employee benefits (continued)

The assumptions relating to longevity underlying the pension liabilities at the Balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	2021	2020
	£000	£000
Discount rate – down 1%	-	4,597
Inflation (RPI, CPI) - including pension increases - up 1%	-	2,963

In valuing the liabilities of the pension fund at 31 December 2021, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2021 would have increased by £Nil (2020: £800,000) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 May 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Scheme's investment strategy is to achieve a mix of investments for long-term growth and to meet short-term benefit payments. The current target asset allocation is to hold 50% in equity instruments and 50% in bonds and liability driven investments.

Funding

The Company's cash contribution to the Scheme is determined in accordance with the Pensions Act 2004. The Company expects to pay £Nil in contributions to its defined benefit plans in 2022. The weighted average duration of the defined benefit obligation at the end of the reporting period is nil years (2020: 19 years).

b) Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £255,000 (2020: £602,000). The amount remaining payable at the year end was £Nil (2020: £110,000)

c) Share based payments

A number of employees were participants in The 1993 Stock Award and Incentive Plan, as amended on 31 January 2012 of Cytec Industries Inc. ('the plan'). Under the terms of the plan, the employees were entitled to stock options and stock settled share appreciation rights ('SARS'). The plan was considered to be an equity settled group share based scheme under IFRS 2 Share-based payments. Details of the plan can be found in the annual report of Cytec Industries Inc. for the year ended 31 December 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
25. Employee benefits (continued)

Following the acquisition of Cytec Industries Inc. by Solvay S.A. for \$75.25 per share on 9 December 2015, the share based payment schemes were cancelled, and converted into a right for the employees to receive cash for any outstanding awards. The exercise of the options and subsequent cancellation has led to a charge in the Statement of Comprehensive Income of £7,000 in the current year (2020: £39,000) in relation to the cancellation of these awards for employees of the Company. Following the cancellation, the employees hold no further options in relation to the plan.

26. Related party transactions

	2021	2020
	£000	£000
Revenues		
Associated company		
Penso Holdings Ltd	889	1,223
	<u> </u>	<u> </u>
Trade and other receivable		
Associated company		
Penso Holdings Ltd	-	369
	<u> </u>	<u> </u>

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

27. Post balance sheet events

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The anticipated impact of the conflict is a surge in inflationary pressure, which is already intense and is expected to be mitigated in 2022 through additional pricing and sourcing initiatives. The Company will continue to closely monitor the situation and the evolution of the conflict, but does not consider it to be an adjusting event.

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies: EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

On 8 August 2022 the shareholding in Solvay Specialty Polymers UK Limited purchased from its sister company Solvay UK Holding Company Limited for consideration of £1. This transfer has no effect on the trading and function of the Company.

The Company has determined that the above events are non-adjusting event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact.

28. Ultimate parent undertaking and controlling party

The Company's immediate parent is Cytec Engineering Materials Limited, a company incorporated in the United Kingdom.

The Company is a subsidiary undertaking of Solvay S.A. which is the ultimate parent company incorporated in Belgium, and which is considered to be the ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by Solvay S.A. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from www.solvay.com or from the registered office of Solvay SA, rue de Ransbeck 310, B-1120, Brussels.