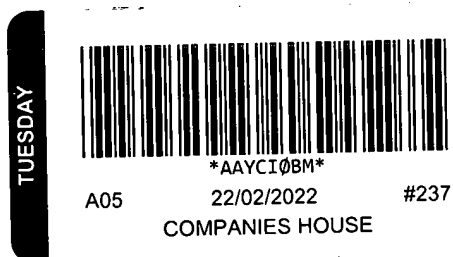


Registration number: 09092129

Howmet Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Howmet Holdings Limited

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Howmet Holdings Limited

Company Information

Directors	JF Hancock
	M Bugarcic
Company secretary	P Papinniemi-Ainger
Registered office	Johnson Lane
	Ecclesfield
	Sheffield
	South Yorkshire
	S35 9XH
Independent Auditors	United Kingdom
	PricewaterhouseCoopers LLP
	Chartered Accountants and Statutory Auditors
	One Kingsway
	Cardiff
	CF10 3PW

Howmet Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

Howmet Holdings Limited ("the Company") acts as an intermediate holding company for certain Howmet Aerospace Inc. companies in the UK.

Review of the business and future developments

The results of the Company for the year ended 31 December 2020 are shown in the profit and loss account on page 9 and show a loss for the financial year of \$35,644,000 (2019 loss: \$42,164,000). The financial position of the Company as at 31 December 2020 is shown on the balance sheet on page 11. The directors consider that the financial position of the Company as at 31 December 2020 was satisfactory.

Key performance indicators (KPIs)

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Howmet Aerospace Inc., which include those of the Company are discussed in the section entitled "Risk factors" in the Howmet Aerospace Inc. Group's 2020 Annual report which does not form part of this report. Details of where the annual report can be found are shown in note 16 to the financial statements or on the Howmet Aerospace Inc. website (www.howmet.com).

Brexit

The Company spent a significant portion of 2020 preparing for the possible disorderly exit from the EU as a result of the Brexit vote in 2016. A specific team was assembled to address the potential issues identified and was focussed on the key themes of Customer, People, Suppliers and Administrative. As a result of these actions, there have been no significant impacts or disruptions on the business as a result of Brexit and the Company continues to work through the implications of the exit from the EU.

Covid-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and include limiting the movement of people and the temporary closure of businesses and schools. In the Going Concern section of the Directors' report, the directors set out the impact of the crisis on the going concern assessment. The directors do not consider the impact of Covid will have a material impact on the carrying value of the company's assets in the forthcoming financial year.

Howmet Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Section 172(1) statement

The Board acknowledges that the long-term success of the Company is dependent on the way it works with several important stakeholders. The board are supported in their duty by the management team of Howmet Aerospace, located in Pittsburgh, USA. Key stakeholders are considered in their decision making and in doing so ensure the directors' duty is discharged under section 172 of the Companies Act 2006. More information on the Howmet Aerospace leadership team is available from www.howmet.com/leadership.

Howmet Aerospace are committed to having a positive impact on our customers, shareholders, employees, and the communities and markets in which we operate. To that effect, Howmet Aerospace publish an annual Environmental, Social and Governance Report in line with Global Reporting Initiative (GRI) Standards. A full copy of this report is available from www.howmet.com/environmental-social-governance.

We're guided by our Values, Code of Conduct, and ethics and compliance program to make the right decision – every time. This includes Code of Conduct training for all employees, Anti-Corruption Program, Human Rights Program and 24/7 integrity helpline. For more information please visit www.howmet.com/ethics.

The Directors acknowledge their duty to act fairly between all members of the company. Key stakeholders are considered in the decision making process of the board with due consideration to the corporate policies referenced above.

Approved by the Board on 21 February 2022 and signed on its behalf by:



JF Hancock
Director

Howmet Holdings Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Directors of the company

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

LM Fargas Mas (resignation 31 August 2020)

JF Hancock

M Bugaric (appointed 31 August 2020)

Future developments

The future developments in the business are set out in the Strategic Report on page 3.

Going concern

Howmet Aerospace Inc. has pledged to continue to support the Company by providing sufficient funding to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The directors are satisfied that Howmet Aerospace Inc. will honour its commitment of support. The Company therefore continues to adopt the going concern basis of preparing its financial statements.

Financial risk management policies

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The directors do not consider there to be any material financial risks.

Disclosure of indemnities

The directors confirm under section 234 of the Companies Act 2006 that:

- at the time this directors' report is signed a qualifying third party indemnity provision (provided by the ultimate parent company, Howmet Aerospace Inc.) was in force for the benefit of all the directors of the Company;
- for the financial year ending 31 December 2020 a qualifying third party indemnity provision (provided by the ultimate parent company, Howmet Aerospace Inc.) was in force for the benefit of all the directors of the Company; and
- that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company either on the date the directors' report is signed or in the last financial year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

Howmet Holdings Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

The directors 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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

PricewaterhouseCoopers LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an AGM.

Approved by the Board on 21 February 2022 and signed on its behalf by:



JF Hancock
Director

Independent auditors' report to the members of Howmet Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Howmet Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Challenging assumptions and judgements made by management in their significant accounting estimates
- Discussions with management to enquire of any known instances of non-compliance with Laws and Regulations and Fraud
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
21 February 2022

Howmet Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 \$ 000	2019 \$ 000
Turnover		-	-
Administrative expenses		<u>-</u>	<u>-</u>
Operating loss	5	-	-
Interest receivable and similar income	6	-	64
Interest payable and similar charges	7	<u>(37,377)</u>	<u>(43,312)</u>
Loss before taxation		(37,377)	(43,248)
Tax on loss	10	<u>1,733</u>	<u>1,084</u>
Loss for the financial year		<u><u>(35,644)</u></u>	<u><u>(42,164)</u></u>

The notes on pages 13 to 22 form an integral part of these financial statements.

Howmet Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 \$ 000	2019 \$ 000
Loss for the financial year	(35,644)	(42,164)
Other comprehensive income for the year	-	-
Total comprehensive expense for the year	<u>(35,644)</u>	<u>(42,164)</u>

Howmet Holdings Limited

(Registration number: 09092129)
Balance Sheet as at 31 December 2020

	Note	2020 \$ 000	2019 \$ 000
Fixed assets			
Investments	11	936,822	936,822
Current assets			
Debtors	12	4,706	3,042
Creditors: Amounts falling due within one year	13	<u>(690,484)</u>	<u>(653,176)</u>
Net current liabilities		<u>(685,778)</u>	<u>(650,134)</u>
Net assets		<u>251,044</u>	<u>286,688</u>
Capital and reserves			
Share premium account		718,386	718,386
Profit and loss account		<u>(467,342)</u>	<u>(431,698)</u>
Total equity		<u>251,044</u>	<u>286,688</u>

The financial statements on pages 9 to 22 were approved and authorised by the Board of Directors on 21 February 2022 and signed on its behalf by:



JF Hancock
Director

Howmet Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2020	718,386	(431,698)	286,688
Loss for the financial year	-	(35,644)	(35,644)
Total comprehensive expense for the year	-	(35,644)	(35,644)
At 31 December 2020	718,386	(467,342)	251,044

Profit and loss account represents cumulative retained comprehensive expense.

Share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2019	718,386	(389,534)	328,852
Loss for the financial year	-	(42,164)	(42,164)
Total comprehensive expense for the year	-	(42,164)	(42,164)
At 31 December 2019	718,386	(431,698)	286,688

The notes on pages 13 to 22 form an integral part of these financial statements.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is incorporated in England and Wales. The Company's registered office is located in England.

The address of its registered office is:

Johnson Lane
Ecclesfield
Sheffield
South Yorkshire
S35 9XH
United Kingdom

These financial statements were authorised for issue by the Board on 21 February 2022.

2 Statement of compliance

The financial statements of Howmet Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3.2 Going concern

The Company is funded by intercompany debt of \$690,484,000 (2019: \$653,176,000) from Howmet Europe Financial Services LP. This debt was utilised to purchase its wholly owned subsidiaries as set out in note 11. The debt consists of three year notes which were due for redemption on 11 November 2021. These have subsequently been renewed for one further year and are due for redemption on 11 November 2022.

The financial position of the Company is shown in the financial statements on pages 9 to 22. Howmet Aerospace Inc. has pledged to continue to support the Company by providing sufficient funding to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The directors are satisfied that Howmet Aerospace Inc. will honour its commitment of support.

The Company therefore continues to adopt the going concern basis of preparing its financial statements.

3.3 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Howmet Aerospace Inc., includes the Company's cash flows in its own consolidated financial statements.

This information is included in the consolidated financial statements of Howmet Aerospace Inc. as at 31 December 2020 which can be obtained from Howmet Aerospace Inc. Corporate Office, 201 Isabella Street, Pittsburgh, PA 15212-5828, USA.

3.4 Exemption from the requirement to prepare consolidated financial statements

The Company is a wholly owned subsidiary of Howmet Aerospace Inc. It is included in the consolidated financial statements of Howmet Aerospace Inc. which are publicly available from either the address set out in note 16 to the financial statements or the Howmet Aerospace Inc. website (www.howmet.com). Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

3.5 Related party transactions

The Company has taken advantage of the exemption, under FRS 102, from disclosing transactions with members of the same group that are wholly owned and key management personnel.

3.6 Foreign currency

The company's functional and presentation currency is the United States dollar, denoted by the symbol " \$ ".

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3.7 Finance income and costs

(i) Interest income

Interest income is recognised using the effective interest rate method.

(ii) Finance costs

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

3.8 Called up 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.

3.9 Impairment of non-current financial assets

At each balance sheet date non-current financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3.10 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

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

Amounts owed to group undertakings are obligations to pay for goods or services that have been acquired in the ordinary course of business. Amounts owed to group undertakings are classified as 'Creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'Creditors: amounts falling due after more than one year'. Amounts owed to group undertakings are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged or cancelled, or expires.

(iii) Offsetting

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

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

(iv) Derivatives

Derivative financial instruments can be a financial asset or a financial liability and are not basic financial instruments.

Derivatives, including forward foreign exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for foreign exchange derivatives.

3.11 Current and deferred taxation

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

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

Where relief is claimed against losses sustained by other companies in the group, this relief is charged to the Company by the donor company at the rate of £1 for every £1 of taxation not paid. Amounts payable for group relief are included in the taxation charge of the Company.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- They relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures, the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current or deferred taxation assets and liabilities are not discounted.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Critical accounting judgements and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Impairment of investments

The Company considers if there is a trigger for impairment and so whether investments are impaired. If there is an impairment review this requires consideration of the financial position and financial performance of the subsidiary companies listed in note 11 and the estimation of future revenues and future cash flows from the companies as well as the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

5 Operating result

Fees payable to the Company's auditors for the audit of the Company's annual financial statements were \$4,200 (2019: \$4,000). Fees payable for all other services Nil (2019: Nil).

6 Other interest receivable and similar income

	2020 \$ 000	2019 \$ 000
Foreign exchange gains	-	64

7 Interest payable and similar charges

	2020 \$ 000	2019 \$ 000
Foreign exchange losses	70	-
Interest payable on loans from group undertakings	37,307	43,312
	<u>37,377</u>	<u>43,312</u>

8 Staff costs

There were no persons employed by the Company during the year (2019: none).

9 Directors' remuneration

No directors received emoluments during the year for their services to the Company (2019: Nil). The directors are employed by other companies within the Howmet Aerospace Inc. group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Tax on loss

Tax credited in the profit and loss account

	2020 \$ 000	2019 \$ 000
Current taxation		
UK corporation tax	(464)	(1,615)
UK corporation tax adjustment to prior periods	(1,269)	531
	<u>(1,733)</u>	<u>(1,084)</u>

The tax charge for the year is the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 \$ 000	2019 \$ 000
Loss before taxation	<u>-37,377</u>	<u>-43,248</u>
Loss before taxation at standard rate	(7,102)	(8,217)
Effect of expense not deductible in determining taxable profit (tax loss)	6,638	6,602
UK deferred tax expense (credit) relating to changes in tax rates or laws	(100)	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(1,269)	531
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>100</u>	<u>-</u>
Total tax credit	<u>(1,733)</u>	<u>(1,084)</u>

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Investments

	2020 \$ 000	2019 \$ 000
Cost and net book value		
Investments in subsidiaries	<u>936,822</u>	<u>936,822</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets and future investment performance.

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Direct/Indirect shareholding	Proportion of voting rights and shares held	
			2020	2019

Subsidiary undertakings

FR Acquisitions Corporation (Europe) Limited	United Kingdom	Direct	100%	100%
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The principal activity of FR Acquisitions Corporation (Europe) Limited is that of an intermediate holding company. The address of its registered office is Johnson Lane, Ecclesfield, Sheffield, England, S35 9XH.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

Other investments

In addition to the investment listed above, the Company indirectly holds investments in the following dormant companies: Forgings International Holdings Limited, Forgings International Holdings 1 Limited, Forgings International Holdings 2 Limited, Forgings International Holdings 3 Limited, Aurora Group Limited, Firth Rixson Rings Limited, Firth Brown Limited, Enpar Limited, JFB Investments Limited and Firth Rixson Superalloys Limited. The address of the registered office of these companies is Johnson Lane, Ecclesfield, Sheffield, England, S35 9XH. Firth Rixson (Trustees) Limited, whose address of its registered office is Unit 36, Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, UK.

The Company also indirectly holds investments in the following intermediate holding companies: Forgings International Limited, Firth Rixson Limited and JFB Overseas Holdings Limited. The address of the registered office of these companies is Johnson Lane, Ecclesfield, Sheffield, England, S35 9XH.

The company also indirectly holds an investment in the intermediate holding company Howmet (Hong Kong) Limited whose address of the registered office Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company indirectly holds investments in the following trading companies:

Firth Rixson Metals Limited whose principal activity is the stockholding of nickel based super alloy bar and sheet, and the manufacture and hire-working of forged and rolled products in special steels and super alloys. The address of the registered office of Firth Rixson Metals Limited is Johnson Lane, Ecclesfield, Sheffield, England, S35 9XH.

Howmet Aerospace Components (Suzhou) Co. Limited whose principal activity is the forgings of seamless rings. The address of the registered office of Howmet Aerospace Components (Suzhou) Co. Limited is Export Processing Zone "B", Suzhou Industrial Park, Suzhou, 215021, China.

12 Debtors

	2020	2019
	\$ 000	\$ 000
Amounts owed by group undertakings - group relief	<u>4,706</u>	<u>3,042</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Howmet Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Creditors: Amounts falling due within one year

	2020 \$ 000	2019 \$ 000
Due within one year		
Amounts owed to group companies	<u>690,484</u>	<u>653,176</u>

Amounts owed to group undertakings include loan notes with a value of \$493,474,832. The loan notes are redeemable by the note holders with three days written notice or on 11 November 2022 whichever is sooner. The loan notes are unsecured and interest is payable annually from 3 November 2015 at a rate of 5.74% above LIBOR.

14 Called up share capital

Allotted, called up and fully paid shares

	2020 No.	\$	2019 No.	\$
Ordinary shares of £1 each	<u>3</u>	<u>5</u>	<u>3</u>	<u>5</u>

15 Related party transactions

The Company is a wholly-owned subsidiary of Howmet Aerospace Inc. and is included in the consolidated financial statements of Howmet Aerospace Inc., which are publicly available. Consequently, in accordance with the exemption afforded by Financial Reporting Standard No 102, there is no disclosure in these financial statements of transactions with entities where 100% of the Company's voting rights are controlled within the Howmet Aerospace Inc. group.

16 Parent and ultimate parent undertaking

The company's immediate parent is Howmet International Holding Company LLC, incorporated in the United States of America.

The ultimate parent is Howmet Aerospace Inc., incorporated in the United States of America, and forms the largest and smallest group in which the Company's results are consolidated.

The most senior parent entity producing publicly available financial statements is Howmet Aerospace Inc.. These financial statements are available upon request from Arconic Corporate Office, 201 Isabella Street, Pittsburgh, PA 15212-5828, USA or the website (www.howmet.com).

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.