Registered No. 03690830

LUXFER HOLDINGS PLC

Annual Report and Financial Statements

31 December, 2020

LUXFER HOLDINGS PLC ¦ Lumns Lane ¦ Manchester ¦ M27 8LN

Contents

Glossary of Terms

Unless the context in which we use the terms indicates otherwise, the following terms used in this report have the following meanings:

AGM	Annual General Meeting of the Company.
Articles	The Articles of Association of Luxfer Holdings PLC adopted by special resolution of the Company on 26 October 2011, effective from the date of the I.P.O. (and subsequently updated).
Companies Act	U.K. Companies Act 2006.
FPI	Foreign Private Issuer under the SEC registration rules.
GAAP	Generally Accepted Accounting Principles is an accounting standard adopted by the U.S. Securities and Exchange Commission.
Group	Luxfer Holdings PLC and its subsidiaries.
IFRS	International Accounting Standards in conformity with the requirements of Companies Act 2006
I.P.O.	The Initial Public Offering in the U.S. completed by Luxfer Holdings PLC on 9 October, 2012.
NYSE	New York Stock Exchange.
£0.50 Ordinary Shares	The Company's ordinary shares of £0.50 each.
SEC	Securities and Exchange Commission of the U.S.
Year	1 January, 2020, to 31 December, 2020.
LTIP	Long-Term Umbrella Incentive Plan.

STRATEGIC REPORT

Principal Activities and Review of the Business

The principal activity of Luxfer Holdings PLC is that of the holding company for the Luxfer Group.

Luxfer is a global manufacturer of highly-engineered industrial materials which focuses on value creation using its broad array of technical know-how and propriety technologies. Luxfer's high-performance materials, components and high-pressure gas containment devices are used in defense and emergency response, healthcare, transportation and in general industrial applications.

We have a long history of innovation derived from our strong technical base. We work closely with customer to apply innovative solutions to their most demanding product needs. Our area of expertise covers the chemical and metallurgical properties of magnesium, zirconium, carbon and rare earths. We have pioneered the application of these materials in many high-technology industries. For example, we were the first to use rare earths to develop and patent a magnesium alloy (EZ33A) for use in high-temperature aerospace applications such as helicopter gearboxes. We were also at the forefront of the commercial development of zirconia-rich mixed oxides for use in automotive catalysis.

Luxfer has a global presence, operating 16 manufacturing plants in the U.K., U.S., Canada and China, four of which relate to discontinued operations. We also have a joint venture in Japan. We employ approximately 1,400 people, including temporary staff, of which approximately 200 relate to discontinued operations. Luxfer operates in two business segments - Elektron and Gas Cylinders:

Our **Elektron Segment** focuses on specialty materials based primarily on magnesium and zirconium. Our key product lines under the Elektron Segment includes:

- Advanced, lightweight, corrosion- and flame-resistant magnesium alloys, including our our dissolvable Solumag® alloy.
- Magnesium powders used in countermeasure flares that protect aircraft from heat-seeking missiles and in heating pads for self-heating meals used by military and emergency-relief agencies.
- High performance zirconium-based materials and oxides used as catalysts and in the manufacture of advanced ceramics, fiber optic fuel cells, and many other performance products.
- Magnesium, copper, and zinc photo-engraving plates for graphic arts and luxury packaging.

Our **Gas Cylinders Segment** manufactures and markets specialized products using carbon composites and aluminum. Our key product lines under the Gas Cylinders Segment include:

- Carbon composite cylinders for self-contained breathing apparatus (SCBA), used by firefighters, first-responders, SCUBA divers, and other personnel who operate in potentially hazardous environments such as mines.
- Composite cylinders used for containment of oxygen and other medical gases used by patients, healthcare facilities and laboratories.
- Carbon composite cylinders for compressed natural gas (CNG) and hydrogen containment in alternative fuel (AF) vehicles.

Strategy and Business Model

Despite the exceptional challenges of 2020, Luxfer's team ingenuity and tenacity allowed us to maintain a strong balance sheet, accelerate many of our lean initiatives, and deliver customer value throughout the year. We continued to make strong progress on our strategic Transformation Plan despite the adversities faced due to the COVID-19 pandemic. Commenced in 2017, the Transformation Plan serves as a key driving factor in our strategy, allowing us to simplify Luxfer's structure, launch growth initiatives, deliver strong productivity, and invest in our culture and talent. Under our Plan, we are confident in our ability to continue generating long-term shareholder value.

After thoughtful review of our portfolio of businesses and the future trajectory of Luxfer, we have concluded that it is in the best interest of our shareholders, employees and customers to divest most of our aluminum assets. This will enable us to focus our strategic efforts and capital on our key markets to grow the Group. The divestiture will impact three of our Gas Cylinders operations, including our Superform location in U.K., our aluminum cylinder operation in Graham, North Carolina, U.S. and our Superform location in the U.S. The remaining Gas Cylinders sites are involved in the manufacture of innovative composite cylinders and systems, which are an integral part of Luxfer's future growth profile.

As a part of Phase 1 of our Transformation Plan, our operations have been substantially simplified after the divestment of the aluminum operations. Other objectives achieved during Phase 1 have expanded our investor base, streamlined our financial reporting and enhanced our corporate governance, while also strengthening our balance sheet. Today, the focus of the Plan is to drive growth, both organically and through value-creating acquisitions. We have laid the groundwork for successful organic growth by rebuilding our new products pipeline and establishing commercial excellence. Our business strategy is underpinned by the Luxfer Business Excellence Standard Toolkit ("Luxfer BEST"), which consists of the following key themes:

- A common set of values that drive accountability, innovation, customer first, personal development, teamwork and integrity;
- A lean enterprise philosophy comprised of the five pillars of Luxfer BEST which drive operational excellence in sales, marketing, innovation, human resources, supply, manufacturing, information technology and finance;
- Disciplined capital allocation with the aim of maximizing organic growth and the product portfolio value through value-enhancing acquisitions and divestitures;
- Balanced scorecards reviewed by our leadership teams to measure performance and ensure that compensation is commensurate with individual performance; and
- A published Customer Charter designed to retain and grow our customer base and capture additional market share.

Our Transformation Plan, underpinned by Luxfer BEST, are at the core of our business strategy. We believe that these tools and strategies give us a stronger competitive advantage, allowing us to focus on innovation and new product development, further drive our strong technical expertise and know-how, diversify our customer base, and accelerate shareholder value creation.

Key Performance Indicators ("KPIs")

Luxfer used the following performance indicators to assess its development against its strategic and financial objectives in 2020.

Since 2018, KPIs were monitored under U.S. GAAP. and these reconciliations to non-GAAP measures can be found in our Form 10-K filed with the SEC on March 2, 2021. Prior to 2018, the primary GAAP was IFRS.

All years have been restated for discontinued operations.

Operating performance		**2020**	2019	2018	2017	2016
Revenue	$m	**324.8**	373.4	401.9	348.0	324.2
Adjusted net income[1]	$m	**28.9**	40.9	48.0	27.6	20.5
Basic earnings per share	$	**0.61**	0.15	0.55	0.43	0.69
Adjusted net income basic earnings per share	$	**1.03**	1.47	1.73	1.03	0.93
Adjusted EBITDA[2]	$m	**53.9**	67.1	79.6	57.1	46.7
Revenue per employee	$'000s	**256**	279	285	247	226
Financial performance						
Net cash flow from operating activities	$m	**56.9**	10.2	57.3	45.2	29.2
Net debt to adjusted EBITDA[3]	times	**1.0**	1.2	0.8	1.6	1.9
Non-financial performance						
Number of days lost following accidents at work[4]	work-days	**328**	21	208	197	215
ISO 14001 environmental management system certification[5]	%	**69.2**	86.4	92.1	90.0	91.8
Economic indicators						
Average U.S. dollar to GBP sterling exchange rate	$:£	**1.28**	1.28	1.33	1.30	1.34
Average Euro to GBP sterling exchange rate	€:£	**1.13**	1.12	1.13	1.14	1.22

1. A non-GAAP measure for net income after tax, excluding certain non-trading items. Reconciliation to GAAP measure is disclosed in our Form 10-K, filed with the SEC on March 2, 2021.
2. A non-GAAP measure for earnings before interest, tax, depreciation and amortisation and other items. Reconciliation to GAAP measure is disclosed in Form 10-K filed with the SEC on March 2, 2021.
3. Net debt is defined as cash and cash equivalents less non-current bank and other loans.
4. Under regulations issued by the Occupational Safety & Health Administration of the U.S. Department of Labor, the number of days absent for each accident is capped at 180 days.
5. Percentage of revenue originating from ISO14001-certified businesses.

Review of the Year Ended 31 December, 2020

Although we faced challenges in 2020 due to the impact of the COVID-19 pandemic and related macroeconomic conditions, we continued to launch growth and lean manufacturing initiatives, deliver strong productivity, and invest in our culture and talent. This strategic progress reflects our focus on executing our Transformation Plan, which is designed to profitably grow the Luxfer business and increase returns to our shareholders. Further details on our Transformation Plan can be found on page 4 of the Strategic Report.

From 2016 to 2019, our top line growth averaged 5% and, however due to COVID-19 in 2020, our revenue performance for 2020 showed a decline of 13%. However, our cost reduction efforts are a primary driver of our 4% annual adjusted EBITDA growth from 2016 to 2020, with an average adjusted EBITDA margin over 16%. We ended 2020 with a stronger balance sheet, with an improvement in our net debt to $51.6 million, leading to a net debt to EBITDA ratio of 1x compared to 1.2x at the end of 2019. We generated $48.7 million in free cash flow over the year, using approximately $4 million in cash for restructuring activities related to our Transformation Plan. Net income from continuing operations for 2020 was $17.8 million compared to $6.0 million in 2019. We continued to return funds to shareholders in the form of regular dividends each quarter throughout 2020. As markets recover we expect to return to growth in 2021 and with a strong balance sheet, Luxfer is well positioned to create additional value for our shareholders.

Translation Exchange Rates

The consolidated financial statements are presented in U.S. dollars, the reporting currency of the Group. The principal currencies used to translate the results of non-U.S. operations is GBP sterling. In 2020, GBP sterling fluctuations relative to the U.S. dollar resulted in net favourable movements when translating the operating results of U.K. operations into U.S. dollars.

Revenue

On an IFRS reported basis, revenue from operations was $324.8 million in 2020, a decrease from $373.4 million in 2019. The reasons for revenue decline are discussed in detail by segment below.

Elektron Segment revenue in 2020 was $182.9 million compared to $219.9 million in 2019, a decrease of 16.8% on the prior year, largely as a result of COVID-19 related disruption to General Industrial and Transportation end markets. Revenue was lower in the Segment primarily due to:

- Decreased sales of zirconium-based industrial catalysts;
- Lower sales of photo-engraving plates and magnesium countermeasure flares;
- Lower sales of magnesium aerospace alloys; and
- $7.6 million revenue decline as a result of the divestiture of Elektron's magnesium Czech recycling business in 2019.

This was partially offset by increased revenues from Luxfer Magtech chemical detection kits.

Gas Cylinders Segment revenue was lower at $141.9 million compared to $153.5 million in 2019, a 7.6% decrease on prior year. This decrease was primarily the result of COVID-19 related disruption marked by temporary customer shutdowns, especially reduced sales of SCBA composite cylinders used by first responders. The decrease in revenue was partially offset by continued growth in alternative fuel cylinder sales.

Cost of Sales and Gross Profit

The 3.0 percentage point decrease in gross profit as a percentage of sales in 2020 from 2019 was primarily the result of:

- Adverse sales mix;
- Unfavorable foreign exchange variances; and
- Impact of short-term process inefficiency following plant consolidation exercises.

These decreases were partially offset by cost savings resulting from our continued effort to reduce production-based costs, partially derived from our Transformation Plan.

Operating Profit

Operating profit of $31.0 million increased 36.6% from $22.7 million in 2019. The $24.5 million decrease in gross profit has been offset by the effect of the Company's cost saving initiatives, which has contributed to the reduction in administrative and distribution costs. Restructuring and other expenses of $7.3 million were down from $29.6 million in 2019.In 2020, there was an additional $5.4 million in costs relating to the closure of Luxfer Gas Cylinders' French site.

In response to uncertain global economic conditions, we undertook actions to reduce the Company's cost structure and improve operating efficiency. These actions included a workforce reduction program resulting in $1.4 million of severance-related charges, of which $0.4 million and $0.9 million was incurred in the Gas Cylinders and Elektron segment respectively, and $0.1 million in Other.

There has also been an additional $0.4 million charge recognized as the result of the Company's decision to commence a project to remove low-level naturally occurring radioactive material (NORM) from a redundant building at Elektron's Manchester, UK site.

Taxation

In 2020, we reported a tax charge of $6.2 million on profit before tax of $24.0 million, representing an effective tax rate of 25.8%. The charge of $6.2 million was made up of a current income tax charge of $2.2 million and a deferred income tax charge of $4.0 million. The 2020 effective tax rate was impacted due to the effect of non-deductible expenses linked to restructuring projects.

In 2019, we reported a tax charge of $8.2 million on profit before tax of $14.2 million, representing an effective tax rate of 57.7%. The tax charge was made up of a current income tax charge of $4.2 million and a deferred tax charge of $4.0 million. The 2019 effective tax rate was significantly impacted due to the effect of large non-deductible expenses linked to restructuring projects.

Net Income for the Year

Net income for the year from continuing operations was $17.8 million, compared to $6.0 million in 2019. The increase can be attributed to the significantly reduced restructuring and other expense and lower administrative expenses coupled with a lower effective tax rate; partially offset by the reduction in gross profit as a result of COVID-19 disruption.

Cash Flow

In 2020, net cash flows from operating activities increased by $46.7 million to $56.9 million from $10.2 million in 2019. The increase is predominantly due to improvements in working capital and an approximate $15 million reduction in cash spent on restructuring activities. The Company has continued to return funds to its shareholders in the form of regular dividends each quarter throughout 2020.

Net cash used in investing activities decreased to $7.1 million compared to $8.9 million in 2019. Capital expenditure in 2020 was $8.2 million, a $5.7 million reduction compared with $13.9 million in 2019. In 2020 the Company received $1.5 from the sale of its Indian joint venture, compared with $4.4 million and $1.2 million as a result of the sale of the Czech recycling business and sale of property, plant and equipment respectively in 2019. The Company paid $0.4 million, the final installment, in relation to deferred consideration in 2020, compared to $0.5 million in 2019.

The Company had net cash outflows from financing activities $59.5 million compared to $1.3 million in 2019. The main reason for the decrease was the $25 million early repayment of the loan note due in 2021, coupled with the $13.2 million reduction in the RCF. Cash outflows in respect of dividend payments to holders of our ordinary shares were $13.6 million, consistent with 2019.

Shareholder Equity and Borrowings

Shareholder equity as at December 31, 2020, was $155.3 million, compared to $161.9 million at December 31, 2019, the decrease being primarily attributable to the payment of dividends, unfavorable measurement of defined benefit pension plans and movements relating to share-based compensation, partially offset by the contribution of net income and FX translation gains. The Company had gross debt of $53.1 million and net debt of $51.6 million as at December 31, 2020. Invested capital, defined as total shareholder equity plus net debt, was $206.9 million as at December 31, 2020; this compares to an equivalent figure of $242.6 million in 2019.

Future Developments

Operating objectives and trends that we expect to impact Luxfer in 2021 include the following:

- Proactive responses to the COVID-19 pandemic including health and well-being initiatives, stimulating demand for products, ensuring continuity of supply and focused cost savings programs;
- Divestiture of non-strategic aluminum businesses (identified as discontinued operations) and integration of the acquisition of Structural Composites Industries LLC (SCI), in the Gas Cylinders segment;
- Refocus on productivity acceleration and growth recovery post COVID-19 as we capitalize on lean manufacturing initiatives and pursue faster product innovation;
- Continued focus on developing global talent and fostering a high-performance culture; and
- Improved operating cash generation with lower restructuring activity and maintaining strong working capital performance.

Essential Contracts or Arrangements

Apart from our financing agreements, we do not have any individual contracts or other arrangements that are fundamental to the ability of the business to operate effectively.

Environment, Social and Governance ("ESG") Matters

At Luxfer, we recognize the importance of environmental stewardship, social responsibility, and leading governance practices. Advancing ESG matters is not only crucial to our business, our customers, and to all our stakeholders, but it is simply the right thing to do. While 2020 brought disruption with the COVID-19 pandemic, it also drove health and safety issues to the forefront, challenging us to think differently about our world, our experiences, and our beliefs. Although difficult at times, 2020 inspired us to reflect on our purpose. We are taking deliberate steps to fully integrate ESG into our strategy and daily actions which reflects our commitment to sustainable growth and long-term financial performance.

We are more devoted than ever to ESG efforts and social responsibility. The publication of our first-ever ESG Report in November 2020 set the stage for integration of sustainable practices and resource management throughout the Company. In addition, the Report sets forth our environmental protection goals, which address emissions, water, and waste-to-landfill reduction targets which we seek to achieve by 2025. It discloses social and employment statistics, community outreach activities, provides an overview of our governance structure and the Board of Director's role in ESG improvements. New corporate policies were unveiled in the Report, including our new Third Party Code of Conduct and the Environmental, Health and Safety Policy. The primary function of the Report is to initiate consistent reporting on ESG matters, improve our transparency and disclosure, and formulate the basis for an informed conversation between Luxfer and our stakeholders. We have committed to publishing a new ESG report on a biennial basis going forward.

While Luxfer's management team is responsible for developing the Company's strategy and managing day-to-day operations, the Board of Directors oversees the Company's direction, including governance-related policies and practices; our system of risk oversight and management; how we advance environmental sustainability and climate related challenges; health and safety; human rights; human capital management and corporate culture; and the manner in which we serve our customers and support our communities. We recognize that the long-term success of our Company requires continued focus on these evolving topics and a commitment to regularly evaluate and improve our performance in relation to them.

Helping Create a Greener World

With transportation being one of the highest pollution-emitting sectors, many of our products already serve the growing need to safeguard the environment in this field. For example, Luxfer played a vital role in developing the U.K's first hydrogen-powered train. The project was comprised of an electric train which was retrofitted to run using our G-Stor® H_2 hydrogen fuel system and began operations in September 2020. We have also developed partnerships with bus manufacturing companies and, in late 2020, unveiled the first hydrogen-powered double-decker bus. Our hydrogen fuel systems have been applied to a variety of vehicles in a series of world firsts including the first commercially produced hydrogen powered trucks, refuse trucks, boats and tractors.

Similarly, our zirconium-based autocatalyst products help reduce automotive emissions. Driven by increasing legislation, we work with our customers to offer tailor-made solutions based on our Gasoline Particulate Filtration systems, Diesel Oxidation Catalysts, Diesel Particulate Filters, passive NO_x Absorbers and selective catalytic reduction systems. These systems reduce the amount of toxic gasses and pollutants contained in exhaust from traditional diesel and gasoline engines. Further, our unique magnesium alloys used in aerospace and automotive designs enable lighter and stronger models, which help maximize fuel efficiency, lower emissions, and increase performance through lightweight materials.

Innovating products that help our customers reduce their emissions is just as important to us as reducing emissions from our own operations. Our facility located in Madison, Illinois, U.S. recently installed a thermal oxidizer to help with Volatile Organic Compound ("VOC") abatement, which reduced VOC output by 98%, preventing approximately 4 metric tons of VOC's from being released into the atmosphere. In addition to greenhouse gas emission reduction initiatives, we are also working to implement additional projects to assist with our water usage and waste-to-landfill reduction goals as we look forward to achieving the environmental targets set out in our 2020 ESG report by 2025.

Managing Environmental Impact

The effects of climate change and the degradation of earth's natural resources are becoming more apparent each year. As a global company, we have a vision to be a leader in sustainable business within our industry, lending us an opportunity to not only reduce our impact on the environment, but also have a positive one. While our facilities are designed to mitigate negative environmental impacts from our operations as much as possible, there is still more we can do. With this in mind, we committed to our 2025 Environmental Goals, which were published in our 2020 ESG Report. We recognize the importance of holding ourselves accountable to the environment, and our Environmental Goals were set with a view to reduce the environmental impact of our operations by 2025. Our 2025 Environmental Goals are:

- 20% reduction of CO_2e
- 20% reduction in waste sent to landfill
- 15% increase in recycled packaging
- 10% increase in material efficiency
- 10% reduction in freshwater usage

The publication of our ESG Report and our 2025 Environmental Goals serves as a first step to increase our transparency and raise the bar for more sustainable operations. To put these goals into action, we have implemented our Environmental, Health, and Safety ("EHS") Management System. Based on ISO 14001 standards, our EHS Management System is comprised of policies, procedures and objectives focused on compliance, footprint reduction and management of EHS performance. Luxfer's businesses track progress and perform self-audits in accordance with the EHS Management System with the goal of continually improving the safety of our products, enhancing environmental protection initiatives and preventing occupational illnesses and injuries.

We will continue strengthening our controls as we work toward achievement of our 2025 Environmental Goals. At present, over 80% of all Luxfer operations are ISO 14001 certified. Additionally, various facilities have been recognized as ISO 9001, ISO 45001, ISO 13485, AS 9100, IATF 16949 and NSF 61 compliant. We are confident that our internal programs, combined with initiatives governed by ISO 14001, will help us further reduce our environmental footprint and achieve our 2025 Environmental Goals.

In addition to these controls and certifications, certain Luxfer businesses participate in compliance and knowledge-sharing forums with other companies in our industry. For example, our U.K. MEL Technologies business is subject to the European Union Regulation, Evaluation, Authorization and Restriction of Chemicals ("REACH") controls (incorporated into U.K. legislation following the U.K.'s exit from the European Union.), which aims to hold manufacturers and importers responsible for understanding and managing the environmental and health risks associated with the use of certain chemicals. Our MEL Technologies business participates as a member or lead member in REACH consortia, during which manufacturers and importers of like substances cooperate with one another and collect information, gather data, and register certain chemicals in fulfillment of REACH requirements. Participants work together to assess potential hazards and risks posed by these chemicals and how those risks can best be controlled.

Managing Energy Use

Energy is a major requirement for Luxfer's operations which involve melting and forming metals, changing the state of chemicals, and running heavy machinery. We are subject to a wide variety of regulations regarding energy usage in the U.K. and take every step necessary to ensure our compliance with those regulations. Our U.K. plants have signed up for the European-wide Energy Saving Opportunity Scheme, which mandates that all large organizations calculate the total energy use and perform energy audits across their businesses once every four years. Baseline audits were performed in 2017 and will occur again in 2021. Our U.K. operations are also registered with and regulated under the Carbon Reduction Commitment Energy Efficiency Scheme ("CRC"), designed to further mobilize companies to reduce CO_2 emissions by incentivizing energy efficiency. Further, all Luxfer U.K. operations participate in Climate Change Agreements, with the exception of our Gas Cylinders plant due to the nature of its cold-extrusion process.

In addition to regulatory requirements, Luxfer also operates several internal programs that will help us increase our energy efficiency. For example, Luxfer's Reduced Energy Demand ("RED") Program identifies initiatives that will reduce energy consumption and provide more efficient operation. Our RED projects coordinate with our energy partner to asses each Luxfer site for opportunities to reduce energy consumption, create less waste, and educate our employees on the value of environmental protection. Any RED proposals include a detailed analysis measuring the financial, environmental and safety impact of each project, and will include a renewable energy alternative that will be implemented if financially and practically feasible.

Greenhouse Gas Emissions

Each Luxfer business unit monitors its usage of the following:

- Electricity (from utility bills);
- Natural gas (from utility bills);
- Propane (for fork-lift trucks from number of bottles used multiplied by capacity);
- Cover gases (to prevent molten metal from oxidizing from number of cylinders used multiplied by capacity);
- Any other greenhouse gases used in the manufacturing process (from amount invoiced).

Other than for electricity, the conversion into equivalent CO_2 tonnes is done using standard conversion factors readily available from websites of, for example, DEFRA in the U.K. Broadly speaking, natural gas and other pure gases have a very similar CO_2 equivalency no matter where it is sourced.

For electricity, the CO_2 equivalency is dependent on the power stations that generate it. Accordingly, each Luxfer business uses the ‘local’ equivalency factor published on official sites. For our U.S. businesses this is published on the U.S. Environmental Protection Agency website, and is updated each year according to the mix of power-generation facilities in use. Historically, the U.K. has been a heavy user of electricity generation but it has transitioned away from using coal-fired power and is increasingly adopting zero-emissions technologies, especially off-shore wind power.

Each Luxfer business unit has a manager responsible for data collection, which is subsequently collated centrally at year end, along with other accounting information. Natural gas and all other gasses are classified as 'Scope 1' and electricity usage is classified as 'Scope 2'. Year-on-year figures are used to identify any anomalies, and similar business units are compared to one another to ensure consistency and understanding of the information. At present, we do not collect details of emissions from travel.

The Greenhouse Gas (“GHG”) emissions statement below provides a summary of the Group GHG (Carbon) emissions for the year ended December 31, 2020 compared to 2019. We report on both Scope 1 and Scope 2 emission sources:

Scope 1 emissions: Direct emissions from sources owned or operated by the Group such as natural gas usage and other CO2 equivalent emissions such as SF6;

Scope 2 emissions: Indirect emissions attributable to the Group due to its consumption of electricity.

Greenhouse Gas Emission Statement

Baseline year	**Full year 2020**
Consolidation Approach	Operational control.
Boundary	Consolidated factories operated by us to manufacture Group products.
Emission factor data source	U.K. sites: Conversion factors published by the Carbon Trust. U.S. sites: Conversion factors published by the U.S. Environmental Protection Agency for the state in which the site is located. Sites in other countries have used their relevant countries conversion factor.
Intensity ratio	CO_2 equivalent tonnes per $1 million of sales value ($1mSV).
Group Metric - Sales value	**$324.8 million in 2020** (2019: $373.4 million)

Greenhouse Gas Emission Source

	2020		2019	
	(tCO_2e)[1]	(tCO_2e/$1mSV)	(tCO_2e)[1]	(tCO_2e/$1mSV)
Scope 1 Fuel combustion (natural gas and other CO2 emissions) and operation of facilities	54,124	166.6	71,764	192.2
Scope 2 Purchased electricity	40,218	123.8	29,448	78.9
Statutory total (Scope 1 & 2)[2]	**94,342**	**290.4**	**101,212**	**271.1**

Notes:

1. Tonnes of CO_2 equivalent.

2. Statutory carbon reporting disclosure required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Overall our total CO_2e emissions decreased by 6.8% from continuing operations in 2020, however, our CO_2e emissions per $million of sales increased by 7.1%. From 2019 to 2020, fuel combustion (Scope 1) decreased by 24.6%, while purchased electricity (Scope 2) increased by 36.6%. We attribute the decrease in overall emissions in part, to the divesture of several manufacturing plants, one of which was a large contributor to Scope 1 emissions through the use of propane in its operations. Another factor that impacted our overall statutory totals for Scope 1 and Scope 2 emissions in 2020, particularly our CO_2e emissions per $million of sales, is reduced sales as a result of the COVID-19 pandemic.

Industry Engagement

Our Segments are active members of relevant industry associations and standards bodies, both in Europe and North America, where they have a positive influence as members, officers, and technical advisors. They often participate in, and chair committees within, those associations on technical and other matters of interest or concern to their relevant industry, including standards, specifications and safety. These organizations include the International Magnesium Association, the Chemical Industry Association, the Zircon Industry Association, the Compressed Gas Association, the Metal Powder Producers Association, the British Standards Institute, the Canadian Standards Association, the American Society of Testing and Materials, and many others.

Our People

A large and important part of our lives is spent on the job. We recognize that our employees are the basis of our success and the foundation of our future. As such, we are committed to fostering an inclusive, honest, healthy and diverse work environment. Entrenched in longstanding policies of Luxfer, we promote workforce diversity, employee education and development, and community involvement. Through these policies and practices, we continue to develop a world-class team. We constantly strive to create an environment where differences are valued, supported and encouraged.

Human Rights and Labor Practices

We are committed to respecting and safeguarding internationally recognized human rights standards set forth in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and any laws at the national, regional and local levels. As such, our Code of Ethics and Business Conduct and our recently updated Human Rights and Labor Practices Policy makes clear the principles, requirements and expectations of Luxfer and its employees to protect fundamental human rights in all areas of our business. These protections include fair and humane treatment, protections against forced labor and child labor, and fair wages, benefits and working hours.

We assess our potential and actual impacts on human rights on a regular basis. As of 2020, Luxfer has obtained ISO 45001/OHSAS 18001 certification for our labor and human rights management system, which covers up to 40% of our current operations. To ensure compliance with our standards and policies, our employees undergo annual training on how to identify human rights violations and how to combat and prevent them. Through adherence to these policies and application of learned skills, we have adopted sound human rights practices to ensure that our employees are treated with the dignity and respect they deserve.

Equal Opportunity, Non-Discrimination & Anti-Harassment

Luxfer is an equal opportunity employer. We take every precaution to ensure that no applicant or employee receives less favorable treatment on the grounds of any characteristic protected by law. We have a zero-tolerance approach to discrimination during any stages of employment including recruitment, job assignment, promotion, remuneration, training and benefits as set forth in our Equal Opportunity, Non-Discrimination & Anti-Harassment policy. In line with this Policy, we are committed to providing a work environment free of harassment, abusive behavior and unprofessional conduct based on any protected characteristics. Our policy applies to all persons involved in the operation of the Company and any employee including supervisors, managers, and any third-parties such as vendors, customers, independent contractors, unpaid interns and volunteers.

Training is key to promote equal opportunities and diversity. Our talent acquisition team and hiring managers undergo regular training to ensure that a diverse slate of candidates is considered for all job openings. We have developed recruitment practices to target diverse candidates including minorities, veterans and women. We also monitor our current workforce for diversity, age and gender demographics and use this information to further develop our employment and recruitment practices and enhance our inclusive work environment. All new and existing employees are required to undergo anti-harassment, non-discrimination and unconscious bias trainings on an annual basis.

Health and Safety

Luxfer is committed to being an industry leader in occupational safety. We continuously strive to foster an environment where safety principles are integrated into daily activities to eliminate illnesses and injuries. Our well-defined health and safety policies and procedures are enhanced by ongoing employee training, which solidify our standards for respecting and protecting our employees, the public, and our associates. We regularly conduct gap analyses and develop safety goals and objectives for all our business units. We monitor, review and discuss our safety performance with respect to these objectives and our policies as a part of our enterprise-wide risk management system. Moreover, safety measurements are integrated into the performance evaluations of our Executives, proving our dedication to the safety of our employees.

We have chosen days lost from lost-time accidents ("LTAs") as a key performance indicator as shown on page 5. We are pleased to report that 2020 has been an exceptional year for safety. The 328 of working days lost through accidents in 2020 has seen an increase in previous years, however, this was predominantly due to two isolated cases.

Additionally, we understand that the personal health and well-being of our employees increases productivity, improves morale, creates a positive work environment and reduces healthcare costs. Luxfer offers several health and wellness benefits that encourage employees to improve their personal health. For example, beginning in January 2020, we implemented a smoking cessation program in which employees who successfully complete a 90-day smoking cessation plan are rewarded with discounted insurance rates. We also proved access to wellness clinics and funded counseling sessions to improve the physical and mental health of our employees. In 2019, we rolled out the Luxfer Employee Healthy Lifestyle program which will soon be available to all Luxfer employees worldwide. The purpose of the program is to encourage employees to take steps toward improving their health and offering some reimbursement for certain gym and fitness center memberships and for weight loss programs and group exercise classes. We believe that by supporting our employee's physical and mental health, we are building a healthier, more productive workforce.

Employee Benefits Programs

We believe that financial security is just as important as physical and mental well-being. To that end, we work hard to maintain a work-life balance for our employees that fosters job satisfaction and increases retention. Luxfer offers competitive base pay and, depending on position, variable incentive pay that is associated with individual performance and the performance of the Company as a whole. The variable incentive pay schemes are available to motivate employees to achieve financial, business and personal targets. Additionally, while some programs differ internationally due to local regulations, Luxfer offers group medical, dental, vision, life insurance plan options, savings and retirement plans, and many other resources to enhance employees' lives both physically and financially.

In 2013, we began offering an all-employee share investment plan (“SIP”) to our U.K. employees. Since then, a substantial number of employees have taken the opportunity to make contributions out of their pay under the plan, allowing them to purchase Company shares on a six-monthly basis. In 2014, we established an employee stock purchase plan (“ESPP”) under which our U.S. employees can accumulate contributions from pay over a six-monthly period to purchase Company shares. Both plans are established under the relevant national legislation to take advantage of tax efficiencies, if available. While participation is entirely voluntary, the plans ensure that rewards for employees are aligned with returns to shareholders through personal financial investment and is another way that we support a well-balanced investment plan for our employees. We are investigating ways in which we might, where cost-effective, offer the opportunity to purchase shares on a regular basis in jurisdictions where we have smaller numbers of employees.

We also offer a long-term incentive plan intended to attract and retain high quality senior employees in an environment where compensation levels are based on a global market. Participants are eligible to receive a grant of awards over shares and/or performance awards over shares where the targets are designed to align their remuneration with returns to shareholders. The purpose of the plan is also to reward the achievement of business targets and key strategic objectives.

Training and Development

We believe it is imperative to invest in our employees and encourage personal and professional development. Over the last few years, we have significantly increased resources and time allocated to employee training, recruitment, personal development and retention.

As a part of our compliance program, we operate an enterprise-wide online training platform which provides interactive trainings on compliance topics such as business ethics, code of conduct awareness, anti-bribery and corruption, conflicts of interest, integrity in the workplace, diversity, cybersecurity, whistleblowing and more. These mandatory compliance trainings are required for all Luxfer staff. Additionally, the training platform provides access to a wealth of non-mandatory courses for employees looking to further enhance their business skills. These courses include business leadership and collaboration, customer service, and tutorials on commonly used software and technology such as Microsoft Office.

Training at the business unit level is also necessary to ensure compliance with local law and regulations, which varies across Luxfer’s operations. Highly specialized training is conducted in a variety of formats specific to role or job type and is necessary to support employees on a segment and cross-segment basis. Training is delivered both from internal resources and third-party external resources as appropriate. Personal development of our employees, as a core value of Luxfer, is promoted and encouraged throughout our individual businesses which have a duty to assist in the personal development of employees as a part of their own strategies.

Luxfer management works closely with employees to ensure that our workforce has the skills and experience necessary for growth and profitability. In order to safeguard Luxfer’s legacy and ensure business continuity, our management and executive development program focuses on individual strengths and fosters technical skills and knowledge to create the next generation of well-rounded Luxfer leaders. With a multi-faceted curriculum, our training and development program provides critical problem-solving, business management and leadership skills necessary for Luxfer’s continued success.

We understand that training and education for a particular role is just as important as continuing education outside of the workplace. Recognizing and appreciating the personal ambitions of each of our individual employees, Luxfer has implemented an Educational Assistance Program. All full-time employees who have been employed by the Company for more than one year can receive financial assistance for successful completion of educational courses, training workshops, seminars or courses part of a certificate or degree program in subjects and fields that pertain to our business and Company operations.

Further information on employee policies, communication and engagement can be found in the Directors' Report on pages 34 to 36.

At December 31, 2020, the number of employees was as follows:

Employees *	Male**	Female**
Directors of Luxfer Holdings PLC	4	2
Senior Managers	39	12
Employees	1,011	376

*The Directors of Luxfer Holdings PLC include 5 independent Non-Executive Directors who are not employees of the Company.

** 203 male and 17 female employees included in the table related to discontinued operations.

Customers and Suppliers

Recognizing our customers as the source of our success, a core value of Luxfer is always putting the customer first. Our products are highly customizable and are tailored to suit the highly specific needs of each individual customer. We always strive to build and maintain long-term relationships with our customers based on mutual cooperation and the highest standards of quality and service. Working in close collaboration with one another, we work hard to find innovative solutions to suit their needs for advanced materials and products. Our focus is on demanding applications where our technical know-how and manufacturing expertise combine to deliver a superior product.

Luxfer has a complex global supply chain. We understand that such complexity comes with certain risks, which demands that we maintain a high level of due diligence and vigilance of the third parties and suppliers with whom we do business. Pursuant to our Third Party Code of Conduct, we expect all new and existing suppliers comply with this Code and reflect its principles in their own policies. This applies to all third parties including contractors, suppliers, agents and service providers. To ensure our compliance with applicable laws, we conduct thorough examinations, supplier risk assessments, and both on- and off- site audits. We also require that third parties allow representatives from Luxfer and, if requested, Luxfer's customers, full access to their production facilities, worker records and employees for confidential interviews. We consistently ensure that we are using appropriate due diligence procedures to vet our suppliers prior to and during any engagements and we reject suppliers who do not fulfill our requirements. While we have multiple sourcing options in almost every area of the Group, our key suppliers are important to us, and we have chosen them for their combination of quality, delivery performance and value for money.

Responsible Business Ethics

Luxfer is committed to the highest standards of corporate governance and business ethics. Our Company's ongoing success stems from our deeply engrained culture of ethics and integrity. Acting with integrity allows us to meet the high expectations of our customers, business partners, and the communities in which we operate, thus giving Luxfer a competitive advantage.

Luxfer's Board of Directors has adopted a Code of Ethics and Business Conduct, which is the designated code of ethics applicable to our Board, Executive Officers, employees and everyone conducting business on Luxfer's behalf. The Code of Ethics and Business Conduct provides a guide to appropriate business conduct and acceptable behavior for persons associated with Luxfer. It applies to financial conduct, and relationships amongst employees and our relationships with our customers and suppliers. Compliance with the Code is a condition of employment and doing business with Luxfer. Additionally, we have a comprehensive Whistleblowing Policy in place which prohibits retaliation against anyone who raises a business conduct concern in good faith or cooperates in a Company investigation. Employees are encouraged to report any suspected wrongdoing via our anonymous whistleblowing hotline which is available 24/7 and offers multi-lingual support for reporters in more than 170 languages.

Luxfer has a comprehensive compliance program in place to ensure our compliance with all laws and regulations in various jurisdictions in which we operate. We have Company-wide policies which are reviewed regularly by senior management as well as policies that are specific to business unit. Further, Luxfer offers a comprehensive online compliance training platform to employees. The training platform assigns tailored training modules to employees based on their role and area of responsibility within the Company. A number of these courses are considered mandatory compliance trainings for all employees. Each mandatory compliance training is configured to include the corresponding Company policy on the topic and require written attestation by each employee that they have read, understand, and agree to comply with each policy. Examples of recent training modules in 2020 include ethics and integrity in the workplace, anti-bribery and anti-corruption, insider trading and dealing, global anti-trust and competition, recognizing conflicts of interest, privacy and information security, cybersecurity, and workplace harassment prevention.

Community Engagement

Luxfer helps build sustainable communities through investment and involvement of our business, sites, and employees worldwide. We leverage our skills and experience to make a difference in the world through community activities, donations and employee engagement initiatives that are consistently encouraged and sponsored by our Executive Leadership Team. Among others, our business units have partnered with Air Ambulance Charity, American Red Cross, Boys and Girls Club of Cincinnati, Feed America, the Piedmont Rescue Mission, Pratham, United Way and the Veterans Food Bank of Calgary. We participate in annual blood drives, canned food drives, community clean-up events and holiday gift drives.

Our Volunteer Time Off program was rolled out to US employees and will soon be extended to all Luxfer employees. Full-time employees can volunteer one working day per calendar year toward a non-profit or charitable organization of their choice, and such day is considered paid time off. Further, Luxfer Gas Cylinders has teamed with United Way and implemented the Employee Fair Share Program. Employees are encouraged to donate 1 hour of pay per month to United Way and, in exchange, Luxfer provides the participants with one additional vacation day, a "Fair Share" day, to be taken on the participant's birthday. In 2020, this provided approximately $35,000 to United Way from our Riverside location through employee and Company contributions.

Our business units are committed to providing educational opportunities and work experience to students in our communities. We offer a number of internship and apprenticeship opportunities in various fields. We have developed a Science, Technology, Engineering and Mathematics (STEM) apprenticeship program to encourage students to pursue careers in the STEM fields.

Section 172 statement

Luxfer’s Board of Directors is responsible for overseeing the Company’s long-term business strategy. Each year, management presents to the Board, and the Board discusses and approves detailed long-term strategic plans for the Company. In addition to the overall strategic plan for Luxfer, these discussions also include sessions on each business unit, portfolio management, growth and innovation, legal and compliance strategy and operations and supply chain transformation. The Board also oversees the Company’s approach to ESG matters and the Company’s governance related policies and practices; our system of risk oversight and management; and how we advance environmental sustainability, health and safety in our business and operations. The Directors take their responsibilities under Companies Act 2006 seriously and consider their responsibilities to stakeholders when making decisions for the Group. The responsibilities under Section 172 are underpinned by our values of customer first, innovation, accountability, personal development and teamwork.

Shareholder and public engagement are essential to maintaining our strong corporate governance practices. We value feedback and input from all our shareholders and respond to concerns identified during the engagement process. Engaging regularly with our global shareholders helps us gain valuable insights into the governance issues about which they care most. We seek a collaborative and mutually beneficial approach to issues of importance to shareholders that affect our business and to assure that our corporate governance practices remain industry-leading from their perspectives.

Further information regarding the role of the Board and how they have complied with the requirements of section 172 are included in the Corporate Governance statement on pages 26 to 31.

Principal Risks and Uncertainties

Internal Controls and Risk Management

Luxfer has a comprehensive, enterprise-wide risk management program designed to assess, monitor, and mitigate risks that arise in the course of business. Consistent with our leadership structure, management has the day-to-day responsibility for assessing and managing the Company's risk exposure, while the Board of Directors provides oversight in connection with those efforts.

In general, the Board oversees the management of risks in the operation of the Company's business; the implementation of its strategic plan; its acquisitions and divestitures; its capital structure, allocation and liquidity; its risk management controls; and its organizational structure. The Board fulfills its risk oversight function both directly and through delegation to the Board Committees. Each of our Board Committees has historically focused and continues to focus on specific risks within their respective areas of responsibility. The Board performs its risk oversight role in several ways. Board meetings regularly include strategic overviews by the Chief Executive Officer and Chief Financial Officer that describe the most significant issues and risks affecting the Company. Additionally, the Board is regularly provided with business updates from our business unit leaders, General Counsel, and other functional leaders. Reviewing and assessing any identified risks on a regular basis, the Board manages such risks in accordance with Luxfer's Enterprise Risk Management process.

As a global, multi-industrial company, Luxfer faces a range of risks, including general economic, credit and capital market conditions risks, regulatory risks, global climate change risk, and several other risks, which are fully listed and explained in our annual Form 10-K filed with the SEC.

Internal Financial Controls

During 2020, the internal audit function among other things, continued to work on the internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

As at December 31, 2020, the Executive Director in his capacity as Chief Executive Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and the participation of the Executive Leadership Team, responsible for the management of the internal controls. In accordance with the requirements of Section 404 of the Sarbanes-Oxley Act, and as included in the Form 10-K filed with the SEC, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control - Integrated Framework (the 2013 Framework) issued by the Committee of Sponsoring Organisations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of December 31, 2020.

Remediation of Prior Material Weakness - Implementation of new ERP system

As previously disclosed, as a result of a new ERP system implementation in the fourth quarter of 2019, there were control deficiencies identified that led to a material weakness (as defined by the Sarbanes-Oxley Act) in our internal control over financial reporting as of December 31, 2019.

The Company did not maintain effective controls over certain IT general controls for the new ERP system. Specifically, the Company did not (a) adequately tailor privileged access to the financial application, programs, and data or sufficiently evidence the monitoring of such access; (b) adequately approve exceptions to segregation of duties in respect of the ability to develop and implement changes to the IT production environment; and (c) ensure that it appropriately used complete and accurate information in performing monitoring and oversight controls. In addition, as a consequence of the implementation of the new ERP system, the Company did not design, implement and consistently operate effectively certain process-level controls in the fourth quarter in respect of the appropriate recording, accounting, and review of certain transactions and accounts; and ensure the completeness and accuracy of system-generated information used in performing certain IT-dependent manual controls.

In response, management has taken the following actions:

1. Implemented enhance controls to monitor and document privileged access to, and segregation of duties within the ERP system;
2. Implemented process improvements designed to ensure the completeness and accuracy of the system-generated information used in performing IT-dependent manual controls; and
3. Updated the design of certain process-level controls in respect of the appropriate recording, accounting and review of transactions.

Based on the testing performed, as of December 31, 2020, management has concluded that these controls are operating effectively and the material weakness has been remediated.

Treasury and Financial Risk

The Group operates a central treasury function that controls all borrowing facilities, investment of surplus funds and management of financial risks. The Group also has a number of financial risks. The management of these financial risks and mitigating actions are explained further in Note 29 of the Group consolidated financial statements.

We set out in the tables below our principal risks and uncertainties and how we seek to mitigate or eliminate them.

Area of Risk	**Mitigating Activity**
Dependency on certain key markets - The Group depends on certain end-markets, including automotive, self-contained breathing apparatus, aerospace and defence, medical and printing and paper. An economic downturn or regulatory changes in any of these end-markets could reduce sales. To the extent that any of these cyclical end markets are in decline, at a low point in their economic cycle, or subject to regulatory change, sales and margins on those sales may be adversely affected. It is possible that all or most of these end markets could be in decline at the same time (e.g., during an economic downturn such as that caused by the current COVID-19 pandemic). Any significant reduction in sales could have a material adverse impact on our results of operations, financial position and cash flows.	The Group's diverse product portfolio reduces the risk of any one adverse external economic factor impacting across all of these end-markets; however, a range of external factors could impact across the majority or all of the Group's end-markets. To further mitigate this risk, the Group continues to invest in research and development and to innovate, working closely with its customers, to develop next generation products in these end markets.
Effect of external factors due to the global nature of our business - Our global presence exposes us in the countries in which we operate to economic conditions, geopolitical risks, specific regulations and other external factors, which could affect our operations. Following the U.K.'s exit from the European Union ("EU") on January 31, 2020 a free trade agreement was reached between the U.K, and EU member states in December 2020, with new arrangements taking effect from January 1, 2021. The agreement allows for zero tariffs on goods moving between the UK and EU. However, the rules are complex and it is still possible that tariffs will apply, depending on the origin of components of any goods produced either in the UK or EU. There is also increased regulatory complexity and potential for disruption to the movement of raw materials and finished goods at the border. The impact of these changes will take time to be fully understood and may adversely affect our operations and financial results.	The Group's diverse product portfolio and geographic spread reduces the risk of any one external factor impacting across all end-markets. The Group also closely monitors geopolitical and global economic developments in its markets and will be closely monitoring the free trade agreement between the UK and EU and will take action in response to future regulations regarding tariffs and the movement of raw materials and finished goods at the border.
Competition - Markets for many of the Group's products are now increasingly global and highly competitive, especially in terms of quality, price and service. The Group could lose market share as a result of these competitive pressures, which could negatively impact profit margins. More generally, the Group may also face potential competition from manufacturers of products similar to the Group's aluminum and magnesium-based products using other materials, such as steel, plastics or composite materials.	The Group continues to invest in new and better products and aims to focus its resources in speciality markets that need high-performance products and a reliable partner.
Protection and development of intellectual property rights and changing industry requirements - As a result of the nature of the competition faced by the Group, its ability to remain profitable depends on its ability to protect intellectual property and to invest in research and development, which requires funding.	The Group seeks to protect its intellectual property through patents and by reducing the disclosure of commercially sensitive information. It also invests long-term in new products and manufacturing processes and maintains this investment through the business cycle.
Reliance on major customers - If the Group fails to maintain its relationships with its major customers, or fails to replace customers, or if there were reduced demand from such customers or for the products produced by such customers, it could reduce the Group's sales and have an adverse effect on the Group's financial position. The Group's top 10 customers accounted for, in aggregate, approximately 35% of Group revenue in 2020.	Long-term relationships with customers are especially important, and the Group's operations work closely with customers to ensure customer service is the best in the industry and aim to support our customers in their development of new products through our own product innovations and technical know-how.

Risks relating to interruption of operations - The Group's production facilities are located worldwide. Any of its facilities could suffer an interruption in production, either at separate times or at the same time, because of various unavoidable occurrences including major equipment failure. Although the Group carries insurance, the cover on certain catastrophic events or natural disasters, including earthquakes and certain other events, could be limited.	The Group performs routine maintenance on its production equipment on all its manufacturing sites. These maintenance programmes are carefully planned to keep all plants operating at a high level of efficiency, and to reduce the risk of breakdowns and failure of equipment. Health and Safety is also a major consideration in the operation of the Group manufacturing facilities and is carefully monitored. The Group carries comprehensive business interruption insurance.
Effect of international currency markets - Changes in foreign currency exchange rates or interest rates could cause sales to drop or costs to rise. The Group conducts a large proportion of its commercial transactions, purchases of raw materials and sales of goods in various countries and regions outside of the U.K., including the U.S., continental Europe and Asia. Changes in the relative values of currencies can decrease the profits of the Group's operations through both the translation of profits into USD or on import and export transactions.	The Group regularly enters into forward foreign currency exchange contracts to manage currency risks and a Treasury Committee, overseen by the Chief Financial Officer / Corporate Controller, monitors the implementation of the Group's hedging policy.
Exposure to fluctuations in raw material - The Group is exposed to fluctuations in costs of the raw materials and utilities that are used to manufacture its products and can incur unexpected cost changes. The primary raw material used in the manufacturing of gas cylinders and superformed panels is aluminum, and though our operations use specialist alloys, their prices are pegged directly or indirectly to the quoted London Metal Exchange prices for primary aluminum. This makes the costs subject to speculative commodity cost changes, as well as fundamental supply and demand cost pressures. We have also experienced significant cost fluctuations in other raw material costs such as primary magnesium, carbon fibre, zircon sand and rare earths. The Group's operations also buy and sell goods in regional markets that may be protected by tariff barriers. Changes in these tariffs could have an adverse impact on the profitability of the operations.	In the long-term the Group has sought to recover the cost of increased commodity and utility costs through price increases and surcharges. Short term fluctuations in the price risk on aluminum are mitigated by agreeing fixed prices with the suppliers, along with the use of LME derivative contracts. Increasingly, in recent years we have included in our sales agreements an ability to share cost increases with our customers.
Product liability and regulatory risks - The Group is exposed to possible claims for personal injury, fatality or property damage that could result from a failure of a product manufactured by the Group, or of a third party integrating a Group product. Many factors beyond the Group's control could lead to liability claims, which may in turn lead to product legal claims or disruption in sales to customers. The Group could be required to pay a material amount if a claim is made against it that is not covered by insurance or otherwise subject to indemnification, or that exceeds the insurance coverage that the Group maintains. Moreover, the Group does not routinely carry insurance to cover the expense of product recalls, and litigation involving significant product recalls or product liability could have a materially adverse effect on the Group's financial position / performance.	The Group uses its operating and technical expertise to mitigate these risks, with a strong emphasis on high levels of product quality and rigorous testing, and by ensuring that products are designed to meet or exceed the regulatory design standards of the markets they serve. The Group has also obtained insurance coverage for most of these types of liabilities.
Environmental costs and liabilities - The Group may be exposed to substantial environmental costs and liabilities, including liabilities associated with divested assets and prior activities performed on sites before we acquired an interest in them. Our operations, including the production and delivery of our products, are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operates. An increase in environmental costs and liabilities could have a materially adverse effect on the Group in any given year, which could negatively affect the Group's cash flows.	To mitigate this risk the Group seeks to operate best practice procedures in this area and is in the process of attaining the ISO 14001 qualification at all of its larger manufacturing sites. The bulk of the Group's known environmental issues are legacy problems that arose many years ago. Management have a programme in place to progressively improve and eliminate these historic issues.

Risks relating to the Group's retirement benefit plans - The Group operates defined benefit arrangements in the U.K and the U.S. These are further explained in Note 31 of the Group consolidated financial statements. Their funding requirements are subject to fluctuations in investment markets and changes in the life expectancy of members and, as a result, these plans have significant deficits. Increased regulatory burdens have also proved to be a significant risk, with taxes such as the U.K.'s Pension Protection Fund Levy, which cost £0.4 million in 2020 (£0.4 million in 2019). Regulations in this area can also constrain the level of debt incurred and restrict the Group's ability to pay dividends.	The Group and the Trustees of the plans closely monitor the financial performance of the Schemes, taking actuarial and investment advice as appropriate. These are long-term liabilities, and we have a programme in place to contribute cash to our defined benefit plans over a number of years based on affordability and varied according to our net earnings. Plans are funded and assets are invested in a combination of equities and fixed income securities.
Exposure to risks related to cybersecurity threats and incidents - In the conduct of its business, the Group collects, uses, transmits and stores data on information technology systems. This data includes confidential information belonging to us, our customers and other business partners, as well as personally identifiable information of individuals. We have experienced, and expect to continue to be subject to, cybersecurity threats and incidents, ranging from employee error or misuse to individual attempts to gain unauthorised access to information systems to sophisticated and targeted measures known as advanced persistent threats, none of which have materially affected the Group to date. We also rely in part on the reliability of certain tested third parties' cybersecurity measures, including firewalls, virus solutions and backup solutions. Cybersecurity incidents may result in business disruption, the misappropriation, corruption or loss of confidential information and critical data (ours or that of third parties), reputational damage, regulatory fines, litigation with third parties, diminution in the value of our investment in research and development, data privacy issues and increased cybersecurity protection and remediation costs. Future cybersecurity breaches or incidents or further increases in cybersecurity protection costs may have a materially adverse effect on our business, financial condition or results of operations.	The Group devotes significant resources to network security, data encryption and other measures to protect our systems and data from unauthorised access or misuse, including to meet certain information security standards that may be required by our customers, all of which increases cybersecurity protection costs. As these threats, and government and regulatory oversight of associated risks, continue to evolve, we may be required to expend additional resources to enhance or expand upon the security measures we currently maintain.
Our results of operations may continue to be negatively impacted by the coronavirus disease outbreak - In December 2019, the novel coronavirus disease (COVID-19) surfaced in Wuhan, China. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy, resulting in an economic downturn that could impact demand for our products and our ability to produce them. With many countries affected, there have been widespread disruptions from the temporary closure of third-party supplier and manufacturer facilities and interruptions in product supply. To date, the outbreak has resulted in a decline in revenues and profitability. While there have been some positive indicators such as a reduction of restrictive measures in many countries and the reopening of temporarily closed facilities, the future impact remains uncertain and cannot be predicted. There is no assurance that the pandemic will not have a material adverse impact on the future results of the Company. The extent of the impact will depend on future developments, including global and country-specific actions taken to contain the spread of COVID-19, such as the roll-out and efficacy of the vaccination program, as well as the ability of the global economy to recover from the adverse economic consequences.	The Company continues to monitor the COVID-19 situation closely, while simultaneously executing business continuity plans. These business continuity plans include, but are not limited to, (i) retooling operations to maintain social distance and maximize employee safety; (ii) increasing resources and efforts to satisfy demand from the most impactful parts of our business; (iii) expanding flexible work arrangements and policies, where practical, to maximize employee safety; (iv) increased monitoring of short-term cash flow, including measures to reduce costs and generate cash; and (v) providing regular updates to our shareholders, employees, customers, and suppliers in a transparent and timely manner. Despite the adverse macro trends, the Company has a strong balance sheet and access to an existing $150 million credit facility, of which only $4.1 million was drawn down at the end of the year following continued strong cash generation. Furthermore, as our net debt to EBITDA ratio has fallen to 1.0x at the end of 2020 (from 1.2x at the end of 2019), we have identified no issues in relation to financial covenants nor availability of funding for continued operations.

Approval

The Strategic Report is set out on pages 3 to 21 and incorporates the sections titled Environment, Social and Governance ("ESG") Matters and Principal Risks and Uncertainties.

Signed on behalf of the Board by:

A Maskara

CHIEF EXECUTIVE OFFICER

April 29, 2021

GOVERNANCE

The Board of Directors

In 2020, Luxfer's Board of Directors was comprised of five (5) Non-Executive Directors including the Board Chair, and one (1) Executive Director. The maximum number of Directors permitted under the Articles is ten (10). The Directors have an interest in the shares of the Company as set out in the Remuneration Report on pages 37 to 53.

Our Articles contain a provision requiring that one-third of the Directors retire by rotation each year. In line with best practice, the Nominating and Governance Committee has proposed, and the Board has agreed, that all Directors should offer themselves for re-election at the 2021 Annual General Meeting ("AGM").

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Name	Age	Position
David F. Landless	61	Non-Executive Director (Chair)
Alok Maskara	50	Executive Director and Chief Executive Officer
Clive J. Snowdon	68	Non-Executive Director
Richard J. Hipple	68	Non-Executive Director
Allisha Elliott	50	Non-Executive Director
Lisa G. Trimberger	60	Non-Executive Director

Biographical information concerning the current members of our Board of Directors is set forth below:

David F. Landless

David Landless was appointed a Non-Executive Director in March 2013. Effective May 16, 2019, he was appointed the Chair of the Board of Directors. Mr. Landless currently acts as a member of the Nominating and Governance Committee. Prior to his appointment as Board Chair, Mr. Landless served as the Audit Committee Chair from May 2015 through May 2019. Mr. Landless previously acted as a financial expert, as defined under the NYSE listing rules, on the Audit Committee from March 2013 through April 2020. He was also a member of the Remuneration Committee from January 2015 through November 2017.

Mr. Landless started his career with Bowater Plc, a pulp, paper, and related products manufacturer, and Carrington Viyella Plc, a manufacturer of woven textiles. He joined the fiber and chemical manufacturer, Courtaulds Plc, in 1984. Mr. Landless was appointed Finance Director in several U.K. and U.S. divisions of Courtaulds Plc from 1989 to 1997 and the Finance Director of Courtaulds Coatings (Holdings) Limited from 1997 to 1999. In 1999, Mr. Landless was appointed Group Finance Director of Bodycote plc, the leading provider of heat treatment and specialist thermal processing services worldwide, and he held that position until he retired on January 1, 2017. He is a Non-Executive Director of Innospec, Inc., as well as Renold plc and European Metal Recycling Limited. He chairs the Audit Committees at Innospec and Renold. Mr. Landless is a Chartered Management Accountant. He graduated from the University of Manchester Institute of Science and Technology.

Mr. Landless' qualifications to be a member of our Board include his extensive experience in manufacturing and engineering businesses, particularly as Group Finance Director of a global industrial business that operates in similar markets as Luxfer. In addition, he has a strong understanding of financial controls and audit requirements. He also brings significant experience from serving on the boards of other publicly-traded companies in both the U.S. and the U.K.

Alok Maskara

Alok Maskara was named Chief Executive Officer designate of Luxfer and appointed to the Board of Directors on May 23, 2017. He became Luxfer's Chief Executive Officer on July 1, 2017. Since joining Luxfer, Mr. Maskara has led significant growth and transformation at the Company. He has significantly reshaped Luxfer's Board of Directors by adding more U.S. public company experience and increased the Board's diversity. Additionally, Mr. Maskara has changed the structure of the public listing and instituted new corporate governance policies, which enabled the Company to join the Russell 2000 index in 2019.

Mr. Maskara has over twenty-five years of leadership experience in multiple manufacturing and technology industries, including advanced materials, water and flow technologies, and electrical protection. Before joining Luxfer, he was a business segment President at Pentair Plc, a water solutions company, for eight years, where he led businesses of progressively larger sizes. During his time at Pentair, he delivered organic growth in mature industries, while also successfully completing multiple global acquisitions, divestitures, and joint ventures. Prior to Pentair, Mr. Maskara was with General Electric Corporation, an industrial manufacturing company, where he gained significant experience in Lean Manufacturing through his leadership of an executive corporate initiative group focused on Lean. He subsequently led a stand-alone business unit in the water industry, which was later sold to Pentair. Mr. Maskara also worked at McKinsey & Company, a management consultant firm, in both their Chicago and Amsterdam offices. While at McKinsey, he advised businesses on industrial turnarounds and driving growth through customer insights and segmentation.

Mr. Maskara is a co-author of nine patents in advanced materials. He holds an M.B.A. from the J.L. Kellogg Graduate School of Management at Northwestern University, an M.S. in Chemical Engineering from the University of New Mexico, and a Bachelor of Technology degree in Chemical Engineering from the Indian Institute of Technology, Mumbai.

Mr. Maskara's qualifications to be a member of our Board include his extensive leadership experience in global industrial manufacturing businesses, his value-enhancing growth and acquisition experience, his educational background, and his knowledge of advanced materials.

Clive J. Snowdon

Clive Snowdon was appointed a Non-Executive Director in July 2016. Effective April 2020, he was appointed Chair of the Nominating and Governance Committee, which he joined upon his appointment to the Board in 2016. Mr. Snowdon previously served as Chair of the Nominating and Governance Committee from December 2017 through May 2019. He also currently acts as a financial expert, as defined by the NYSE listing rules, on the Audit Committee, which he joined in August 2016 and upon which he served as Chair from May 2019 through April 2020. Additionally, Mr. Snowdon was a member of the Remuneration Committee from 2016 through January 30, 2017.

Mr. Snowdon served as Chairman of the Midlands Aerospace Alliance, an association supporting the aerospace industry across the Midlands region of England, from 2007 through 2016. He currently serves as a Trustee of the Stratford Town Trust and is also the Aerospace Industry Advisor to Cooper Parry Corporate Finance, a corporate finance advisory. In May 2016, Mr. Snowdon stepped down from the Board of Hill & Smith Holdings PLC, an international group of companies operating within the infrastructure and galvanizing markets, where he had been a Senior Non-Executive Director since May 2007, the Chair of the Remuneration Committee, and a member of the Audit and Nominating and Governance Committees.

In June 2011, Mr. Snowdon retired from Umeco PLC, a provider of advanced composite materials, after serving as Chief Executive since April 1997. Further, Mr. Snowdon was the Executive Chairman of Shimtech Industries Group Limited until the sale of the business in May 2015. From 1992 to 1997, Mr. Snowdon served as Managing Director of Burnfield PLC, after being promoted to that position from Finance Director. He has also held senior positions with Vickers PLC, BTR PLC, and Hawker Siddeley Group. Mr. Snowdon is a Chartered Accountant. He received his Bachelor of Arts degree in Economics from the University of Leeds.

Mr. Snowdon's qualification to be a member of our Board include his experience as a former Chief Executive of a U.K. public company, his strong understanding of U.K. PLC requirements, his significant experience in mergers and acquisitions, and his skill in interacting with investors.

Richard J. Hipple

Richard Hipple was appointed a Non-Executive Director in November 2018, at which time he was also appointed the Chair of the Remuneration Committee and a member of the Audit Committee.

Mr. Hipple served as the Chairman and Chief Executive Officer of Materion Corporation, a producer of high-performance advanced engineered materials, from 2006 until his retirement in 2017, as well as President and Chief Operating Officer from 2005 to 2006. Prior to that, Mr. Hipple worked in the steel industry for twenty-six years in a number of capacities, including project engineering, strategic planning, supply chain management, operations, sales and marketing, and executive management. Mr. Hipple has served as a Director of KeyCorp, a bank-based financial services company, since 2012 and is Chair of the Audit Committee and member of the Nominating and Corporate Governance Committee. Since 2017, he has also served as a Director of the Barnes Group, a global industrial manufacturing company, and is a member of the Compensation and Corporate Governance Committees. From 2007 through 2018, Mr. Hipple served on the Board of Ferro Corporation, a leading supplier of technology-based functional coatings and color solutions. Mr. Hipple is Chair Emeritus and a Trustee of the Cleveland Institute of Music and has served as a Director of the Greater Cleveland Partnership, as well as the Manufacturers Alliance for Productivity and Innovation. Mr. Hipple received his Bachelor of Engineering degree from Drexel University.

Mr. Hipple's qualifications to be a member of our Board include his extensive executive management and leadership experience with a global manufacturer of high-performance engineered materials, his experience in business development and strategic transformation, and his broad involvement in both domestic and international acquisitions. He also brings experience serving on the boards of other publicly traded companies.

Allisha Elliott

Allisha Elliott was appointed a Non-Executive Director in March 2019, at which time she joined the Remuneration Committee and the Nominating and Governance Committee. Ms. Elliott previously served as Chair of the Nominating and Governance Committee from May 2019 through April 2020.

Ms. Elliott currently serves as Chief Human Resources Officer at Bose Corporation, a global consumer electronics company. Prior to Bose, Ms. Elliott was the Chief Human Resources Officer and Senior Vice President for Human Resources and Communications at Sensata Technologies, Inc., a global leader in providing sensor-rich solutions. Prior to joining Sensata Technologies, Ms. Elliott served in several human resource leadership roles in the global manufacturing industry, culminating as Vice President of Human Resources and Communications for Transportation Systems at Honeywell International Inc.

Ms. Elliott received her Master of Labor and Human Resources degree from the University of Illinois Urbana-Champaign and her Bachelor of Arts degree in Sociology from Purdue University.

Ms. Elliott's qualifications to be a member of our Board include her significant experience in Human Resources, particularly in relation to public and industrial companies, including her extensive knowledge in talent development, succession planning, and executive compensation.

Lisa G. Trimberger

Lisa Trimberger was appointed a Non-Executive Director in September 2019, at which time she joined the Remuneration Committee and the Audit Committee. Effective April 2020, Ms. Trimberger was appointed Chair of the Audit Committee, upon which she acts as a financial expert, as defined by the NYSE listing rules.

Ms. Trimberger retired as an Audit Partner of Deloitte & Touche LLP, a Big Four accounting firm, in 2014 after spending thirty-one years with the firm. As a lead Client Service Partner, Ms. Trimberger audited and interacted with the management and boards of publicly-traded companies. She worked on significant transactions, as well as control and risk-assessment issues. Additionally, she was actively involved in the firm's quality review practice, serving as a Deputy Professional Practice Partner and Engagement Quality Control Review Partner. During her tenure with Deloitte, Ms. Trimberger also served as Co-Chair of the firm's Nominating Committee and was leader of the firm's National Women's Initiative for the development and retention of women professionals. Currently, Ms. Trimberger is a principal and owner of a private investment company, Mack Capital Investments LLC. She is also a trustee of the Board and Chair of the Audit Committee and member of the Nominating and Governance Committee of Corporate Office Properties Trust, an investment trust.

Ms. Trimberger is a Certified Public Accountant. She received a Bachelor of Science degree in Accounting from St. Cloud State University. Ms. Trimberger is a member of the National Association of Corporate Directors ("NACD"), as well as the National Association of Real Estate Investment Trusts. Further, she is a NACD Board Leadership Fellow and earned the CERT Certificate in Cybersecurity Oversight, as developed by NACD, Ridge Global, and Carnegie Mellon University's CERT division. Ms. Trimberger also completed the Women's Director Development Executive Program at J.L. Kellogg School of Management at Northwestern University.

Ms. Trimberger's qualifications to be a member of our Board include her experience as an Audit Partner in a big four accounting firm, as well as her significant experience as a financial expert in areas including financial and audit oversight, public board experience, corporate governance, and risk management.

Corporate Governance

Strong corporate governance practices serve the long-term interest of our stakeholders, strengthen the Board and management, and further enhance the public trust Luxfer has earned from operating with uncompromising ethics and integrity. Luxfer is fully committed to operating in a legal, ethical, and sustainable manner in all that we do.

Overview

Luxfer's corporate governance principles govern how we do business daily, enabling us to outperform and provide sustainable growth. They provide a framework that defines the roles, rights and responsibilities of various groups withing the Company. The Board has adopted a set of Corporate Governance Guidelines which provide the framework for the effective and ethical governance of the Company. These guidelines address matters such as the respective roles and responsibilities of the Board and Committees, director independence, conflicts of interest and membership criteria. The Corporate Governance Guidelines, the Company's Articles of Association (the "Articles"), Charters of the Board Committees, Reservation of Powers, and the Code of Ethics and Business Conduct, as well as national regulations such as the Companies Act of 2006 ("Companies Act") provide the structure for the governance of the Company.

The Company is incorporated in England and Wales and has a single listing of ordinary shares on the New York Stock Exchange ("NYSE"). Accordingly, our corporate governance is also informed by the relevant aspects of two regulatory regimes, the U.K. and the U.S. For example, as a company listed on the NYSE we are considered a "quoted company" for the purposes of the Companies Act. Therefore, we are required to comply with quoted companies' requirements such as the way we report on remuneration, which includes an annual advisory shareholder vote on director remuneration and a binding shareholder vote every three years. Luxfer is not listed on the London Stock Exchange. As such, we are not required to comply with the U.K. Corporate Governance Code. Nonetheless, we embrace aspects of this Code insofar as appropriate, relevant and practical to a company the size and status as Luxfer.

In July 2018, the Company informed the NYSE of its loss of Foreign Private Issuer (FPI) status and our intention to transition to a domestic issuer effective January 1, 2019. From this date, the Company has operated in full compliance with the requirements for domestic issuer pursuant to the Exchange Act of 1934, as amended and the NYSE's Manual. Through the increased transparency of financial information and higher corporate governance standards associated with domestic issuer status, we made it possible for Luxfer shares to be included in the Russell 3000 index. Inclusion in the index has attracted new, high-quality shareholders, while also allowing the orderly exit of some legacy debt holders. Additionally, we enhanced our Board of Directors which is now comprised of a greater range of tenure, diversity and public company experience, thus facilitating effective oversight and a better balance between historical experience and fresh perspectives.

We are also required to comply with certain provisions under the Sarbanes-Oxley Act, including Section 404(a), which requires that the management of public companies assess the effectiveness of the internal control of issuers for financial reporting. Such evaluation must be based on a suitable, recognized control framework such as that which was established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework"). We have updated our framework for the evaluation of the effectiveness of our internal controls over financial reporting in accordance with the COSO Framework of 2013.

In developing corporate governance practices for the Group, the Directors have taken note of all the aforementioned regulatory requirements, including those required under the Companies Act, as well as reflecting best practice as the Directors consider appropriate.

Board Responsibilities and Leadership Structure

The Board has responsibility for the overall leadership of the Company, its long-term success and helping to develop and approve its strategic aims. The Directors have determined a schedule of matters reserved to the Board. Reserved matters are comprehensive and reviewed as the Board considers appropriate, normally once annually. A review was undertaken during the year, following a comprehensive review taking into consideration the transition to a domestic issuer. Matters reserved to the Board are set out in the Governance section of the Company's website.

The Board believes it is important to maintain the flexibility to choose the leadership structure that is best able to meet the needs of Luxfer and its shareholders, based on the circumstances that exist at the time and the qualifications of the available individuals. Due to the relatively small size of the Board, the Directors have determined it to be unnecessary to appoint a Senior Independent Director. Further, we currently do not have a policy requiring the positions of Board Chair and Chief Executive Officer to be held by different persons. However, these two positions have historically been separate, and are expected to remain separate. The Board believes this structure is advantageous. Specifically, separating the positions provides the appropriate balance between strategy and development and oversight of management, while also allowing the CEO to focus attention on driving business performance rather than Board governance. Additionally, this structure is consistent with corporate best practices, the Institutional Shareholder Services' recommendation, the views of Luxfer's shareholders, and the U.K. Corporate Governance Code.

David Landless currently serves as the Chair of Luxfer's Board of Directors. He is a Non-Executive Director and considered independent under the NYSE listing standards. Luxfer believes that David Landless' service as the Chair is appropriate because he has extensive experience serving on the boards of public companies, as well as knowledge of Luxfer and the manufacturing and engineering industries in general. The responsibilities of the independent Board Chair include, among other things:

- Leading the Board, including the oversight and coordination of the Board's and its Committees' work;
- Serving as a liaison between the CEO, other members of senior management, the Non-Executive Directors, and the Committee Chairs;
- Presiding at all meetings of the Board, including executive sessions of the independent, Non-Executive Directors;
- Presiding at all meetings of the shareholders;
- Setting the Board's meeting agendas and ensuring there is sufficient time for discussion of all agenda items;
- Recommending to the Board agendas for shareholder meetings and providing guidance to the Board on positions the Board should take on issues to come before shareholder meetings;
- Participating in discussions with the Nominating and Governance Committee on matters related to Board and Committee organization, composition, membership terms, and meeting structure;
- Participating in discussions with the Nominating and Governance Committee and Remuneration Committee on matters related to the hiring, evaluation, and compensation of, and the succession planning for, the CEO, the Executive Officers, and Directors; and,
- Maintaining dialogue and canvassing opinions of the Non-Executive Directors in absence of the Executive Director.

Board and Committee Self-Assessments

Annual self-assessments and evaluation of Board performance helps ensure that the Board and its Committees function effectively and in the best interest of our shareholders. The Nominating and Governance Committee is Responsible for Directors and each Committee. The assessment process consists of a written evaluation comprising both quantitative scoring and narrative comments on a range of topics, including the composition and structure of the Board of Directors, the type and frequency of communications and the information provided to the Board and its Committees, the Board's effectiveness in carrying out its functions and responsibilities, the effectiveness of the Committee structure, Director's preparation and participation in the meetings, and the values and culture displayed by the Directors. With the assistance of the Company Secretary, the evaluation responses are compiled by the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee Chair leads a discussion of the assessment results at the following Board meeting. In addition to this annual self-assessment, verbal assessments are conducted in independent executive sessions at the end of every Board and Committee meeting.

Board Education, Information and Support

Board education is an ongoing, year-round process, which begins a Director joins our Board. Within one (1) year of joining our Board, new Directors are provided with an orientation to our Company, including our business, strategy and governance. On an ongoing basis, Directors receive educational presentations on a variety of topics related to their responsibilities as Directors and the industries in which Luxfer operates. These presentations are provided by our senior management team and/or external advisors. In 2020, topics for Board education included ESG matters, Luxfer values and culture, anti-corruption, anti-bribery, anti-trust, global insider dealing, changes in the small-cap equity investment landscape, and the impact of COVID-19 on valuation, corporate financing and diversity.

The Company Secretary and General Counsel as well as external counsel when appropriate and necessary, provide updates to the Board on legal and regulatory issues nature of which it and the individual Directors should be aware to refresh their skills and knowledge. There is a culture of information exchange on various matters of interest to the Group and its operations between Directors and senior managers to keep Directors abreast of relevant developments.

The Board receives both financial and operational information to assist it in carrying out its duties. The Chief Executive Officer and the Chief Financial Officer provide regular reports to the Board regarding relevant aspects of the business. These reports are further detailed at scheduled Board meetings as appropriate. Additional topics for review and discussion are added to these reports from time to time at the request of the Directors. In addition, specific items are scheduled into the Board agenda for report and review on a regular basis, such as health and safety and environmental matters and current topical issues. The Board evaluates this information and support procedures periodically to ensure that topics remain appropriate.

Board Meetings and Committees

The Board has three standing committees comprised solely of independent Directors: the Nominating and Governance Committee, the Remuneration Committee, and the Audit Committee. The Company Secretary distributes Board and Committee agendas and materials to the Board and Committees seven days before a scheduled meeting. The independent Directors generally meet in executive session without management present at each meeting.

8 MEETINGS OF THE BOARD OF DIRECTORS IN 2020

(1 physical meeting; 7 video teleconference meetings)

3 - Meetings of the Nominating and Governance Committee	4 - Meetings of the Remuneration Committee	7 - Meetings of the Audit Committee

The Board held eight (8) meetings in 2020, two of which were video teleconference meetings related to the COVID-19 pandemic. The first and only in-person meeting occurred in early March 2020, prior to the implementation of widespread lockdowns due to COVID-19. The remaining seven meetings occurred virtually via video teleconference. Directors are expected to attend all scheduled meetings of the Board of Directors, the meetings of the Committees on which they serve, and all shareholder meetings. In each regularly scheduled meeting, the independent Directors also met in executive session, without the Chief Executive Officer or other members of management present.

All Directors attended all eight general Board meetings in 2020. During the period in which they served, all members of each Board Committee were present at every Committee meeting held in 2020.

We expect our Directors to attend our Annual General Meetings. All the Directors who were appointed for the 2020 term attended the 2020 Annual General Meeting.

Prior to COVID, the Board normally held a majority of their physical meetings at the Group's operational plants, as part of their monitoring role and to ensure a better understanding of the Group's operations. At these meetings, the Board tours the plant and has an opportunity to meet local and divisional management on both a formal and informal basis and discuss the progress of their operations with them. In addition to meetings held at Luxfer's sites, the Non-Executive Directors may independently visit operational sites to enhance their knowledge of the individual businesses that make up the Group. The Executive Director has regular business reviews at operational sites throughout the year, and any appropriate information gathered on those visits will be reported to the Board. We hope to return to physical meetings as soon as reasonably practical as the situation with the COVID-19 pandemic allows.

Nominating and Governance Committee

Role: The Nominating and Governance Committee advises the Board on matters relating to Board governance, structure, and composition. Responsibilities of the Nominating and Governance Committee include, among other things, establishing criteria for Director candidates and identifying individuals for nomination to become Directors, including engaging advisors to assist in the search process where appropriate, and considering potential candidates recommended by shareholders; developing plans and making recommendations in relation to the organization, composition, membership terms, and meeting structure of the Board and its Committees; recommending a succession plan to the Board and review management's succession plan; administering the self-assessment of the Board and its Committees; overseeing Luxfer's corporate governance structure and practices; and overseeing and recommending to the Board of Directors changes to our Corporate Governance Guidelines, Committee Charters, and other governing instruments.

A full description of the Committee's roles is set forth in the Nominating and Governance Committee Charter, available at https://www.luxfer.com/ under the "Investors" tab.

Members: Clive Snowdon (Chair as of April 2020), Allisha Elliott (Chair through March 2020), and David Landless.

All members of the Nominating and Governance Committee have been determined to be independent under SEC and NYSE rules.

Remuneration Committee

Role: The Remuneration Committee sets and administers the policies that govern executive and senior management compensation. Responsibilities of the Remuneration Committee include, among other things, evaluating Executive Officer and senior management performance; establishing and administering executive compensation; reviewing and approving the Executive Compensation Discussion and Analysis including in our annual Proxy Statement; Recommending actions regarding the Chief Executive Officer's compensation for approval by the Non-Executive Directors of our Board; and approving the individual compensation actions for all Executive Officers other than the CEO. To assist the Remuneration Committee in its review of executive and director compensation programs, Meridian Compensation Partners LLC ("Meridian"), a human resource consulting firm, provides advice, data, and insight. Meridian was retained by the Remuneration Committee in 2020 and provides advice at times the Remuneration Committee deems appropriate. Any other work undertaken by Meridian for the Company must be approved by the Remuneration Committee. The Remuneration Committee has conducted an assessment of the independence of Meridian and has determined that Meridian does not have any conflict of interest. Aside from the data provided by Meridian, the Committee also considers other sources to evaluate external market, industry and peer company practices in its review of our compensation programs.

A full description of the Committee's roles is set forth in the Remuneration Committee Charter, available at https://www.luxfer.com/ under the "Investors" tab.

Members: Richard Hipple (Chair as of November 2018), Allisha Elliott (beginning March 2019 upon appointment to the Board), Lisa Trimberger (beginning September 2019 upon appointment to the Board).

All members of the Remuneration Committee have been determined to be independent under SEC and NYSE rules.

Report: The Director's Remuneration Report appears in the Remuneration Report on pages 37 to 53.

Audit Committee

Role: The Audit Committee advises the Board on financial matters and oversees the Company's accounting, financial reporting, and internal control policies and procedures. Responsibilities of the Audit Committee include, among other things, overseeing financial reporting, controls, and audit quality and performance; monitoring and overseeing the independence and performance of our Independent Auditors, with responsibility for the selection, evaluation, remuneration, and, if applicable, discharge of such Independent Auditors; approving, in advance, all of the audit and non-audit services provided to the Company by the Independent Auditors; facilitating open communication among our Board, senior management, internal audit, and the Independent Auditors; reviewing internal audit work, the system of internal controls and monitoring implementation of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and the progress of the update to the internal controls over financial reporting framework to reflect the 2013 COSO framework throughout the Group; overseeing our enterprise risk management and compliance programs; overseeing financial strategy, investment policies, and financial performance of invested assets; reviewing the Company's annual SEC filing, statutory report and consolidated financial statements and the quarterly financial releases made by the Company;

A further description of the Committee's roles is set forth in the Audit Committee Charter, available at https://www.luxfer.com/ under the "Investors" tab. The Audit Committee Charter were reviewed and approved by the Committee in 2020.

Members: Lisa Trimberger (Chair as of April 2020), Clive Snowdon (Chair through March 2020), and Richard Hipple.

All members of the Audit Committee have been determined to be independent under Section 303A.02 of NYSE Rules and Rules 10A-3 under the Exchange Act.

Financial Experts: The Board considers that each member of the Audit Committee have appropriate financial experience to enable them to contribute to the Audit Committee's work. The Board has determined that Lisa Trimberger, Clive Snowdon and Richard Hipple are all financially literate under NYSE Rules and qualify as "audit committee financial experts" under SEC standards.

Report: The Directors are responsible for preparing the financial statements to satisfy U.K. law. This responsibility is explained further in the Statement of Directors' Responsibilities on page 54 and the Independent Auditors' Report on pages 55 to 62.

Meetings: Prior to the commencement of the financial year, the Committee establishes a schedule of meetings to coincide with key events in the Company's financial reporting and audit cycle to ensure that it has sufficient time to fulfil its responsibilities. Agendas and appropriate documentation are provided to the Committee by the Company Secretary. The Chief Financial Officer and the Chief Executive Officer may attend Committee meetings as required. The Chair of the Audit Committee consults with external auditors as necessary in preparation for Committee meetings and may invite the external auditor to attend a meeting of the Audit Committee if required.

The Audit Committee has adopted and implemented a 'Policy on the Provision of Audit and Non-Audit Services by Auditors' (the "Pre-approval Policy") to comply with auditor independence requirements contained in Rule 2-01 of Regulation S-X under the Exchange Act. The policy requires the Audit Committee to pre-approve all matters upon which the Company's external auditors are requested to advise (audit and non-audit work), including fees, subject to certain pre-approvals made annually by the Audit Committee. A pre-approved sum to be spent on audit and tax matters is delegated to the Chief Financial Officer and there is a procedure for approval of urgent items by the Chair between meetings. The policy also affirmatively prescribes the Company's external auditors from advising on certain matters.

Conflicts of Interest

Luxfer's Code of Ethics and Business Conduct and Corporate Governance Guidelines address conflicts of interest. As provided in the Code of Ethics and Business Conduct, a "conflict of interest" occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of Luxfer. A conflict of interest can arise when an employee, Officer, or Director (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for Luxfer objectively and effectively. Conflicts of interest also arise when an employee, Officer, or Director (or a member of his or her family) receives improper personal benefits as a result of his or her position in Luxfer. The Company periodically, but no less frequently than annually, solicits information from Directors and Executive Officers in order to monitor potential conflicts of interest. Directors and Executive Officers are expected to always be mindful of their fiduciary obligations to the Company, and they must seek determinations and prior authorizations or approval of potential conflicts of interest exclusively from the Audit Committee.

In 2020, there were no conflicts of interest.

Related-Party Transactions

In addition to the standards set forth in our Corporate Governance Guidelines, Luxfer has established a Related-Party Transactions Policy. As defined in the Policy, a "Related Person" is any (i) person who is or was (since the beginning of the last fiscal year for which Luxfer has filed a Form 10-K and Proxy Statement, even if they do not presently serve in that role) an Executive Officer, Director, or nominee for election as a Director of Luxfer, (ii) person who is the beneficial owner of greater than 5% of Luxfer's outstanding ordinary shares, or (iii) Immediate Family Member of any of the foregoing. "Immediate Family Member" is defined as "any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any person (other than a tenant or employee) sharing the household of a person."

In accordance with the Related-Party Transactions Policy, the Audit Committee must review all "Interested Transactions." An "Interested Transaction" is any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships (including any indebtedness or guarantee of indebtedness), in which (i) the aggregate amount involved will or may be expected to exceed $120,000 in any fiscal year, (ii) Luxfer is a participant, and (iii) any Related Person has or will have a direct or indirect material interest (other than solely as a result of being a Director or trustee (or any similar position) or a less than 10% beneficial owner of another entity).

In considering whether to approve an Interested Transaction, the Audit Committee takes into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the arrangement.

In 2020, there were no related party transactions.

Security Ownership

Various Luxfer policies address security ownership, including the Insider Trading and Dealing Policy and the Stock Ownership Guidelines. Particularly, Luxfer's Insider Trading and Dealing Policy prohibits a number of transactions by “Covered Persons.” “Covered Persons” include Directors, Executive Officers, and various Luxfer employees and consultants in corporate, finance, IT, and investor relations roles. Specifically, the Policy prohibits the following in relation to Company securities: short-term trading, short sales, options trading, trading on margin, and hedging. All Covered Persons – including family members of Covered Persons, members of a Covered Person's household, and entities controlled by Covered Persons – are expected to comply with the Insider Trading and Dealing Policy, as well as applicable securities laws and regulations.

Further, Luxfer has established Stock Ownership Guidelines, which apply to all Non-Executive Directors, Named Executive Officers, and any other key employees that the Remuneration Committee may identify from time to time in consultation with management. The Company’s Articles of Association does not currently require Directors to hold a minimum number of shares in the Company in order to qualify for appointment to the Board of Directors; however, the Stock Ownership Guidelines provide the Company's expectations as to best practice. The Stock Ownership Guidelines provide expectations as to the minimum amount of shares such persons should own in the Company. These minimum amounts are based on the total value of the shares owned by a person being equal to a certain multiple of such person’s annual base salary or retainer fee. Additionally, the Stock Ownership Guidelines include share retention ratios to assist in a person's continuous progress toward his or her respective ownership guideline. Named Executive Officers and Directors are expected to achieve the minimum ownership guidelines within five years of the effective date of the Stock Ownership Guidelines or his or her appointment or election, whichever occurs later.

Anti-Bribery and Anti-Corruption

The Code of Ethics and Business Conduct requires compliance with all applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and local laws where Luxfer conducts business. This requirement applies to Luxfer’s Directors, Executive Officers, employees and those with whom Luxfer conducts its business. Luxfer has an established Anti-Corruption Policy, which sets for the Company’s policies, principles, and procedures in relation to situations presenting corruption or bribery issues. Annual training is required for all members of our Board of Directors, senior management, and any non-production employees, and more thorough trainings are provided to employees in high-risk roles, including those in audit, sales, finance, marketing, legal, and export and import. Luxfer’s General Counsel provides quarterly updates on all activities to the Audit Committee and Board as a whole.

Whistleblowing

We highly encourage reporting of any wrongdoing regarding corporate governance, financial reporting, human rights, or any concerns about business conduct brought forth in good faith. Luxfer operates an independent, anonymous whistleblowing hotline that is available 24/7 to our employees or anyone working in our supply chain. Luxfer’s longstanding Whistleblowing Policy describes the procedures in place to ensure our due diligence in thoroughly investigating and remedying any reports through this avenue. The policy provides strong protections against retaliation for whistleblowers and anyone who cooperates in a Company investigation. The Audit Committee oversees the operation of the Whistleblowing Policy and receives a report from the Company Secretary at each meeting of the Audit Committee.

Relations With Shareholders

Shareholder and public engagement are essential to maintaining our strong corporate governance practices and long-term success. We value the opinions of our shareholders and welcome their views throughout the year on key issues. In 2020, we worked hard to bridge the gap in geography between us and our shareholders in 2020 due to travel restrictions in place as a result of the COVID-19 pandemic. We maintained an active engagement and outreach program, speaking with shareholders via telephone calls and virtual videoconference meetings throughout the year. We had more than 100 calls and meetings with shareholders throughout 2020 during investor conferences, non-deal roadshows, and scheduled post-earnings follow up calls. In an effort to continuously review our shareholder communication and outreach, we review key feedback received during these meetings with our Board of Directors. The Directors carefully consider and evaluate this information and modify the Company’s approach to advance our shareholder engagement efforts.

Executive Leadership Team

The members of the Executive Leadership Team of Luxfer are responsible for the day-to-day management of the Company. The Executive Leadership Team meets at least once a month. It is chaired by the Chief Executive Officer and consists of the Chief Financial Officer and senior management at group and segment levels. The Executive Leadership Team acts in an advisory capacity to the Chief Executive Officer and provides a forum where matters of interest or concern to the Group can be reviewed and discussed, strategy debated, policies developed and agreed, best practice discussed, and appropriate measures implemented. It also provides an opportunity for senior management to receive updates on progress in other areas of the Group outside their remit.

The following table lists the names and positions of the current members of the Executive Leadership Team as well as those who served during the year.

Name	Age	Position
Alok Maskara	50	Executive Director and Chief Executive Officer
Heather C. Harding	52	Chief Financial Officer
Andrew W. J. Butcher	52	President of Luxfer Gas Cylinders
Graham D. Wardlow	53	Managing Director of Luxfer MEL Technologies
James G. Gardella	64	President of Luxfer Magtech
Mark A. Chivers	51	Managing Director of Luxfer Superform
Peter N. Gibbons	50	Vice President and General Manager of Luxfer Graphic Arts
Jeff C. Moorefield	57	Vice President of Operations
Megan E. Glise	28	General Counsel and Company Secretary

Biographies of the members of the Executive Leadership Team are set forth below:

Alok Maskara,
Chief Executive Officer

Please refer to the main Board biographies on pages 23 to 25.

Heather C. Harding
Chief Financial Officer
Heather Harding was named Chief Financial Officer of Luxfer Holdings PLC in January 2018. From 2012 to 2017, Ms. Harding was Vice President of Finance for Eaton Lighting, a business unit of Eaton Corporation, a power management company. Prior to that, she was Vice President of Finance for various operating units within Cooper Industries and Emerson Electric. Ms. Harding is a Certified Public Accountant and received a Bachelor of Science degree in Accounting from Southern Illinois University at Carbondale.

Andrew W. J. Butcher
President of Luxfer Gas Cylinders
Andrew Butcher has served as President of our global Luxfer Gas Cylinders business since April 2014, having been the President of Luxfer Gas Cylinders North America from 2009 to 2014. Mr. Butcher joined Luxfer in Nottingham, United Kingdom, in 1991. He held positions of increasing responsibility throughout his career at Luxfer, including leading the development of our composite business beginning in 2002, first as General Manager and then as Executive Vice President. Mr. Butcher holds an M.A. degree in Engineering from Cambridge University and an M.B.A. from Keele University.

Graham D. Wardlow
Managing Director of Luxfer MEL Technologies
Graham Wardlow was appointed Managing Director of Luxfer MEL Technologies in October 2017, following the merger of our MEL Chemicals and Magnesium Elektron Alloys businesses. Mr. Wardlow joined Magnesium Elektron in 1984 and undertook several technical and commercial roles before becoming Managing Director of the Alloys business in 2008 and Divisional Managing Director of MEL Chemicals in May 2017. Mr. Wardlow holds a degree in Materials Engineering from Imperial College, University of London, as well as an M.B.A. from Keele University.

James G. Gardella
President of Luxfer Magtech
James Gardella was appointed President of Luxfer Magtech in July 2017. Prior to serving in his current position, he was appointed President of the Company's Magnesium Elektron Powders business in 2007, which he joined in 1990 as Financial Controller. Mr. Gardella holds a Bachelor of Science degree in Accounting from Villanova University and an M.B.A. in Finance. He is also a Certified Public Accountant.

Mark A. Chivers
Managing Director of Luxfer Superform
Mark Chivers was appointed Vice President and General Manager of Luxfer Superform in April 2018. Mr. Chivers joined Luxfer in 2009 as Operations Director of Superform U.K., before moving to California in 2014 to become General Manager of the Riverside facility. Before joining Luxfer, Mr. Chivers held Production and Operations Management and Vice President roles in the castings and tool making industry, particularly servicing the automotive sector. Mr. Chivers holds a Bachelor of Arts degree in Business Studies from Wolverhampton University.

Peter N. Gibbons
Vice President and General Manager of Luxfer Graphic Arts
Peter Gibbons was appointed Vice President and General Manager of Luxfer Graphic Arts in July 2019. He joined Luxfer in 2004 as European Financial Controller at Magnesium Elektron, before moving to the corporate office to take up the Group Financial Controller role. He returned to Magnesium Elektron in 2014 as Divisional Finance Director. Mr. Gibbons was appointed Director of Sourcing and IT and became a member of the Executive Leadership Team in July 2017.

Jeff C. Moorefield
Vice President of Operations
Jeff Moorefield was appointed to the Executive Leadership Team as Vice President of Operations of Luxfer in March 2019. Before joining Luxfer, Mr. Moorefield served as Senior Vice President of Global Operations at Tennant Company. Prior to that, he served as Global Vice President of Operations for various operating units within Pentair. Mr. Moorefield attended Western Kentucky University where he received a Bachelor of Science degree in Industrial Technology.

Megan E. Glise
General Counsel and Company Secretary
Megan Glise joined Luxfer as U.S. Legal Counsel in July 2018 and was appointed Associate General Counsel in February 2019. In January 2020, Ms. Glise became a member of the Executive Leadership Team and an Executive Officer of the Company. She was appointed General Counsel and Company Secretary in September 2020. Before joining Luxfer, she was an Associate Attorney at a Wisconsin-based law firm, where she focused her practice on corporate and transactional law. Ms. Glise received her Juris Doctor from Marquette University Law School and holds a Bachelor of Arts degree in English and Criminology and Law Studies from Marquette University.

Directors' Report

The Directors of Luxfer Holdings PLC (the "Company") present their annual report together with the audited financial statements of the Group and the Company for the year ended December 31, 2020. This Directors' Report should be read together with, and incorporates, the Corporate Governance section on pages 23 to 33.

Results

The profit for the year, after taxation from continuing operations, amounted to $17.8 million (2019: $6.0 million); please see the Strategic report on pages 3 to 21 for more detail.

Dividends per Share

Quarterly interim dividends of $0.125 each £0.50 ordinary share, each quarter totaling $13.6 million, were paid in 2020 (2019: $13.6 million).

A further interim dividend was paid in February 2021 and a further dividend declared in April to be paid in May 2021 of $0.125 each £0.50 ordinary share totaling $3.4 million.

Directors

The names of the people who were Directors during the year, and up to the date of this report, and their brief biographical details are set out in the Governance section on pages 23 to 25.

Capital Structure

On 11 December, 2017, the Company terminated its ADS facility and converted all outstanding ADSs into ordinary shares. The conversion is a one-for-one exchange with one ADS converted into one ordinary share. During 2018, the company issued an additional 1,863,201 shares and also canceled 7,578,369,556 deferred shares.

As at December 31, 2020, the Company's issued share capital comprised of 29,000,000 ordinary shares of £0.50 each and 761,835,338,444 deferred shares of £0.0001 each as set out in Note 20 to the financial statements.

Substantial shareholdings

The Company had been notified of the following interests amounting to 3% or more of its issued share capital as at the end of the financial year:

Shareholder	Number of shares	Percent[1]
FMR LLC	3,662,932	13.3%
Wellington Management Group, LLP	3,493,147	12.7%
Nantahala Capital Management, LLC	2,344,245	8.5%
Paradice Investment Management, LLC	2,321,954	8.4%
William Blair Investment Management LLC	1,700,597	6.2%
Kempen Capital Management N.V	1,623,923	5.8%
BlackRock Institutional Trust Company, N.A.	1,527,384	5.6%
American Century Investment Management, Inc.	1,257,414	4.6%
Granahan Investment Management, Inc	1,216,091	4.4%
DePrince, Race & Zollo, Inc.	989,541	3.6%

[1] Percentage based on number of shares listed on the New York Stock Exchange.

Directors' Interests and Related Party Transactions

No Director had a material interest in, nor was any Director party to, any contract or arrangement to which the Company or any subsidiary is or was party to either during the year or at the end of the year, with the following exceptions: in the case of the Executive Director, his individual service contract and in the case of the Non-Executive Directors, their engagement letters, see Note 34 of the financial statements.

The interests of the Directors who held office at 31 December, 2020, and those of their families, in the share capital of the Company, including share options are set out in the Remuneration Report on pages 37 to 53. All of the interests were beneficial. There has been no change in the interests of the directors between the balance sheet date and the date of approval of the financial statements.

Going Concern

After making the necessary inquiries, the Directors have a reasonable expectation that the Company has adequate resources and borrowing facilities to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements, see Note 1 for more detail.

Research and Development

During the year, the Company invested $3.3 million (2019: $5.7 million) in research and development on new and improved products and processes. Once a project is reasonably certain to deliver a commercial product, certain of the development costs are capitalised. The Company continues to maintain links in fields of research with both leading universities in various countries and outside agencies to support and supplement its own in-house expertise. The Company also continues to gain significant tax benefit from the U.K. Patent Box regime.

Future Developments

An indication of the future developments of the business of the Company can be found in the Strategic Report on page 8.

Disabled Employees

Where an employee has developed a disability whilst employed in his or her business that impacts on his or her ability to carry out a certain job effectively, the relevant business unit will make arrangements where possible to retrain that employee and continue his or her employment. Applicants for job vacancies who are disabled are given full and fair consideration, bearing in mind requirements of the particular job and the particular aptitude and abilities of the candidate.

Employee Involvement

Many employees are directly involved in the performance of the Group and segments through the use of various incentive schemes. These include bonus schemes and various share-related schemes, details of which can be found in the Environment, Social and Governance ("ESG") section of the Strategic Report on pages 13 to 15.

A combination of newsletters, regular line manager and team briefings, exchanges and consultations, at both Group and site level (as appropriate) are used to systematically communicate with employees and develop their awareness of matters that concern them, their business unit, segment, and the Group. As required, employees are consulted on matters that concern them in an appropriate manner and through appropriate channels.

The Group continues to offer training and development opportunities to employees at all levels and to all abilities, providing benefit to both the Group and the individual employee. Further details can be found in the ESG section of the Strategic Report on pages 13 to 15. We undertake a succession planning review periodically to ensure that we develop suitable candidates for critical leadership roles within the Group.

For senior management, we hold an annual management conference at the beginning of each year where strategy for each business segment and at the Group level is presented and discussed for the year. Workshops on subjects that will promote Group strategy will be held throughout the year. Meetings of employees who have the same or similar functions within the Group also meet periodically for training, to exchange best practices and convey Group policy.

Our Equal Opportunity, Non-Discrimnation and Anti-Harassment Policy sets forth our employment practices throughout the Group in the treatment of applicants and Luxfer employees at all stages of employment.

Political Donations

The Company and its subsidiaries made no political donations in either 2020 or 2019.

Directors' Liabilities

The Company maintains liability insurance for Directors and Officers which provides appropriate coverage for any legal action brought against Directors. Throughout the year and at the date of approval of the financial statements, the Articles provides indemnification for the Directors against liability incurred in the proper conduct of the Company's business subject to the conditions set out in the Companies Act 2006.

Greenhouse Gas Emissions

A statement regarding the greenhouse gas emissions resulting from the Company's operations can be found on pages 11 to 12 of the Strategic Report.

Treasury and the Use of Financial Derivatives

Details of our financing and treasury policies, along with the management of treasury risks and use of financial derivatives can be found in Notes 29 and 30 to the consolidated financial statements.

Directors' Statement as to Disclosure of Information to the Auditors

The Directors, who served as members of the Board at the time of approving this Directors' Report are listed on page 23. Having made inquiries of fellow Directors and of the Company's auditors, each of those Directors confirms that:

- To the best of their knowledge and belief there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- All reasonably expected steps were taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of Directors' Responsibilities in respect of the Financial Statements

The Statement of Directors' Responsibilities in respect of the Financial Statements can be found on page 54 and forms part of this Report.

Independent Auditors

A written Resolution will be put to the Annual General Meeting of the Company to re-appoint PricewaterhouseCoopers LLP as the Company's Independent Auditors.

The financial statements on pages 66 to 134 were approved by the Board of Directors on April 29, 2021 and signed on their behalf by:

Alok Maskara

CHIEF EXECUTIVE OFFICER

April 29, 2021

DIRECTORS' REMUNERATION REPORT

Chair's Letter

Dear Shareholder,

As Chair of the Remuneration Committee, I present my Report for the year 2020 to the shareholders pursuant to the relevant U.K. regulations regarding the reporting and voting for the remuneration for Directors of quoted U.K companies.

Our Remuneration Policy (“the Policy”) was last approved by our shareholders at the 2018 AGM for a three-year period. It will be resubmitted to the Remuneration Committee (“the Committee”) for approval at the 2021 AGM. The key changes to the policy are highlighted below in *Decisions Affecting 2021*.

The Company’s Remuneration Policy can be found in a standalone document in the Governance section of the Company’s website **www.luxfer.com/governance/**.

The Annual Remuneration Report starting on page 39 sets out how the Directors were remunerated in 2020 in accordance with the Policy. As the Committee generally reviews Director pay and incentives at the beginning of the financial year, the second half of the report also contains details of the decisions made on the remuneration of our Directors for 2021. The Annual Remuneration Report will be proposed for an advisory vote at the Company’s 2020 AGM as required by the relevant U.K. regulations.

Major Decisions on Remuneration during the Year

Decisions made affecting 2020 remuneration

Overall, 2020 was a very challenging year for the Company due to the severe adverse impact of the coronavirus pandemic (COVID-19) on the global macro environment. We experienced a 13% decrease in net sales from continuing operations which contributed to a 25% decrease in management EBITA, despite the positive impact of cost saving programs, which were accelerated as a result of COVID-19.

The main targets of the annual bonus for 2020 related to two financial performance goals, management EBITA and cash conversion. For the Chief Executive Officer, Alok Maskara, the bonus plan also contained a number of non-financial objectives relating to the achievement of certain balanced scorecard objectives. Both financial performance goals and the non-financial objectives pay-out on a sliding scale basis at predetermined criteria, based on the achievement of threshold, target or stretch levels. Due to the challenging economic climate, the total annual bonus awarded to Alok Maskara was 50.0% of his base salary, out of a maximum potential of 200%, albeit this was capped at the 50% level by the Remuneration Committee as a result of the financial impact of COVID-19. The achievement of the management EBITA metric fell in the range of between the threshold and target levels, whereas the cash conversion metric achieved the maximum level. The achievement of non-financial objectives did not increase the payout level due to the imposition of the 50% cap. Further details of the bonus arrangements and the bonus paid can be found in the *Single Figure, Executive Directors’ Remuneration section of the Remuneration Report* on page 40.

For 2020, 60% of the total target share award to Alok Maskara was in the form of performance-based share awards and 40% was in the form of time-based restricted stock units. With regards to the performance-based elements of his share awards, the Committee believe the targets set were challenging, motivated the Executive, and align the interests of the Executive with those of shareholders. Stretch targets required exceptional performance to be achieved. These performance-based awards for the year were based upon adjusted diluted EPS (earnings per share) targets and relative total shareholder return. The total shareholder return performance measurement period runs until the year ending December 31, 2022, but in 2020 the Company’s relative total return to shareholders was in the third quartile of its peer group. The EPS share award opportunity for the year ended December 31, 2020 was missed.

As previously reported, the EPS share award targets set for 2019 were missed and therefore no awards were made in 2020 accordingly. Furthermore, although the relative total shareholder return metric for the 2019 share award opportunity is subject to remeasurement up to the year ending December 31, 2021, at present the position as at December 31, 2019 showed the Company in the bottom quartile when compared to its peer group. Further details are set out in the *Single Figure, Executive Director’s Remuneration and the Awards Granted During the Year sections of the Remuneration Report, and the associated Notes.*

However, the relative total shareholder return metric for the 2018 share award opportunity showed the Company in the second quartile when compared to its peer group. This led to a payout at 100% and is included within the *Single figure, Executive Director's Remuneration and the Awards Granted During the Year sections of the Remuneration Report, and the associated Notes.*

Decisions affecting 2021

The Committee reviewed the Chief Executive Officer's salary at its March 2021 meeting in accordance with the Policy. In light of the challenging year and despite the excellent work Alok Maskara and his team continue to do in driving simplification across the business against a background of COVID-19, it was agreed to freeze his salary and benefits for the year ending December 31, 2021. In addition, no changes are proposed to the maximum bonus and share award opportunities available under his variable remuneration arrangements. For 2021, the maximum annual bonus opportunity relating to the achievement of certain financial metrics will remain at 160% of base salary, with the metrics being consistent with the previous year. The annual bonus opportunity relating to the achievement of certain non-financial objectives will continue, capped at a maximum of 40% of base salary. Subject to approval of the Remuneration Policy at the 2021 AGM, the maximum share incentive award available to the Chief Executive Officer for achievement of certain financial targets under the Company's Long-Term Incentive Plan ("LTIP") is increased from 220% to 300% of base salary. The revised Remuneration Policy includes new clawback provisions applicable to all employees including the Chief Executive Officer, which would apply should a material misstatement of previously released financial results be identified.

A summary of the Chief Executive Officer's salary and incentive arrangements for the financial year 2021 can be found under the section headed *Implementation of the Remuneration Policy for the Year Ending 31 December 2021* on pages 48 to 49 of the Remuneration Report.

The Committee has also reviewed the compensation of its Non-Executive Directors. In light of the financial impact of COVID-19, it is proposed to also freeze the base fees for Non-Executive Directors and the Non-Executive Chair for 2021. It is proposed however to increase the value of share awards available to the Non-Executive Directors from 55% to 100% of annual base fee, at the date of award.

The Committee looks forward to gaining your support for the Annual Remuneration Report at the 2021 AGM.

R J Hipple

CHAIR OF THE REMUNERATION COMMITTEE
April 29, 2021

Remuneration Report

2020 Remuneration Report
(subject to advisory vote by the shareholders at the 2021 AGM)
This report has been compiled in accordance with the U.K. '*The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013'*. As required by the Regulations, the report will be proposed for an advisory vote at the 2021 AGM. **The approved Remuneration Policy can be found on the Company's website at www.luxfer.com/governance/.**

The Remuneration Committee, its Activities and Responsibilities

The members of the Committee during the year are set out below.

Members of Committee during 2020		Meetings held during membership	Meetings attended
Richard Hipple	Member and Chair	4	4[i]
Allisha Elliott	Member	4	4[i]
Lisa Trimberger	Member	4	4[i]

[i] *Three of the Committee meetings were held via videoconference due to COVID-19.*

The Company Secretary acts as secretary to the Committee. The Chief Executive Officer normally attends all the meetings, at least in part.

The Committee is responsible for determining and agreeing with the Board the framework on executive remuneration and its costs. **The Committee's written Terms of Reference can be accessed in the Governance section of the Company's website www.luxfer.com/governance/.**

During 2020, the Committee discussed the following matters:

March 2020	• Consideration as to whether, and to what extent, the Executive Directors' bonus targets for 2019 had been met; • Determination of the Executive Director's annual bonus targets for 2020; • Annual review of the Executive Director's and Company Secretary salaries; • Setting of goals to be met by the Executive Directors and Senior Managers which if met would lead to the awarding of time-based share awards; • Delegation of authority to Chief Executive Officer to make awards under the LTIP over a defined number of shares to junior and middle management in his sole discretion; and • Review of of Executive and Non-Executive officer stock ownership guidelines..
June 2020	• Review of benchmarking peer companies; and • Review of the impact of COVID-19 on executive compensation.
August 2020	• Review of Executive Director and Non-Executive Director compensation benchmarking study.
December 2020	• Annual review of the Committee's Terms of Reference; and • Review of proposed 2021 Executive and Non-Executive Officer compensation.

Advisors to the Committee
The Committee has access to independent advice when it considers it requires such advice.
The Company engaged with Meridian Compensation Partners, LLC ("Meridian") to provide advisory and benchmarking surveys with regards to Director and Executive Officer remuneration and benchmarking peer companies. The cost of advice provided by Meridian during 2020 was $12,216 (2019: $17,969).

REMUNERATION RECEIVED BY THE DIRECTOR FOR THE YEAR ENDED DECEMBER 31, 2020
(Information with pages 40 to 48 have been audited. Information on pages 48 to 55 not subject to audit unless stated otherwise.)

Single Figure

The tables below set out an analysis of the Director's total remuneration for 2020. Total remuneration reflects both the performance of the Company and the contribution made by the Director to the continued success of the Company during their period of tenure.

Executive Director's Remuneration

Single Total Figure Table

U.S.$	Year	Salary(1)	Taxable Benefits(2)	Annual Bonus(3)	Long-Term Incentive Awards(4)	Other Share Awards(5)	Pensions Contributions(6)	Total
Alok Maskara	**2020**	**657,000**	**60,197**	**337,500**	**831,890**	**11,613**	**165,480**	**2,063,680**
	2019	675,000	57,513	405,711	485,300	42,127	168,750	1,834,401

U.S.$	Year	Fixed pay	Variable pay	Total
Alok Maskara	**2020**	**882,677**	**1,181,003**	**2,063,680**
	2019	901,263	933,138	1,834,401

Table compiled in accordance with the U.K. 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', as amended by 'The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013'.

(1)**Salary**. Single Total Figure remuneration reflects the period from January 1, 2020 to December 31, 2020.

(2)**Taxable Benefits.** During the year an amount was paid to the director in respect of expenses relating to car allowance, and medical and dental insurance. All payments made to Alok Maskara in respect of these allowances were determined and paid in U.S. dollars.

(3)**Annual Bonus.** For the 2020 financial year, the annual bonus plan was based on the achievement of two financial performance goals, management EBITA (adjusted earnings before interest, taxation and amortisation) performance and the ratio of management EBITA to adjusted operating cash flow "Cash Conversion" (two of the key strategic performance indicators used by the Company to assess its development against its financial objectives during the year), measured against the annual budget and an element was based on the achievement of certain predetermined balanced scorecard objectives. Given the impact of COVID-19 in 2020, the Committee set the EBITA Threshold lower than in previous years and capped the total payout factor at 50%. For the financial performance goals, both are measured on a sliding scale that commences only once threshold has been achieved and rises through the target performance up to a stretch target. The financial performance award elements of the annual bonus opportunity were split evenly between the above two financial metrics. The achievement of balanced scorecard objectives in 2020 did not increase the total bonus paid due to the payout cap set at 50%.

Summary of the annual bonus potential as a percentage of base salary for the Executive Director for 2020:

		Sliding scale between threshold, target and stretch		
	Maximum Annual bonus (number of points available and % of salary)[(1)]	Management EBITA[(2)]	Cash Conversion[(3)]	Bonus outcome 2020
Alok Maskara	200%	0.0% - 100.0%	0.0% - 100.0%	50%

[(1)]In 2020, Luxfer achieved levels of EBITA and cash conversion that resulted in a bonus opportunity of 54.5% out of 200% being assessed for Alok Maskara. However due to the financial impact of COVID-19, the payout was capped at 50%.

[(2)]Management EBITA (earnings before interest, taxation and amortisation) is defined as operating income (as reported under U.S. GAAP) adjusted for equity income /(loss) of unconsolidated affiliates, qualifying restructuring charges, impairment charges, acquisition-related charges / credits, amortisation of finance costs, the unwind of deferred consideration, amortisation of acquired intangibles and share based compensation charges.

[(3)]Cash conversion is defined as the ratio of management EBITA to adjusted operating cash flow. Adjusted operating cash flow is reconciled from management EBITA by adding back depreciation, loss / (gain) on disposal of property, plant and equipment, changes in assets and liabilities, net of effects of business acquisitions, non-restructuring capital expenditures, equity income of unconsolidated affiliates and U.K. pension deficit funding contributions.

In 2020, the Company generated a management EBITA of $40.6 million being in the range of between agreed threshold and target levels and a cash conversion ratio of approximately 219%, which is at the top of the range.

The Board has considered whether to include in this report the targets which applied to the bonus arrangements for the Executive Director in 2020 but has determined that these amounts are commercially sensitive.

[(4)]The Long-Term Incentive Awards. *The 2020 Single Figure:*

In 2020, 40% of the total target award communicated by the Remuneration Committee was in the form of time-based restricted stock units granted on March 13, 2020. The value of these awards was $374,748 based on the closing share price on the day of grant of $12.22 per share and deducting the nominal cost value of $1.00 each share. The awards will vest in one-quarter increments on each of the first four annual anniversaries following grant.

In addition, the Remuneration Committee performance targets for the year were based upon EPS targets and total shareholder return, as described in *Executive Director Awards Under the LTIP* on page 44. The total shareholder return performance measurement period remains open until the year ending December 31, 2022. The EPS share award opportunity for the year ended December 31, 2020 was missed.

The LTIP share award disclosure in the Proxy Statement filed with the SEC (Form DEF 14A) for Alok Maskara as part of his executive compensation for the year ended December 31, 2020 differs to the amount included in the *Single Total Figure Table,* as it is based upon the achievement of targeted Company performance for all performance-based awards communicated in the year. The value of the awards included in the Proxy Statement is in accordance with U.S. GAAP.

In 2019, the Remuneration Committee targets were based upon certain EPS and TSR targets, consistent with the methodology applied for the year ended December 31, 2020. The total shareholder return performance measurement period remains open until the year ending December 31, 2021. The EPS target was missed in 2019 resulting in no time-based awards being granted in 2020.

In 2018, the TSR targets set by the Remuneration Committee closed at December 31, 2020. The share award opportunity showed the Company in the second quartile when compared to its peer group. This led to an award of 23,760 share awards made to the Executive Director and vested immediately on March 26, 2021. The value of these awards was $457,142 based on the closing share price on the day of grant of $20.24 and deducting the nominal cost of £0.50 translated into U.S. dollars at the same date.

(5)**Other Share Awards.** In May 2017 Alok Maskara was granted share options in respect of his appointment to the role of Chief Executive Officer. These time-based awards and performance-based awards were outside the terms of reference of the LTIP but granted in accordance with the provisions of the Remuneration Policy. The number, and details of the terms, of the grants are set out in the table in *Outstanding Share Awards During 2020* and the accompanying notes, on pages 46 to 47.

As shown in the *Outstanding Share Awards During 2020* table on page 46, a total of 15,000 share awards made to the Executive Director on his appointment vested and were released during the year. The value of these awards was included in the Other Share Awards remuneration figure of the Single Total Figure table for 2017. These awards carry with them the right to receive accumulated dividends during the period of the award, in shares. The dividends are not credited until the award vests. The value of the dividends vested and paid in shares was $11,613 resulting from the vesting of 877 dividend shares. The dividend shares were valued at the closing share price on the NYSE on the date of vesting, less the issue price of £0.50 translated into U.S. dollars at the date of vesting.

For the year ended December 31, 2019, a total of 30,000 share awards made to the Executive Director on his appointment vested and were released during the year. The value of these awards was included in the Other Share Awards remuneration figure of the Single Total Figure table for 2017. These awards carry with them the right to receive accumulated dividends during the period of the award, in shares. The dividends are not credited until the award vests. The value of the dividends vested and paid in shares was $42,127 resulting from the vesting of 1,824 dividend shares. The dividend shares were valued at the closing share price on the NYSE on the date of vesting, less the issue price of £0.50 translated into U.S. dollars at the date of vesting.

(6)For details of pension arrangements see page 48.

Payments to Past Directors

There were no payments made to past Directors during the year.

Payments for Loss of Office

There were no payments made to Directors for loss of office during the year.

Non-Executive Directors' Remuneration

None of the Non-Executive Directors (including the Chair) received taxable benefits, annual bonus, long-term incentive awards (exceeding one year) or pension-related benefits during the year.

Single Total Figure Table

U.S.$(1)	Year	Base Fee(1)	Other Fees (Fees in the form of share awards)(2)	Total
David Landless	**2020**	**115,000**	**60,462**	**175,462**
	2019	103,194	55,770	**158,964**
Clive Snowdon	**2020**	**82,000**	**43,152**	**125,152**
	2019	82,000	44,587	**126,587**
Richard Hipple	**2020**	**82,000**	**108,563**	**190,563**
	2019	82,000	—	**82,000**
Allisha Elliott	**2020**	**82,000**	**96,158**	**178,158**
	2019	67,492	—	**67,492**
Lisa Trimberger	**2020**	**82,000**	**75,063**	**157,063**
	2019	27,333	—	**27,333**

Table compiled in accordance with the U.K. 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', as amended by 'The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013'.

(1) Allisha Elliott was appointed to the Board as a Non-Executive Director from March 5, 2019. Her base fee in 2019 reflects the period of service from this date to December 31, 2019.

Lisa Trimberger was appointed to the Board as a Non-Executive Director from September 1, 2019. Her base fee in 2019 reflects the period of service from this date to December 31, 2019.

The Non-Executive Directors' fees of Clive Snowdon, Richard Hipple, Lisa Trimberger and Allisha Elliott are all determined in U.S. dollars.

The Non-Executive Director's fee of David Landless although determined in U.S. dollars, is paid in GBP sterling translated at the closing month-end exchange rate of each month prior to payment. Actual payments received by David Landless aggregated to £90,104 (2019: £81,267). The base fee for 2019 includes the supplementary fee for being Chair from May 15, 2019.

(2) *2020 Single figure:*

The value of the Other Fees in the Single Figure table is calculated as follows:

- An element of the fees received by the Chair and the other Non-Executive Directors are delivered as time-based restricted stock units ("RSUs"). The award value is a percentage of their Base Fee as provided in the Director Equity Incentive Plan ("EIP") less the issue price per share of $1.00. The value of the award is capped at to up to 55% of base fees at the date of the award. Awards were made immediately after the 2020 AGM and vest immediately before the 2021 AGM. The number of RSUs was calculated using the closing share price on the NYSE ($14.79) the day before the award was made. The number of awards received by each Non-Executive Director is set out in *Awards Granted During the Year - Non-Executive Directors Under the Director Equity Incentive Plan (EIP)* on page 45.

- The RSU awards carry with them the right to receive accumulated dividends during the period of the award, in shares. The Other Fees amount includes the value of the dividends awarded in 2020 and vested immediately before the 2020 AGM or will vest immediately before the 2021 AGM. The value of the awards themselves were included in the Single Figure for 2020 as they were time-based awards (see below). The dividend shares were valued at the closing share price on the NYSE on the date of the dividends being awarded, being $16.91, $12.78, $13.60 and $12.16 respectively, less the issue price of $1.00. The number of dividend shares allocated, and their value were:

Non-Executive Director	Dividend shares allocated	Value of dividend less nominal cost of share $
David Landless	121	1,496
Clive Snowdon	89	1,106
Richard Hipple	151	1,787
Allisha Elliott	134	1,586
Lisa Trimberger	104	1,231

LUXFER SHARE INCENTIVE PROGRAMS

Luxfer has a number of share incentive plans designed to align the interests of its Directors, managers and employees with the interests of its shareholders. These plans help us remain competitive and act as retention tools.

The plan under which awards are granted to the Executive Directors on an ongoing basis is the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan ("LTIP"). Awards, which are considered part of their fees, are made to the Non-Executive Directors under the Non-Executive Directors Equity Incentive Plan ("EIP"). The U.K. Executive Directors also participate in the Company's All Employee Share Plan ("SIP") open to all U.K. employees. In the U.S. the Company has established an Employee Share Purchase Plan ("ESPP") which is open to all U.S. employees and U.S. based Executive Directors.

LTIP: The LTIP was adopted for the I.P.O. in 2012. It is used to grant awards not only to the Executive Directors but also senior and junior managers in the Luxfer Group. A variety of different awards can be granted under the LTIP. To date, it has been used to grant time-based nominal cost options to U.K. employees including the Executive Directors, performance-based nominal cost options and market value options to the Executive Directors and other senior U.K. employees and time-based and performance restricted stock units to U.S. managers and managers from other countries in which the Luxfer Group operate. The maximum value of awards under the rules of the LTIP that can be granted to the Chief Executive Officer and Other Executive Directors are defined in the Remuneration Policy.

I.P.O. Options: As part of the I.P.O. in October 2012, stand-alone option grants were made over shares to the Executive Directors, Non-Executive Directors and certain other key executives seen as critical to the Company's future success on completion of the I.P.O. All these options had fully vested and were exercisable up to October 2019, being seven years from the date of grant. No dividend shares were allocated on these awards, either before or after vesting, whilst unexercised. The exercise price is the I.P.O. price of $10 per share. The IPO Options expired in October 2019 and are no longer available for exercising.

EIP: Annual awards are made under the EIP to Non-Executive Directors as part of their fees. The value of the award is up to 55% of the base fee of a Non-Executive Director. These awards are made the day after the AGM of the Company in each year and vest the day before the following AGM. Annual awards are usually made as restricted stock units. They are paid out immediately on vesting, together with dividends which have been accumulated during the vesting period. New Non-Executive Directors cannot participate in the annual awards until they have served six months, however, the awards they would have earned from the date of appointment are added to the next annual award provided they are re-elected at the AGM.

Copies of the LTIP, I.P.O. Options and EIP plans mentioned above are filed on the Company's file at the SEC.

AWARDS GRANTED DURING THE YEAR

Executive Directors' Awards Under the LTIP

In 2020, the Remuneration Committee awarded long-term incentive compensation under the Long-Term Umbrella Incentive Plan. As it does each year, the Remuneration Committee referenced benchmark data (including compensation surveys, Comparator Group information and other data provided by Meridian Compensation Partners LLC) in setting target U.S. dollar award levels for the Executive Director. In accordance with the Remuneration Policy the maximum share award opportunity available to the Executive Director (in any one year) at the time of communicating their award during 2020 was capped at 220% of their base salary, on achievement of stretch performance. Achievement of target performance would result in a share award opportunity capped equivalent to 150% of base salary being available and threshold performance at 75% of base salary.

Based on the target level of the Executive Director's share awards available (capped at 150% of base salary), 40% of this award was granted in March 2020 in the form of time-based restricted stock units, vesting evenly on the first four anniversaries of the award from grant date. This amounted to 33,400 time-based restricted stock units. The remaining 60% of the target award allocation was split 40% available based on the delivery of a certain adjusted diluted EPS target for the year ending December 31, 2020 and 60% available on the delivery of certain total shareholder return targets. The total shareholder return target consists of a ranking of Company performance against a peer group of twenty companies for the last ninety days of the year ended December 31, 2019 against the last ninety days of the year ending December 31, 2022. Based on the relative level of shareholder return achieved, awards in relation total shareholder return would vest evenly in March 2023 and March 2024. For each of the adjusted diluted EPS and total shareholder return performance metrics, it is possible to achieve a threshold, target and stretch level of award grants, based on result delivery.

The EPS share award opportunity for the year ended December 31, 2020 was missed. The relative total shareholder return performance will be subject to remeasurement up to and including the year ending December 31, 2021.

For 2019, the Remuneration Committee set performance targets consistent with that used in 2020 based upon the achievement of adjusted diluted EPS to be measured at threshold, target and stretch levels and the achievement of relative total shareholder return to be measured at threshold, target and stretch levels. The relative total shareholder return performance will be subject to remeasurement up to and including the year ending December 31, 2021. The reported EPS for 2019 was not achieved which resulted no awards being granted.

For 2018, the Remuneration Committee set performance targets consistent with that used in 2020 based upon the achievement of relative total shareholder return to be measured at threshold, target and stretch levels. The performance of the Comapny meant target level being achieved which resulted in Alok Maskara earning 100% of the available awards. The number, and details of the terms, of the grants are set out in the table in *Outstanding Share Awards During 2020 and the accompanying notes*, on pages 46 to 47.

The Committee believe they set challenging targets to motivate the executive director and align the interests of the executive with those of shareholders. Achievement of stretch targets requires exceptional performance.

Non-Executive Directors under the Director EIP

The table below sets out the share award grants made to the Non-Executive Directors during the year in accordance with the Remuneration Policy.

Chair or Non-Executive Director	Date of Grant	Basis of Aggregate Awards Granted	Share Price at Date of Grant $	Type of Award	No. of Shares Granted	Face Value of Award $	Issue Price per share & in Aggregate $	Vesting Date	% of Face Value That Vest
David Landless	June 4, 2020	55% of annual fee for 2020	14.79	Restricted Stock Unit	4,276	63,242	$1.00 each share	Day before 2021 AGM	On vesting date 100%
Clive Snowdon	June 4, 2020	55% of annual fee for 2020	14.79	Restricted Stock Unit	3,049	45,095	$1.00 each share	Day before 2021 AGM	On vesting date 100%
Richard Hipple	June 4, 2020	55% of annual fee for 2020[(1)]	14.79	Restricted Stock Unit	7,743	114,519	$1.00 each share	Day before 2021 AGM	On vesting date 100%
Allisha Elliott	June 4, 2020	55% of annual fee for 2020[(1)]	14.79	Restricted Stock Unit	6,858	101,430	$1.00 each share	Day before 2021 AGM	On vesting date 100%
Lisa Trimberger	June 4, 2020	55% of annual fee for 2020[(1)]	14.79	Restricted Stock Unit	5,354	79,186	$1.00 each share	Day before 2021 AGM	On vesting date 100%

(1) New Non-Executive Directors cannot participate in the annual EIP awards until they have served six months; however, the awards they would have earned from the date of appointment are added to the next annual award. Awards in 2020 for Richard Hipple, Allisha Elliott and Lisa Trimberger include additional RSUs granted in respect of prior year service.

OUTSTANDING SHARE AWARDS DURING 2020

Executive and Non-Executive Directors

Awards granted in 2020 in respect of 2019 Company financial performance to the Executive Director have been included in the table below. Based on the Company's financial performance in 2020, no performance related awards were granted in 2020.

	Awards				Options/Restricted Stock Units				
Awards	**Available Jan 1, 2020**	**Granted During Year**	**Settled During Year**	**Available Dec 31, 2020**	**Vested Awards Jan 1, 2020**	**Vested Awards During Year**	**Settled During Year**	**Vested Awards Dec 31, 2020**	**Available Unvested Awards**
Alok Maskara									
Upon Appointment[1]	15,000	—	(15,000)	—	—	15,000	(15,000)	—	—
Upon Appointment[2]	30,000	—	(15,000)	15,000	—	15,000	(15,000)	—	15,000
LTIP 2017[3]	32,367	—	(16,183)	16,184	—	16,183	(16,183)	—	16,184
LTIP 2018[4][5]	49,280	—	(24,640)	24,640	—	24,640	(24,640)	—	24,640
LTIP 2019[6]	21,200	—	(5,300)	15,900	—	5,300	(5,300)	—	15,900
LTIP 2020[7]	—	33,400	—	33,400	—	—	—	—	33,400
Totals	**147,847**	**33,400**	**(76,123)**	**105,124**	**—**	**76,123**	**(76,123)**	**—**	**105,124**
David Landless									
EIP 2019[8]	2,218	—	(2,218)	—	—	2,218	(2,218)	—	—
EIP 2020[9]	—	4,276	—	4,276	—	—	—	—	4,276
Totals	**2,218**	**4,276**	**(2,218)**	**4,276**	**—**	**2,218**	**(2,218)**	**—**	**4,276**
Clive Snowdon									
EIP 2019[8]	1,763	—	(1,763)	—	—	1,763	(1,763)	—	—
EIP 2020[9]	—	3,049	—	3,049	—	—	—	—	3,049
Totals	**1,763**	**3,049**	**(1,763)**	**3,049**	**—**	**1,763**	**(1,763)**	**—**	**3,049**
Richard Hipple									
EIP 2020[9]	—	7,743	—	7,743	—	—	—	—	7,743
Totals	**—**	**7,743**	**—**	**7,743**	**—**	**—**	**—**	**—**	**7,743**
Allisha Elliott									
EIP 2020[9]	—	6,858	—	6,858	—	—	—	—	6,858
Totals	**—**	**6,858**	**—**	**6,858**	**—**	**—**	**—**	**—**	**6,858**
Lisa Trimberger									
EIP 2020[9]	—	5,354	—	5,354	—	—	—	—	5,354
Totals	**—**	**5,354**	**—**	**5,354**	**—**	**—**	**—**	**—**	**5,354**

Key to table:

Award	Award Scheme, Type & Grant	Grant Date	Exercise Price / Nominal Cost Each Award	Remaining Vesting/ Settlement Dates	Vesting Period
(1)	Upon appointment – Time-Based Restricted Stock Units (i)	Aug 23, '17	£0.50(ii)	All vested	No longer applicable
(2)	Upon appointment – Time-Based Restricted Stock Units (iii)	Aug 23, '17	£0.50(ii)	May 23, 2021	To Jul 22, 2021
(3)	LTIP 2017-Performance-Based-EPS targets (iv)	Mar 23, '18	£0.50(ii)	Mar 23, 2021	To May 22, 2021
(4)	LTIP 2018—Time-Based Restricted Stock Units (v)	Mar 26, '18	£0.50(ii)	Mar 26, 2021	To May 25, 2021
(5)	LTIP 2018-Performance-Based-EPS targets (vi)	Mar 26, '19	£0.50(ii)	Mar 26, 2021	To May 25, 2021
(6)	LTIP 2019 – Time-Based Restricted Stock Units (vii)	Mar 14, '19	$1.00	Mar 14, 2021, 2022, 2023	To May 13, 2023
(7)	LTIP 2020 – Time-Based Restricted Stock Units (viii)	Mar 13, '20	$1.00	Mar 13, 2021, 2022, 2023, 2024	To May 14, 2024
(8)	EIP 2019—Time-Based Restricted Stock Units (ix)	May 16, '19	$1.00	All vested the day before 2020 AGM	No longer applicable
(9)	EIP 2020—Time-Based Restricted Stock Units (ix)	June 4, '20	$1.00	Day before 2021 AGM	—

(i) Upon Appointment - The Remuneration Committee determined that the new Chief Executive Officer should acquire a minimum quantity of 22,500 shares within twelve months of appointment. Upon the Chief Executive Officer acquiring the shares, the Company matched the purchase by granting an award over 45,000 nominal cost RSUs, to vest over three years.

(ii) Where the exercise price / nominal cost is indicated in GBP sterling, in so far as it is required to be translated into U.S. dollars for the purpose of the exercise / settlement, it is translated at the $:£ exchange rate reported in the Financial Times for the date of exercise / settlement.

(iii) Upon Appointment - The Remuneration Committee determined to make a one-off share award to the new CEO, outside the terms of the LTIP, over 60,000 time-based nominal cost RSUs, to vest over four years.

(iv) LTIP 2017: Awards made on attainment of 2017 EPS performance goals and include "holding period" and "claw back" provisions, to vest evenly over three years. Time-based restricted stock units accumulate additional restricted stock units when the Company pays a dividend. Shares underlying the total amount of restricted stock units are then issued when the restricted stock unit vests.

(v) LTIP 2018: Time based awards granted on March 26, 2018 and include "holding period" and "claw back" provisions, to vest evenly over three years. Time-based restricted stock units accumulate additional restricted stock units when the Company pays a dividend. Shares underlying the total amount of restricted stock units are then issued when the restricted stock unit vests.

(vi) LTIP 2018: Awards made on attainment of 2018 EPS performance goals and include "holding period" and "claw back" provisions, to vest evenly over two years. Time-based restricted stock units accumulate additional restricted stock units when the Company pays a dividend. Shares underlying the total amount of restricted stock units are then issued when the restricted stock unit vests.

(vii) LTIP 2019: Time based awards granted on March 14, 2019 and include "holding period" and "claw back" provisions, to vest evenly over four years. Time-based restricted stock units accumulate additional restricted stock units when the Company pays a dividend. Shares underlying the total amount of restricted stock units are then issued when the restricted stock unit vests.

(viii) LTIP 2020: Time based awards granted on March 13, 2020 and include "holding period" and "claw back" provisions, to vest evenly over four years. Time-based restricted stock units accumulate additional restricted stock units when the Company pays a dividend. Shares underlying the total amount of restricted stock units are then issued when the restricted stock unit vests.

(ix) EIP 2019 and EIP 2020 annual awards are settled immediately on vesting, together with dividends which have been accumulated during the vesting period. The 2019 awards were settled in 2020 net of payroll taxes.

PENSION ARRANGEMENTS

In lieu of contributions into Company pension plans, the Company offers a salary supplement, which ultimately reflect the cost of previous defined benefit arrangements, now withdrawn. Executive Directors are paid the equivalent of 25% of base salary, with an element of this funding being paid into the U.S. funded defined contribution scheme for Alok Maskara.

Details of the payments made to the defined contribution arrangement and salary supplement during years 2020 and 2019 for the Executive Director are set forth in the tables below.

Director's Remuneration and Benefits for the Year Ended December 31, 2020 and 2019

Executive Director	Year	Definted Benefit	Funded Defined Contribution[1]		Unfunded Defined Contribution		Cash Supplement		Total
Alok Maskara	**2020**	—	16,500	$	—	$	148,980	**$**	**165,480**
	2019	—	16,800	$	—	$	151,950	**$**	**168,750**

(1) The Funded Defined Contribution for Alok Maskara relates to amounts paid in respect of a 401(k) matching program.

Implementation of the Remuneration Policy for the Year Ending December 31, 2021 (*Information not subject to audit unless stated otherwise)*

Set out below is a summary of how the Directors Remuneration Policy will be applied during the year ending December 31, 2020.

Base Salary

	2021	2020	
	$	$	% increase[1]
Alok Maskara	**675,000**	**657,000**	**— %**

[1] Actual base salary payout for Alok Maskara was lower in 2020 at $657,000 than his contractual salary ($675,000) due to the impact of COVID-related furlough and voluntary pay reductions.

Pension Arrangements

The Executive Director will receive a cash supplement calculated at a flat rate of 25% of base salary.

Annual Bonus

In accordance with the Remuneration Policy, the maximum annual bonus for Alok Maskara, as Chief Executive Officer, is capped at 200% of base salary. Included within this is the Additional Percentage Bonus to be awarded on achievement of specific targets set by the Remuneration Committee. At the start of each year, the Remuneration Committee reserve the discretion to set the Additional Percentage Bonus and related specific targets that are aligned with the strategic goals of the Company.

As in previous years, the financial performance target element of the annual bonus will be based on a combination of two financial performance metrics, management EBITA and Cash Conversion. It will be on a sliding scale that commences only once threshold has been achieved and rises through the target performance up to a stretch target. The financial performance award element of the annual bonus opportunity will be split evenly between the above two financial metrics:

	Split; sliding scale between threshold, target and stretch	
Financial metric annual bonus opportunity	**Management EBITA**	**Cash Conversion**
Alok Maskara	0% - 50%	0% - 50%

Long Term Incentives

The Remuneration Committee has then set targets for 2021 which, if attained, would lead to the granting of time-based restricted stock units for Alok Maskara. The Committee has set a scorecard of metrics to assess the performance of the Company based upon Total Shareholder Return ("TSR") and adjusted diluted EPS. A greater weighting has been assigned to the attainment of the TSR target which earns 60% of the performance awards available, compared to the EPS target which has a 40% weighting.

The total shareholder return target will consist of a ranking of Company performance against a peer group of twenty companies for the last ninety days of the year ended December 31, 2020 against the last ninety days of the year ending December 31, 2023. Based on the relative level of shareholder return achieved, awards in relation total shareholder return would be granted in March 2024 and vest in equal tranches in 2025 and 2026.

The Remuneration Committee is also proposing that Alok Maskara be granted time-based restricted stock units, which vest in equal tranches commencing on the first anniversary of the grant date at the value of 40% of the total target share award available.

If, during the preparation of the current year's financial results, a material misstatement of the previous year's results is discovered, a clawback of the long-term incentive awards granted with respect to the misstated element of the previous financial results applies to all employees, including our Executive Director. The Remuneration Committee has discretion to apply the policy to recover and recoup incentive compensation in such situations involving a material misstatement of financial results.

In accordance with the revised Remuneration Policy for approval at the 2021 AGM, the maximum value of awards that can be made to the Chief Executive Officer Director in any one year is capped at up to 300% of base salary (increased from a cap of 220% of base salary in the previous Remuneration Policy).

Non-Executive Directors

Summary of how the Directors' Remuneration Policy for the Non-Executive Directors will be applied during the year ending December 31, 2021.

The Board decides the approach to compensating the Non-Executive Directors. The Board agreed to freeze the base fees of the Non-Executive Directors for 2020, as shown below. The value of share awards as a percentage of base fee is to remain fixed at up to 55% of base fee under the EIP.

	2021 $ Base Fee	2020 $ Base Fee	% Increase Base Fee	Value of Share Awards % of Base 2021	Value of Share Awards % of Base Fee 2020
David Landless	**115,000**	115,000	-%	**Up to 100%**	Up to 55%
Clive Snowdon	**82,000**	82,000	-%	**Up to 100%**	Up to 55%
Richard Hipple	**82,000**	82,000	-%	**Up to 100%**	Up to 55%
Allisha Elliott	**82,000**	82,000	-%	**Up to 100%**	Up to 55%
Lisa Trimberger	**82,000**	82,000	-%	**Up to 100%**	Up to 55%

Directors' Interests in Shares in the Company (audited)

	Number of Ordinary Shares Held at Dec 31, 2020	Number of Ordinary Shares Held at Jan 1, 2020
David Landless (1)	11,160	9,638
Alok Maskara (2)	195,950	154,925
Clive Snowdon (3)	7,459	6,447
Richard Hipple (4)	6,044	3,000
Allisha Elliott	—	—
Lisa Trimberger (5)	5,000	5,000

(1) David Landless acquired 1,522 shares throughout 2020 as a result of the vesting of 2,288 time-based Restricted Stock Units. 2,218 Restricted Stock Units were awarded in 2019 under the EIP and, together with an accrued dividend of 70 shares, fully vested on June 2, 2020. Of those 2,288 shares, 1,138 shares were used as payment of exercise price or tax liability. Of the 1,522 shares acquired by David Landless during 2020, 372 of those shares were acquired through the operation of the Dividend Reinvestment Plan (DRIP), which allows for the purchase of additional shares through the reinvestment of cash dividends. Further details on these awards can be found in the notes to Single Figure-Non-Executive Directors' Remuneration on pages 42 to 43.

(2) Alok Maskara acquired 41,025 shares throughout 2020 as a result of the vesting of 80,927 time-based Restricted Stock Units, as detailed in the table titled *Outstanding Share Awards During 2020* on pages 46 and 47. Of those 80,927 shares, 39,902 shares were used as payment of exercise price or tax liability.

(3) Clive Snowdon acquired 1,012 shares throughout 2020 as a result of the vesting of 1,819 time-based Restricted Stock Units. 1,763 Restricted Stock Units were awarded in 2019 under the EIP and, together with an accrued dividend of 56 shares, fully vested on June 2, 2020. Of those 1,819 shares, 807 shares were used as payment of exercise price or tax liability. The shares identified as held by Clive Snowdon are held by a connected person. Further details on these awards can be found in the notes to Single Figure-Non-Executive Director's Remuneration on pages 42 to 43.

(4) Richard Hipple acquired 3,044 shares throughout 2020. Richard Hipple purchased 3,000 shares on market in May 2020. Of the 3,044 shares acquired by Richard Hipple during 2020, 44 of those shares were acquired through the operation of the Dividend Reinvestment Plan (DRIP), which allows for the purchase of addtional shares through the reinvestment of cash dividends.

(5) In August 2019, Lisa Trimberger purchased 5,000 shares on market. These shares are owned by a trust of which Lisa Trimberger is the sole beneficiary and her spouse is the trustee.

Executive Director Shareholding Requirements

The Executive Director is required to hold and maintain ordinary shares equal in value to 150% of base salary. The Director is allowed a period of three years from date of appointment to acquire the holding. Executive Directors are required to obtain the Chair's permission before they or their connected persons can deal in the Company's shares providing an effective way of ensuring their shareholding requirements are maintained.

Total Directors' Shareholdings and Interests at 31 December 2020

	Shares Owned Beneficially	Options Vested but not Exercised(1)	Restricted Stock Units Not Yet Vested (assuming will be settled in Shares not Cash)(1)
Alok Maskara	195,950	—	33,400
Non-Executive			
David Landless	11,160	—	4,276
Clive Snowdon	7,459	—	3,049
Richard Hipple	6,044	—	7,743
Allisha Elliott	—	—	6,858
Lisa Trimberger	5,000	—	5,354

(1) A breakdown of the vested and unvested awards and brief details of the plans under which the awards were made can be found in the *Outstanding Share Awards During 2020* table on page 46 of this report.

Performance Graph

U.K. legislation requires the Annual Remuneration Report to contain a line graph that shows the TSR over a ten-year period for both a holding of the Company's listed shares and a hypothetical comparator holding of shares representing a specified broad equity market index. As the Company was only listed on the NYSE at the beginning of October 2012, we are only able to provide TSR for the Company's shares in a listed environment for a period 3 October 2012 to 31 December 2020. We have used the Russell 2000 index as the most appropriate published index for comparison purposes. The graph shows the value of $100 vested in Luxfer in October 2012 at the I.P.O., and the reinvestment of dividends since that date, compared to $100 invested in the Russell 2000 on the same date, assuming the same reinvestment of dividends. The Russell 2000 was chosen as the index as it comprises companies that closely resemble Luxfer. The TSR is calculated in U.S. dollars.

History of Total Remuneration Figure for Chief Executive Officer

We have included the total remuneration figure for the Chief Executive Officer for a seven-year period as required by legislation.

U.S.$ Year ended December 31	**2014**	**2015**	**2016**	**2017** (2)	**2018**	**2019** (3)	**2020**
Total remuneration	853,320	1,021,357	836,317	3,396,615	5,971,101	1,834,401	**2,063,680**
Annual bonus % (1)	— %	39 %	— %	124 %	200%	60%	50 %
Share awards vesting % (1)	59 %	21 %	— %	37 %	84%	584%	146 %
% change in total remuneration	(13)%	20 %	(18)%	306 %	76 %	(69)%	12 %

The average increase in the CEO's total remuneration over the past seven years is a 44% increase, although this is heavily impacted by the 306% increase in 2017. The CAGR over the same period was a 13% increase.

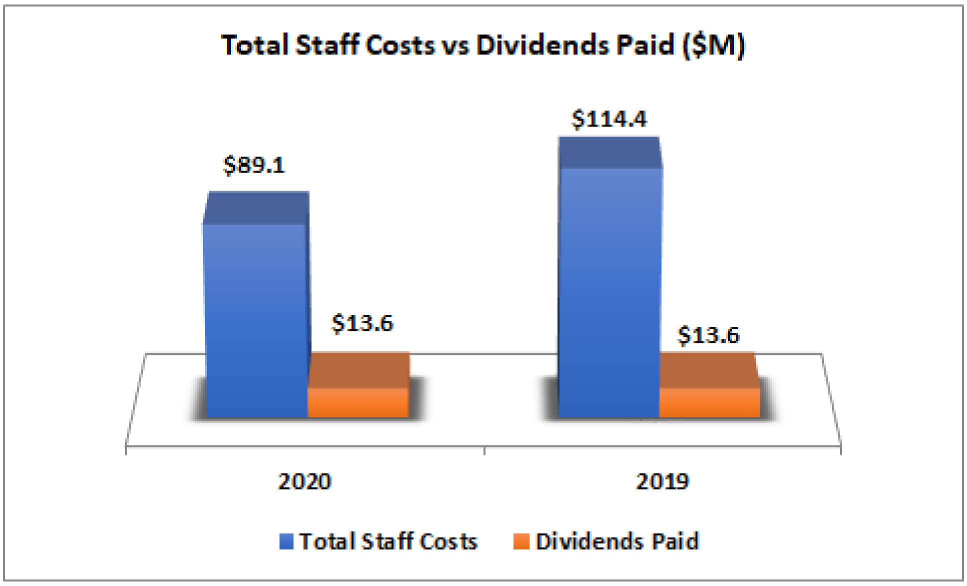
(1) Percentage of salary.

(2) The 2017 figures include Brian Purves' remuneration for the first six months of 2017 and Alok Maskara's remuneration for the second six months of 2017.

(3) The 2019 share awards vesting figure of 584% (as a percentage of salary) includes the vesting of 120,000 performance-based EPS awards granted on hire. Excluding these awards, the adjusted share awards vesting figure would be 183%.

Relative Importance of Spend on Pay

The following chart sets out the Group's actual spend on pay (for all employees) relative to dividends paid in the current and prior year.



(To assist with conformity and transparency we have used staff costs as set out in Note 7 to the Consolidated Financial Statements.)

Percentage Change in Chief Executive Officer's Remuneration

For 2020, we have selected U.S. employees as the most appropriate comparator as the Chief Executive Officer is based in the U.S. and the benefits structure is similar, consistent with the approach taken for 2019.

U.S.$	2020	2019	% change
Salary			
Chief Executive Officer	**657,000**	**675,000**	(2.7)%
Employee average	**56,826**	**56,491**	0.6 %
Benefits			
Chief Executive Officer	**60,197**	**57,513**	4.7 %
Employee average	**11,341**	**11,045**	2.7 %
Annual Bonus			
Chief Executive Officer	**337,500**	**405,711**	(16.8)%
Employee average	**2,785**	**3,359**	(17.1)%

Pay Ratio

For 2020, we have selected U.S. employees as the most appropriate comparator as the Chief Executive Officer is based in the U.S. and the benefits structure is similar.

Year	Method	25th percentile pay / ratio	50th percentile pay / ratio	75th percentile pay / ratio
2020	A	43,945	70,952	103,402
		24.0 : 1	14.9 : 1	10.2 : 1
2019	A	44,289	70,895	104,424
		25.7 : 1	16.1 : 1	10.9 : 1

The Company has selected method A for calculating the pay ratio, as the company has selected to use U.S. employees as the most appropriate comparator and gender pay gap reporting (used in method B and C) is not required in the U.S., method A was deemed the most appropriate, this is consistent with the approach taken for 2019. When calculating the percentiles, the average U.S. person's salary was used throughout the year. When calculating the pay ratios, share-based compensation has been omitted as only senior managers are part of the LTIP scheme.

The individuals who represent the three quartiles are all full-time employees and are considered to be representative of the 25th, median and 75th percentile pay levels in the Group.

The pay ratios have reduced year on year, with the decrease predominantly a result of the reduction in the annual bonus awarded and the CEO's reduction in salary. The median pay for the U.S. employee has remained relatively flat, with the reduction being a result of decreases in annual bonus.

Statement of voting at AGM

The Annual Remuneration Implementation Report and Remuneration Policy was put to an advisory vote at the 2020 AGM.

	Votes for (and percentage of votes cast)	Votes against (and percentage of votes cast)	Proportion of share capital voting
Annual Remuneration Implementation Report	23,404,641	110,301	82.08 %
	99.53 %	0.47 %	

The vote received in favour of the Remuneration Report was 99.53%, and the larger shareholders with whom the Directors liaise with from time to time did not make any negative comments in those conversations concerning Directors' pay and incentives.

Directors Remuneration Policy

The Directors' Remuneration policy was last approved at the 2018 Annual General Meeting, where 84.84% of the votes cast were in favor of approving the Directors' Remuneration Policy. The Remuneration Committee (the "Committee"), as a standing committee of the Board of Directors of Luxfer Holdings PLC (the "Board" and the "Company" respectively), presents this proposed Directors' Remuneration Policy ("Policy") for shareholder approval at the 2021 Annual General Meeting of Shareholders ("Annual General Meeting" or "AGM"). Following approval at the 2021 AGM, this Policy shall take effect immediately and remains valid for a period of three (3) years or until a subsequent version is approved by an ordinary resolution of the shareholders. The Committee reviews the Company's remuneration programs and overall system to ensure (i) alignment with shareholders' interests and best practices; (ii) fair and transparent remuneration; and (iii) that remuneration packages remain competitive, attract high-quality talent, and reward performance.

Differences in Remuneration For Directors and Employees

The difference in remuneration for the Executive Director and other employees reflects differing levels of responsibility, seniority, and market norms in the jurisdictions in which they are employed. The key differences in remuneration are as follows:

- Bonus arrangements for senior, middle, and lower management are set at a lower percentage than the Executive Director but are broadly structured on the same basis to ensure commonality of objectives. There is greater emphasis on performance-related pay for management, and bonus opportunity for other employees may be lowered or not available, depending on jurisdiction.
- Benefits for employees take into account their position and the market norms of the jurisdiction in which they operate.
- Pension arrangements are offered where it is the norm in the jurisdiction of the employee. Where local regulation permits and where it is the market norm, higher contributions may be available for more senior management. The Company's primary pension plans are described in the Company's financial statements.
- Participation in the LTIP is limited to the Executive Director and a select number of senior officers and senior managers. At the discretion of the Committee, market value share awards or time-based share awards may be awarded to employees in recognition of outstanding performance and to encourage share ownership and retention. UK employees, if eligible, can participate in the UK Share Incentive Plan, as described above.

The Committee commissions benchmarking studies of comparable companies and the pay of other senior executives when setting the Executive Director's pay. Consideration is also given to the pay and benefits that are available throughout Luxfer, such as cost-of-living increases. Such consideration defines a clear structure of pay and benefits layer-by-layer. The Committee does not consult with employees nor does it use internal comparison metrics when drafting the Remuneration Policy. However, the Committee is aware of average pay and benefit packages available within the Company. When setting the terms of awards for the Executive Director, The Committee also considers views expressed by institutional shareholder bodies.

Approach to Recruitment Remuneration

Executive Director. When setting a remuneration package for a new Executive Director, including internal promotions, the Committee will apply similar principles to those set out in the most recent approved Remuneration Policy for both short- and long-term incentives.

Non-Executive Directors. New Non-Executive Directors will be paid fees on the same basis as existing Non-Executive Directors. They will also participate in the Non-Executive Directors Incentive Plan under which the annual awards are non-discretionary. Awards can be made in the form of Options, Restricted Stock, or Restricted Stock Units at the discretion of the Board and based on the value of each type of award and the number of shares left in the Plan. The vesting period is determined at the discretion of the Committee.

Severance and Change-in-Control Benefits

Executive Director. The Company may terminate the Executive Director's contract without notice on the occurrence of certain events identified in their contract. Such termination would normally consist of conduct justifying dismissal such as gross misconduct. The Executive Director has the same employment rights as any other employee in the case of redundancy or if a relevant tribunal determines that their termination was unfair under UK law.

Ordinary notice period is 12 months. the remuneration entitlement is payment in lieu of notice in the event of early termination. This may include base salary benefits and pension payable for the notice period. A bonus may be paid if the period for which pay in lieu of notice is made extends past the year-end, subject to targets being met.

Non-Executive Directors. Letters of Appointment for Non-Executive Directors and the Chair are not for a fixed term. The Chair and Non-Executive Directors do not have any employment rights. New appointees to the Board will generally be appointed on the same basis as the current Non-Executive Directors. Non-Executive Directors' Letters of Appointment are available for inspection at the registered office of the Company.

Ordinary notice period is 3 months, except if the Director fails to be re-elected at an AGM, then the contract terminates immediately without notice or compensation.

Policy on payment for Loss of Office

Contractual entitlements through the date of termination will be honored, and the Company will (i) pay any amounts it is required to pay in accordance with the Director's statutory employment or contractual rights and (ii) settle those rights. The Company will seek to apply the principles of mitigation to ensure that it is not paying more than is required. In the event of a compromise or severance agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims, such as incidental and professional fees paid by a Director.

a. Bonus Payment. Generally, there is no entitlement to an annual bonus upon cessation of employment within the first half of the calendar year. The Committee may, at its discretion, make a retroactive payment on a pro-rated basis during the second half of the calendar year. After year-end but before completion of an audit, departing employees will be paid the actual bonus earned on the normal bonus payment date. Departing employees are not eligible for bonus payments if they breach any obligations in their employment contract, including the period of notice.
b. LTIP Provisions. For employees departing for any reason other than termination for cause , all unvested time-based awards will immediately lapse or be forfeited. All vested unexercised options and stock appreciation rights will lapse on the first anniversary date of departure. Performance based awards will vest on a pro-rated basis based on the performance results to the date of termination. The Committee has the discretion to accelerate vesting and exercise dates, waive conditions to vesting or exercise, or extend exercise periods after termination of employment. Discretion is typically used in such circumstances where Directors are retiring before the last vesting date or leaving employment through ill health or redundancy. In the case of termination for cause, all time-based awards, unvested performance-based awards, and unexercised options will immediately lapse or be forfeited on the date of termination.

Approval of Report

Richard Hipple, the Chair of the Committee, will attend the forthcoming AGM and will be available to answer any questions shareholders may have concerning the Directors' remuneration. This Remuneration Report will be submitted for approval by an advisory vote at the forthcoming AGM.

Signed on behalf of the Board by:

R J Hipple

CHAIR OF THE REMUNERATION COMMITTEE

April 29, 2021

For and on behalf of the Board

Statement of Directors' Responsibilities in Respect of the Financial Statements

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 Group an Company financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

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 Group and Company for the period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable International accounting standards in conformity with the requirements of Companies Act 2006 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 Group and Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- Company financial statements, which have been prepared in accordance with International accounting standards in conformity with the requirements of Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- The Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Independent auditors’ report to the members of Luxfer Holdings PLC

Report on the audit of the financial statements

Opinion

In our opinion, Luxfer Holdings PLC’s group financial statements and company financial statements (the “financial statements”):

- give a true and fair view of the state of the group’s and of the company’s affairs as at 31 December 2020 and of the group’s profit and the group’s and company’s cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 consolidated and company balance sheets as at 31 December 2020; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company cash flow statements, and the consolidated and company statements 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 group 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We performed a full scope audit of three significant reporting units within the group, and additional procedures over selected financial statement line items in certain smaller components. We also performed audit procedures over the corporate entities and relevant consolidation adjustments for selected financial statement line items. The audit work performed over these components represented 84% of consolidated revenue and 71% of consolidated profit on operations before taxation adjusted for restructuring and other expense.

Key audit matters

- Goodwill impairment assessment (group)
- Impact of COVID-19 (group and company)

Materiality

- Overall group materiality: US$2,000,000 (2019: US$2,145,000) based on 5% of three year average profit on continuing operations before taxation, adjusted for restructuring and other expense (2019: 5% of profit on operations before taxation, adjusted for restructuring and other expense).
- Overall company materiality: £1,318,000 (2019: £1,462,000) based on 1% of total assets restricted to 90% of group materiality.
- Performance materiality: US$1,500,000 (group) and £988,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in 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 in the Auditors' responsibilities for the audit of the financial statements section, 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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to local and international tax legislation, health and safety regulations and environmental legislation in the countries where the group operates, 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 preparation of 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 posting inappropriate journal entries to manipulate financial results, including relating to revenue recognition and EBITA, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- obtaining an understanding of the legal and regulatory framework applicable to the group and how the group is complying with that framework.
- discussions with management, the Audit Committee, General Counsel and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- reviewing minutes of meetings of those charged with governance.
- challenging assumptions and judgements made by management in their significant accounting estimates, including but not limited to the goodwill impairment assessment, pensions and deferred income taxes.
- reviewing internal audit reports.
- incorporating an element of unpredictability into our audit procedures.
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting financial results, revenue recognition and EBITA.

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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of retirement benefits in relation to defined benefit schemes, inventory costing and restructuring and other expense, which were key audit matters last year, are no longer included because of the reduction in subjectivity in, and effort required to audit, these balances. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	**How our audit addressed the key audit matter**
Goodwill impairment assessment (group)	
Refer to pages 72 and 80 within the accounting policies and note 14 of the consolidated financial statements.	To assess the goodwill impairment assessment performed by the directors we have performed the following:
The group has goodwill assets of \$58.9m as at 31 December 2020. Goodwill is tested at least annually for impairment, or more frequently if events or circumstances indicate that the asset might be impaired.	We understood and evaluated the controls and processes related to the goodwill impairment assessment and selectively tested those controls we identified as being key and on which we planned to rely. Testing of controls included checking sufficient review of the key assumptions and appropriate review of forecast estimates and judgements. No significant control deficiencies were identified.
The directors perform their annual goodwill impairment test by comparing the recoverable amount of the cash generating unit ("CGU"), to which goodwill has previously been allocated, to its carrying value. A goodwill impairment charge will be recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.	We evaluated the historical accuracy of forecasts by comparing the actual results from previous years against the directors' previous forecasts. These procedures enabled us to determine the accuracy of the directors' forecasting process. When comparing the prior year forecasts to the actual performance in 2020, we considered why some forecasts were not met, including the impact of COVID-19, and factored this into other areas of our work.
The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use of each CGU is determined by the directors using a discounted cash flow analysis. Projecting discounted future cash flows requires the directors to make significant estimates including: (i) future revenue growth rates including the perpetual growth rate; (ii) anticipated operating margins; and (iii) the discount rates applied to the estimated future cash flows.	We evaluated the assumptions underlying the estimated future cash flows included in the discounted cash flow analysis. We compared future revenue growth rates and operating margins with historical performance as well as gaining an understanding of key factors and judgements applied in determining the future growth rates and operating margins. We inspected detailed forecasts for each CGU and obtained evidence to support the key drivers for growth included within the estimated future cash flows.
We focused on this area as the determination of the value in use involves making judgments and estimates based on the directors' assessment of the future results and prospects of the CGUs. This in turn resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate the directors' discounted future cash flow analysis.	We engaged our internal specialists to assist us in evaluating the perpetual growth rate used to determine each CGU's terminal value. We compared the rates used to the weighted average of the long-term inflation forecasts in the main geographies in which each CGU operates.
	Our internal specialists also assisted us in assessing the appropriateness of the directors' discount rates by comparing the rate used for each CGU to our own independently determined range of what we would consider to be acceptable.
	We questioned the directors on the appropriateness of their sensitivity calculations and also applied our own sensitivity analysis to the discounted cash flow analysis to ascertain the extent to which reasonable adverse changes would, either individually, or in aggregate, require the impairment of goodwill.
	Based on the procedures performed and the evidence obtained, we found the directors' goodwill impairment assessment to be reasonable.

Impact of COVID-19 (group and parent)	
Refer to page 80 within the accounting policies and note 22 of the consolidated financial statements.	In response to the key areas identified as being significantly impacted by Covid-19, we have performed the following:
The Covid-19 pandemic has had a material impact on the performance of the group during the financial year. As a result, the pandemic has brought increased estimation uncertainty to certain areas of the financial statements.	Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included the procedures detailed in the 'Conclusions relating to going concern' section further below.
The key areas of the financial statements most impacted by the increased estimation uncertainty are described below:	Our evaluation of the directors' assessment of the impairment of goodwill included the procedures detailed in the 'Goodwill impairment assessment' key audit matter in the section above.
1. The directors have considered the appropriateness of the going concern basis of preparation in the group's financial statements and concluded that this is appropriate. The group has a $150m revolving credit facility, expiring in July 2022, and is required to remain in compliance with covenants attached to this facility.	Finally, we assessed whether the nature and extent of the disclosure made by the directors was sufficiently complete to articulate the impact of the pandemic on the group, supported by the information available to date.
2. The group has goodwill of $58.9m as at 31 December 2020. The directors considered the impact of Covid-19 on the goodwill impairment assessment, as well as reasonably possible changes in key assumptions, including future growth rates and the discount rates. No impairments were identified in the year ended 31 December 2020 and this assessment was not found to be sensitive to reasonably possible changes in key assumptions.	Based on the procedures performed, we concluded that the impact of Covid-19 has been appropriately evaluated and reflected in the preparation of the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is split into two main reporting divisions being Gas Cylinders and Elektron. These are further split into four business units as Luxfer Gas Cylinders, Luxfer MEL Technologies, Luxfer Graphic Arts and Luxfer Magtech. The Luxfer Superform business unit, now presented within discontinued operations, was previously aggregated into the Gas Cylinders reporting division.

Each business unit has multiple management reporting units in a range of different geographies and is structured mainly across Europe and North America. The financial statements are a consolidation of a number of the group's management reporting units and its the centralized functions.

The management reporting units vary in size and we identified three reporting units from across two countries which required an audit of their full financial information due to their individual size or risk characteristics. Additionally, we identified eight reporting units from across two countries which required an audit of specific balances to be performed. In total, these 11 reporting units accounted for 84% of consolidated revenue and 71% of the consolidated profit on operations before taxation, adjusted for restructuring and other expense.

Two component audit teams performed the required audit and specified procedures over eight of the 11 reporting units, with the procedures over the remaining three performed by the group engagement team. The group engagement team attended the audit clearance meetings via conference call and had regular communication with the local teams during their audits. Our attendance at the clearance meetings, review of selected audit working papers, review and discussion of reporting received from local component teams, together with the work performed at a group level, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	US$2,000,000 (2019: US$2,145,000).	£1,318,000 (2019: £1,462,000).
How we determined it	5% of three year average profit on continuing operations before taxation, adjusted for restructuring and other expense (2019: 5% of profit on operations before taxation, adjusted for restructuring and other expense)	1% of total assets restricted to 90% of group materiality
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, profit on continuing operations before taxation is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. Restructuring and other expense were adjusted for as this provides us with a consistent year on year basis for determining materiality. Given that current year performance has been significantly impacted by COVID-19, we consider using an average of three years average benchmark better reflects what a reader of the financial statements would consider material.	Total assets is appropriate as the entity is not profit oriented. The company holds investments in subsidiaries and therefore total assets is considered a generally acceptable auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was from $266,000 to $1,634,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$1,500,000 for the group financial statements and £988,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $200,000 (group audit) (2019: $110,000) and £131,000 (company audit) (2019: £75,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the directors' forecasts and going concern assessment for the period to June 2022, which included the expected continuing impact of Covid-19.
- evaluating and assessing the process by which the directors' future cash flow forecasts were prepared.
- agreeing the opening gross debt and cash position of the directors' cash flow forecasts to the March 2021 management accounts.
- reviewing the arithmetical accuracy of the directors' forecasts.
- evaluating and assessing the directors' key assumptions in the going concern assessment, including the forecast revenues and anticipated operating margins over the period to June 2022, which included a sensitivity analysis of the key assumptions underpinning the cash flows throughout the going concern period.
- obtaining the terms of the group's financing facility and the covenants in place in relation to this facility, and determining that the directors' base case and severe but plausible downside scenarios demonstrated compliance with all covenant conditions for at least 12 months from the date of the approval of the financial statements.
- gaining an understanding of the potential mitigating actions that the directors could implement to meet the requirements of the covenants.
- reviewing the directors' disclosures in the financial statements.

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 group's and 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 group's and 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 in Respect of the Financial Statements, 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 group's and 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 group or 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
April 29, 2021

LUXFER HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT

All amounts in millions, except share and per share data

	Note	2020 $M	2019 $M
REVENUE	2	**324.8**	373.4
Cost of sales		**(237.3)**	(261.4)
Gross profit		**87.5**	112.0
Distribution costs		**(6.5)**	(7.6)
Administrative expenses		**(42.6)**	(55.5)
Share of results of joint ventures and associates	15	**(0.1)**	0.7
Changes to defined benefit pension plans	6	**—**	2.7
Restructuring and other expense	6	**(7.3)**	(29.6)
OPERATING PROFIT	4	**31.0**	22.7
Other (expense) / income:			
Net loss on acquisitions and disposals	6	**—**	(1.4)
Finance income:			
Interest received	8	**—**	0.1
Finance costs:			
Interest costs	9	**(6.0)**	(5.6)
IAS 19R retirement benefits finance charge	9	**(1.0)**	(1.4)
Unwind of discount on deferred contingent consideration from acquisitions	9	**—**	(0.2)
Total finance costs		**(7.0)**	(7.2)
PROFIT ON OPERATIONS BEFORE TAXATION		**24.0**	14.2
Income tax expense	10	**(6.2)**	(8.2)
NET INCOME FROM CONTINUING OPERATIONS		**17.8**	6.0
Net loss from discontinued operations	11	**(0.9)**	(1.8)
NET INCOME FOR THE YEAR		**16.9**	4.2
Attributable to:			
Equity shareholders		**16.9**	4.2
Earnings per share[1]:		**$**	**$**
Basic from continuing operations		**0.65**	0.22
Basic from discontinued operations		**(0.03)**	(0.07)
Basic		**0.61**	0.15
Diluted from continuing operations		**0.64**	0.22
Diluted from discontinued operations		**(0.03)**	(0.07)
Diluted		**0.60**	0.15
Weighted average ordinary shares outstanding:			
Basic		**27,557,219**	27,289,042
Diluted		**27,971,382**	27,882,864

(1) The calculation of earnings per share is performed separately for continuing and discontinued operations. As a result, the sum of the two in any particular period may not equal the earnings-per-share amount in total.

In 2020, the basic average shares outstanding and diluted average shares outstanding were the same for discontinued operations because the effect of potential shares of common stock was anti-dilutive since the Company generated a net loss from discontinued operations. As a result, 593,822 shares combined were not included in the computation of diluted EPS for discontinued operations in 2020.

LUXFER HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 $M	2019 $M
Net income for the year		**16.9**	4.2
Other comprehensive (loss) / income movements			
Items that may be reclassified to the consolidated income statement:			
Exchange differences on translation of foreign operations		**2.9**	(0.6)
Fair value movements in cash flow hedges		**—**	0.3
Transfers to consolidated income statement on cash flow hedges		**—**	0.1
Deferred income taxes on cash flow hedges		**—**	(0.1)
Hedge accounting income adjustments		**—**	0.3
Total hedge accounting and translation of foreign operations movements		**2.9**	**(0.3)**
Items that will not be reclassified to the consolidated income statement:			
Remeasurement of defined benefit retirement plans	31	**(19.0)**	(2.3)
Deferred income taxes on retirement benefits remeasurements	24	**3.7**	0.6
Retirement benefits changes		**(15.3)**	(1.7)
Total other comprehensive loss movements for the year		**(12.4)**	(2.0)
Total comprehensive income for the year		**4.5**	2.2
Attributed to:			
Equity shareholders		**4.5**	2.2

LUXFER HOLDINGS PLC
CONSOLIDATED BALANCE SHEET

	Note	December 31, 2020 $M	December 31, 2019 $M
ASSETS			
Non-current assets			
Property, plant and equipment	12	**85.5**	98.2
Right-of-use assets	27	**9.2**	14.5
Intangible assets	13	**72.4**	72.9
Investments	15	**0.5**	2.3
Deferred income tax assets	24	**19.2**	16.5
		186.8	204.4
Current assets			
Inventories	16	**68.8**	94.5
Trade and other receivables	17	**43.1**	66.3
Income tax receivable		**1.5**	1.2
Cash and cash equivalents	19	**1.5**	10.3
Held-for-sale assets	18	**36.2**	3.9
		151.1	176.2
TOTAL ASSETS		**337.9**	380.6
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	20	**26.6**	26.6
Deferred share capital	20	**149.9**	149.9
Share premium account	20	**77.1**	74.5
Treasury shares	20	**(4.0)**	(4.0)
Retained earnings		**297.1**	309.1
Own shares held by ESOP	20	**(1.4)**	(1.7)
Share based compensation reserve		**(7.3)**	(6.9)
Translation reserve		**(48.9)**	(51.8)
Merger reserve		**(333.8)**	(333.8)
		155.3	161.9
Non-current liabilities			
Bank and other loans	22	**53.1**	91.0
Retirement benefits	31	**50.8**	35.2
Lease liability	27	**7.6**	11.7
Deferred income tax liabilities	24	**2.8**	1.0
Provisions	23	**1.0**	0.9
Trade and other payables	25	**0.1**	0.6
		115.4	140.4
Current liabilities			
Trade and other payables	25	**41.7**	63.7
Current income tax liabilities		**0.4**	0.4
Deferred contingent consideration	26	**—**	0.5
Lease liability	27	**2.1**	3.3
Provisions	23	**12.0**	10.4
Held-for-sale liabilities	18	**11.0**	—
		67.2	78.3
Total liabilities		**182.6**	218.7
TOTAL EQUITY AND LIABILITIES		**337.9**	380.6

THE FINANCIAL STATEMENTS ON PAGES 64 TO 119 WERE APPROVED BY THE BOARD ON APRIL 29, 2021 AND SIGNED ON ITS BEHALF:

Alok Maskara,

April 29, 2021

Company Registration no. 03690830

LUXFER HOLDINGS PLC
CONSOLIDATED CASH FLOW STATEMENT

The amounts below include both continuing and discontinued operations.

	Note	2020 $M	2019 $M
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		**16.9**	4.2
Adjustments to reconcile net income for the year to net cash flows from continuing operating activities:			
Income taxes	10	**6.2**	7.3
Depreciation and amortization	4	**14.7**	15.3
Lease right-of-use asset depreciation	27	**3.3**	3.7
Loss on disposal of property, plant and equipment	4	**0.1**	0.2
Gain on disposal of business	6	**—**	(2.9)
Share based compensation charges / (credits) net of cash settlement		**1.4**	0.1
Net interest costs	8, 9	**6.0**	5.8
Non-cash restructuring charges			
Property, plant and equipment impairment	12	**—**	6.1
Intangible assets impairment	13	**—**	0.4
Other non-cash restructuring charges		**—**	0.1
Curtailment and past service (credits) / charges on retirement benefits obligations	6	**—**	(2.7)
IAS 19R retirement benefits finance charge	9	**1.0**	1.4
Acquisitions and disposals costs / (gains)	6	**—**	4.3
Unwind of discount on deferred contingent consideration from acquisitions	9	**—**	0.2
Share of results of joint ventures and associates	15	**0.1**	(0.7)
Changes in operating assets and liabilities:			
Decrease / (increase) in receivables		**16.0**	(2.6)
Decrease in inventories		**13.7**	0.3
Decrease in payables		**(17.1)**	(18.0)
Movement in retirement benefits obligations		**(5.2)**	(6.9)
Movement in provisions		**1.9**	0.7
Income taxes paid		**(2.1)**	(6.1)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**56.9**	**10.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(8.2)**	(13.9)
Purchases of intangible assets		**—**	(0.1)
Proceeds from sale of business		**1.5**	4.4
Receipts from sales of property, plant and equipment		**—**	1.2
Net cash flows on purchase of businesses	26	**(0.4)**	(0.5)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(7.1)**	(8.9)
NET CASH FLOWS BEFORE FINANCING ACTIVITIES		**49.8**	1.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest and similar finance costs paid on banking facilities		**(1.2)**	(1.3)
Interest paid on Loan Notes		**(3.9)**	(3.4)
Bank interest received		**—**	0.1
Net (repayment) / drawdown on banking facilities		**(38.2)**	17.5
Payments made in respect of leases	27	**(3.7)**	(4.1)
Dividends paid	21	**(13.6)**	(13.6)
Proceeds from issue of shares		**1.1**	3.5
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(59.5)**	(1.3)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9.7)**	—
Net foreign exchange differences		**0.9**	(0.3)
Net cash and cash equivalents at January 1	19	**10.3**	10.6
Net cash and cash equivalents at December 31	19	**1.5**	10.3

LUXFER HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the equity shareholders of the parent							
		Ordinary share capital	Deferred share capital	Share premium account	Treasury shares	Retained earnings	shares held by ESOP	Reserves [1]	Total equity
	Note	$M	$M	$M	$M	$M	$M	$M	$M
At At January 1, 2019		**26.6**	**149.9**	**65.7**	**(4.3)**	**320.2**	**(2.2)**	**(386.2)**	**169.7**
Net income for the year		$ —	$ —	$ —	$ —	$ 4.2	$ —	$ —	$ 4.2
Currency translation differences		$ —	$ —	$ —	$ —	$ —	$ —	$ (0.6)	$ (0.6)
Increase in fair value of cash flow hedges		$ —	$ —	$ —	$ —	$ —	$ —	$ 0.3	$ 0.3
Transfer to consolidated income statement on cash flow hedges		$ —	$ —	$ —	$ —	$ —	$ —	$ 0.1	$ 0.1
Remeasurement of defined benefit retirement plans		$ —	$ —	$ —	$ —	$ (2.3)	$ —	$ —	$ (2.3)
Deferred income taxes on items taken to other comprehensive income	24	$ —	$ —	$ —	$ —	$ 0.6	$ —	$ (0.1)	$ 0.5
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**2.5**	**—**	**(0.3)**	**2.2**
Shares sold from ESOP		$ —	$ —	$ 3.3	$ —	$ —	$ 0.2	$ —	$ 3.5
Equity dividends	21	$ —	$ —	$ —	$ —	$ (13.6)	$ —	$ —	$ (13.6)
Equity settled share based compensation charges		$ —	$ —	$ —	$ —	$ —	$ —	$ 4.1	$ 4.1
Utilization of treasury shares	20	$ —	$ —	$ —	$ 0.3	$ —	$ —	$ (0.1)	$ 0.2
Utilization of shares from ESOP	20	$ —	$ —	$ 5.5	$ —	$ —	$ 0.3	$ (10.0)	$ (4.2)
Other changes in equity in the year		**—**	**—**	**8.8**	**0.3**	**(13.6)**	**0.5**	**(6.0)**	**(10.0)**
At December 31, 2019		**26.6**	**149.9**	**74.5**	**(4.0)**	**309.1**	**(1.7)**	**(392.5)**	**161.9**
Net income for the year		$ —	$ —	$ —	$ —	$ 16.9	$ —	$ —	$ 16.9
Currency translation differences		$ —	$ —	$ —	$ —	$ —	$ —	$ 2.9	$ 2.9
Remeasurement of defined benefit retirement plans		$ —	$ —	$ —	$ —	$ (19.0)	$ —	$ —	$ (19.0)
Deferred income taxes on items taken to other comprehensive income	24	$ —	$ —	$ —	$ —	$ 3.7	$ —	$ —	$ 3.7
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**1.6**	**—**	**2.9**	**4.5**
Shares sold from ESOP		$ —	$ —	$ 0.8	$ —	$ —	$ 0.3	$ —	$ 1.1
Equity dividends	21	$ —	$ —	$ —	$ —	$ (13.6)	$ —	$ —	$ (13.6)
Equity settled share based compensation charges		$ —	$ —	$ —	$ —	$ —	$ —	$ 2.8	$ 2.8
Utilization of treasury shares	20	$ —	$ —	$ 0.1	$ —	$ —	$ —	$ (0.2)	$ (0.1)
Utilization of shares from ESOP	17	$ —	$ —	$ 1.7	$ —	$ —	$ —	$ (3.0)	$ (1.3)
Other changes in equity in the year		**—**	**—**	**2.6**	**—**	**(13.6)**	**0.3**	**(0.4)**	**(11.1)**
At December 31, 2020		**26.6**	**149.9**	**77.1**	**(4.0)**	**297.1**	**(1.4)**	**(390.0)**	**155.3**

(1) Other reserves include a hedging reserve of nil (2019: nil), a translation reserve of $48.9 million deficit (2019: deficit of $51.8 million), a merger reserve of $333.8 million deficit (2019: $333.8 million deficit) and a share based compensation reserve of $7.3 million deficit (2019: $6.9 million deficit).

LUXFER HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts in millions, except share and per share data

1. Accounting policies

Basis of preparation and statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as they apply to the consolidated financial statements of the Group for the year ended December 31, 2020. The consolidated financial statements have been prepared on a historical cost basis, except where IFRS requires or permits fair value measurement.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, cash forecasts and projections have been prepared to June 2022. There is sufficient headroom in our covenant compliance which would enable the Group to drawdown on the RCF and not impact the Group's ability to continue as a going concern. Therefore the directors continue to apply the going concern basis for accounting in the preparation of the consolidated financial statements.

For the purpose of the accompanying consolidated financial statements, subsequent events have been evaluated through to April 29, 2021, which is the date the consolidated financial statements were authorized by the Board. The consolidated financial statements were issued on April 29, 2021.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Luxfer Holdings PLC and its subsidiaries (the "Group") at December 31 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealized profits arising from intra-Group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The accounting policies which follow, set out those polices which apply in preparing the consolidated financial statements for the years ended December 31, 2019 and December 31, 2020.

Parent Company Guarantee

In accordance with S479A of the Companies Act 2006, Luxfer Holdings PLC has provided a parent company guarantee for the below listed subsidiaries, meaning that for the year ended December 31, 2020, they are exempt from audit.

Name of Company	Company registered number
Biggleswick Limited	3349880
Lumina Trustee Limited	6055812
Luxfer Gas Cylinders China Holdings Limited	5165622
Luxfer Group Limited	3944037
Luxfer Group 2000 Limited	4027006
Luxfer Group Services Limited	3981395
Luxfer Magtech International Limited	2891444
Luxfer Overseas Holdings Limited	3081726

Presentation currency

The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest $0.1 million except when otherwise indicated. The books of the Group's non-U.S. entities are converted to U.S. dollars at each reporting period date in accordance with the accounting policy below.

The functional currency of the holding company Luxfer Holdings PLC and its U.K. subsidiaries remains GBP sterling for the year-ended 2020. As of January 1, 2021, the functional currency of Luxfer Holdings PLC will be USD given a review of the intercompany financing and the primary operations of the company.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognized for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested at leaset annually for impairment, or more frequently if events or changes in circumstances indicate that the asset is impaired.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous U.K. GAAP amounts subject to being tested for impairment at that date and in subsequent years.

A bargain purchase is measured at cost being the excess of the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination over the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognized for the non-controlling interest. Any amount of a bargain purchase is recognized immediately as income.

Contingent consideration arising as a result of a business combination is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS standards.

Other intangible assets

Other intangible assets excluding development costs, are measured initially at purchase cost, or where acquired in a business combination at fair value, and are amortized on a straight-line basis over their estimated useful lives as shown in the table below.

Research expenditure is expensed as incurred. Internal development expenditure is charged as administrative costs to the consolidated income statement in the year it is incurred unless it meets the recognition criteria of IAS 38 "Intangible Assets". Where the recognition criteria are met, intangible assets are capitalized and amortized over their estimated useful economic lives from product launch, as shown in the table below. Intangible assets relating to products in development are subject to impairment testing at each balance sheet date or earlier upon indication of impairment.

Technology and patents	14 – 20 years
Tradenames and trademarks	20 – 25 years
Customer relationships	10 – 15 years
Backlogs and non-compete agreements	5 – 6 years
Development costs	5 – 10 years
Software	4 – 7 years

The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Reviews are made annually of the estimated remaining lives and residual values of the patents and trademarks.

Revenue

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The majority of the Group's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. There is no variable consideration or obligations for returns, refunds, and no other related obligations in the Group's contracts.

Payment terms and conditions vary by contract type and may include a requirement of payment in advance. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts do not include a significant financing component.

The Company's revenue is primarily derived from the following sources and is recognized when or as the Company satisfies a performance obligation by transferring a good or service to a customer.

Product revenues

We recognize revenue when it is realized or realizable and has been earned. Revenue is recognized when persuasive evidence of an arrangement exists, shipment or delivery has occurred (depending on the terms of the sale), which is when the transfer of product or control occurs, our price to the buyer is fixed or determinable, and the ability to collect is reasonably assured.

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreements, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Tooling revenue

Revenue from certain long-term tooling contracts is recognized over the contractual period under the cost-to-cost measure of progress as this is when the benefit is received by the customer. Incremental direct costs associated with the contract include, direct labor hours, direct raw material costs and other associated costs. Under this method, sales and gross profit are recognized as work is performed either based on the relationship between the actual costs incurred and the total estimated costs at completion ("the cost-to-cost method") or based on efforts for measuring progress towards completion in situations in which this approach is more representative of the progress on the contract than the cost-to-cost method. We record costs and earnings in excess of billings on uncompleted contracts within *Trade and other receivables* and billings in excess of costs and earnings on uncompleted contracts within *Trade and other payables* in the consolidated balance sheet. Where customer acceptance is on final completion and handover of the tool, revenue is recognized at the point the customer accepts ownership of the tool. All tooling revenue relates to discontinued operations resulting in all related activity included in discontinued operations and associated balances included in assets and liabilities held-for-sale.

Practical Expedients

The Company applies the practical expedient and does not disclose information about remaining performance obligations for contracts that have original expected durations of one year or less.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is initially calculated on a straight-line basis over the estimated useful life of the particular asset. As a result of the complexity of our manufacturing process, there is a wide range of plant and equipment in operation. The rate of annual charge is summarized as follows:

Freehold buildings	3% – 10%
Leasehold land and buildings	The lesser of life of lease or freehold rate
Plant and equipment	4% – 30%
Including:	
Heavy production equipment (including casting, rolling, extrusion and press equipment)	4% – 6%
Chemical production plant and robotics	10% – 15%
Other production machinery	10% – 20%
Furniture, fittings, storage and equipment	10% – 30%

Freehold land is not depreciated.

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

For any individual asset the carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written-down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of the fair value less costs of disposal and the value in use. In assessing the 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated income statement as part of the profit or loss on operations before taxation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the consolidated income statement in the year the item is derecognized.

Maintenance costs in relation to an item of property, plant and equipment are expensed as incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Raw materials are valued on a first-in, first-out basis. Strategic purchases of inventories in order to secure supply and reduce the impact of price volatility on the cost of inventories are valued on an average cost basis. Work in progress and finished goods costs comprise direct materials and, where applicable, direct labor costs, an apportionment of production overheads and any other costs that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution. Inventories are reviewed on a regular basis, and we will make allowance for excess or obsolete inventories and write-down to net realizable value based primarily on committed sales prices and our estimates of expected and future product demand and related pricing.

Held-for-sale assets / liabilities

In accordance with IFRS 5, assets and liabilities held-for-sale are written down to their fair value less costs to sell and classified as held-for-sale on the face of the balance sheet. Impairments recognized on the assets and liabilities will be taken to the income statement and presented within restructuring and other expense.

If an asset or liability is no longer available for sale, then they will be reclassified within their relevant asset or liability financial statement line and held at amortized cost.

Discontinued operations

In accordance with IFRS 5, certain amounts in prior-year income statement were reclassified to conform to the current-year presentation due to the classification of certain businesses as discontinued operations.

Foreign currencies

Transactions in currencies other than an operation's functional currency are initially recorded in the functional currency at the rate of exchange prevailing on the dates of transactions. At each balance sheet date, the foreign currency monetary assets and liabilities are translated into the functional currency at the rates prevailing on the balance sheet date.

All differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences that arise, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in the consolidated income statement in the period in which the operation is disposed or partially disposed.

Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes relating to items recognized directly in equity is recognized in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred income taxes are the future income taxes expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, investments in associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying value of a deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income taxes are calculated at the tax rate that is expected to apply in the period when the liability is settled or the asset is realized based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred income taxes are charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred income taxes are also dealt with in equity.

Leases

The Group leases various buildings, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years, but may have extension options. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Retirement benefits costs

In respect of defined benefit plans, obligations are measured at the present value whilst plan assets are recorded at fair value. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The charge to the consolidated income statement is based on an actuarial calculation of the Group's portion of the annual expected costs of the benefit plans and the net interest cost, which is calculated by applying the discount rate to the net defined benefit obligation, taking into account contributions and benefits paid. Re-measurements are recognized in the statement of comprehensive income.

When a settlement or curtailment occurs the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognized in the consolidated income statement in the period in which the settlement or curtailment occurs.

Payments to defined contribution plans are charged as an expense as they fall due.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that a transfer of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Share based compensation

The cost of equity settled transactions is recognized, based upon the fair value at grant date, together with a corresponding increase in the share based compensation reserve in equity, over the period in which the performance or service conditions are fulfilled. The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

Separate disclosure of expenses or income

Certain items of expense or income are presented separately with restructuring and other expenses, on the face of the income statement, based on management's judgment that they need to be disclosed by virtue of their size, nature or incidence in order to provide a proper understanding of our results of operations and financial condition. Such items of expense or income incurred during a period are disclosed under identifiable headings in the consolidated income statement and further explained in Note 6 to the consolidated financial statements. Examples of such items include but are not limited to:

- Restructuring of the activities of the Group and reversals of any provisions for the costs of restructuring;
- write-downs of inventories to net realizable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;
- disposals of items of property, plant and equipment;
- disposals of investments and subsidiaries;
- discontinued operations;
- litigation settlements; and
- other material reversals of provisions.

The nature of the items of expense or income is considered to determine whether the item should be presented as part of operating profit or loss or as other expenses or income. The adjusted earnings per share calculations, presented by the Group exclude the impact of these items. Management believes that the use of adjusted measures such as this provides additional useful information on underlying trends to shareholders.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, but net of bank overdrafts.

Interest in joint ventures

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If the investment is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount as 'restructuring and other expense' in the consolidated income statement.

Gains or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interest in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost, and the carrying value is increased or decreased to recognize the investor's share of the profit or loss and movements in other comprehensive income of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying value of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'restructuring and other expense' in the consolidated income statement.

Gains or losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated income statement.

Financial assets and liabilities

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of a country or the derivative counterparty. As all critical terms matched during the year, the economic relationship was 100% effective.

In 2020 the Group did not hedge account for its contracts.

Trade and other receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortized cost using the effective interest method.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.

The maximum exposure at the end of the reporting period is the carrying amount of these receivables.

Bank and other loans

Bank and other loans are recorded at the fair value of the proceeds received net of directly attributable transaction costs. Issue costs relating to revolving credit facilities are charged to the consolidated income statement over the estimated life of the facility on a periodic basis and are added to the carrying value of the facility. Issue costs relating to fixed term loans are charged to the consolidated income statement using the effective interest method and are added to the carrying value of the fixed term loan.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

Hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

In relation to cash flow hedges to hedge the foreign currency risk of firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in the consolidated income statement.

In relation to derivative financial instruments used to hedge a forecast transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in the consolidated income statement. Amounts taken to equity are transferred to the consolidated income statement when the hedged transaction affects profit or loss.

In 2020 none of the derivatives were denominated as a cash flow hedge at the year-end.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities and equity instruments are all instruments that are issued by the Group as a means of raising finance, including shares, loan notes, debentures, debt instruments and options and warrants that give the holder the right to subscribe for or obtain financial liabilities and equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. All equity instruments are included in shareholders' funds. The finance costs incurred in respect of an equity instrument are charged directly to the consolidated income statement. Other instruments are classified as financial liabilities if they contain a contractual obligation to transfer economic benefits.

Critical accounting judgments and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year, are discussed below. The judgments used by management in the application of the Group's accounting policies in respect of these key areas of estimation are considered to be the most significant. The below policies include both elements of judgments and estimates.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying value may not be recoverable. Further details are given in Note 14.

The directors perform their annual goodwill impairment test by comparing the recoverable amount of the cash generating unit ("CGU"), to which goodwill has previously been allocated, to its carrying value. A goodwill impairment charge will be recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use of each CGU is determined by the directors using a discounted cash flow analysis. Projecting discounted future cash flows requires the directors to make significant estimates including: (i) future revenue growth rates including the perpetual growth rate; (ii) anticipated operating margins; and (iii) the discount rates applied to the estimated future cash flows. These assumptions are determined over a three year long-term planning period. The three year growth rates for revenues and operating profits margins vary for each CGU being evaluated. Revenues and operating profit margins beyond 2022 are projected to grow at a perpetual growth rate of 1.8%. A reasonable change in these estimates would not result in an impairment.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use of each CGU is determined by the directors using a discounted cash flow analysis. Projecting discounted future cash flows requires the directors to make significant estimates including: (i) future revenue growth rates including the perpetual growth rate; (ii) anticipated operating margins; and (iii) the discount rates applied to the estimated future cash flows.

Pensions

Determining the present value of future obligations of pensions requires an estimation of future mortality rates, future salary increases, future pension increases, future inflation increases and discount rates. These assumptions are determined in association with qualified actuaries. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The pension liabilities at December 31, 2020 are $50.8 million (2019: $35.2 million). Further details are given in Note 31.

Impact of COVID-19 on the Financial Statements

Luxfer's top priority during this global pandemic is the health and well-being of our employees, customers, shareholders, and the communities in which we operate. The Group continues to monitor the COVID-19 situation closely, while simultaneously executing business continuity plans. These business continuity plans include, but are not limited to, (i) retooling operations to maintain social distance and maximize employee safety; (ii) increasing resources and efforts to satisfy demand from the most impactful parts of our business; (iii) expanding flexible work arrangements and policies, where practical, to maximize employee safety; (iv) increased monitoring of short-term cash flow, including measures to reduce costs and generate cash; and (v) providing regular updates to our shareholders, employees, customers, and suppliers in a transparent and timely manner.

At this time, Luxfer continues to operate all of its facilities, following temporary closures at a small number of locations earlier in 2020. However, due to weaker demand resulting from uncertain economic conditions, potential supply constraints, and the continued impact of COVID-19, Luxfer has implemented additional cost saving programs, including headcount reductions.

Luxfer's results continue to reflect the global macro environment resulting from the COVID-19 pandemic, including broad-based market weakness, which has been especially evident in our general industrial and transportation end-markets in 2020 with full year decline of 18.0% and 14.7% respectively. However, while general industrial has continued to decline in the fourth quarter by 12.5% relative to prior year, transportation has experienced a recovery with growth of 20.1%, largely on the back of the return to growth of sales of alternative fuel products. Despite the adverse macro trends, the Group has a strong balance sheet and access to an existing $150 million credit facility, of which only $4.1 million was drawn down at the end of the year following continued strong cash generation which allowed the early repayment in the fourth quarter of $25 million of Loan Notes due 2021. Furthermore, as our net debt to EBITDA ratio has fallen to 1.0x at the end of 2020 (from 1.2x at the end of 2019), we have identified no issues in relation to financial covenants nor availability of funding for continued operations.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

New standards and amendments to standards not applied

The IASB has issued the following significant amendments to standards with a mandatory effective date on or after January 1, 2020:

International Financial Reporting Standards		Mandatory effective date
IAS 1	Presentation of financial statements (amendments)	No earlier than January 1, 2022
IAS 16	Property, Plant and Equipment (amendments)	No earlier than January 1, 2022
IFRS 3	Business combination (amendments)	No earlier than January 1, 2022
IAS 37	Onerous Contracts (amendments)	No earlier than January 1, 2022

The directors do not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

2. Revenue

Disaggregated revenue disclosures for the fiscal years ended December 31, 2020 and December 31, 2019 are presented below.

	Net sales by end-market					
		2020			2019	
	$M	$M	$M	$M	$M	$M
	Gas Cylinders	Elektron	Total	Gas Cylinders	Elektron	Total
General industrial	**24.2**	**87.7**	**111.9**	24.7	111.7	136.4
Transportation	**49.8**	**42.3**	**92.1**	48.5	59.5	108.0
Defense, First Response & Healthcare	**67.9**	**52.9**	**120.8**	80.3	48.7	129.0
	141.9	**182.9**	**324.8**	153.5	219.9	373.4

	Net sales by geographic destination			
	2020		2019	
	$M	Percent	$M	Percent
United States	**173.0**	***53.3 %***	201.4	*53.9 %*
U.K.	**18.7**	***5.8 %***	23.9	*6.4 %*
Germany	**15.7**	***4.8 %***	21.8	*5.8 %*
Italy	**10.5**	***3.2 %***	13.3	*3.6 %*
France	**20.2**	***6.2 %***	15.9	*4.3 %*
Top five countries	**238.1**	***73.3 %***	276.3	*74.0 %*
Rest of Europe	**25.4**	***7.8 %***	37.7	*10.1 %*
Asia Pacific	**45.2**	***13.9 %***	42.8	*11.5 %*
Other [1]	**16.1**	***5.0 %***	16.6	*4.4 %*
	324.8		373.4	

[1] Other includes Canada, South America, Latin America and Africa.

The Company’s performance obligations are satisfied at a point in time. With the reclassification of our Superform business as discontinued operations, none of the Company's revenue is satisfied over time. As a result, the Company's contract receivables, contract assets and contract liabilities at December 31, 2020 are disclosed within current assets and liabilities held-for-sale.

The following table provides information about contract receivables, contract assets and contract liabilities with customers as at December 31, 2019 .

In millions	**December 31, 2019**
Contract receivables	1.7
Contract assets	1.3
Contract liabilities	(0.5)

Contract assets in 2019 consisted of $1.3 million accrued unbilled amounts relating to tooling revenue and were recognized in *prepayments and accrued income* in the consolidated balance sheet. Of the $2.1 million contract assets recognized as of December 31, 2018, $2.0 million were billed to customers and transferred to receivables as of December 31, 2019.

Contract liabilities in 2019 of $0.5 million consisted of advance payments and billing above costs incurred and were recognized as *accruals and deferred income*. Significant changes in contract liabilities balances during 2019 were as follows:

In millions		**2019**
As at January 1,	$	(1.1)
(Payments received) / amounts billed		(0.9)
(Costs incurred) / revenue recognized		1.5
As at December 31,	$	(0.5)

3. Segmental Information

We classify our operations into two core business segments, Gas Cylinders and Elektron, based primarily on shared economic characteristics for the nature of the products and services; the nature of the production processes; the type or class of customer for their products and services; the methods used to distribute their products or provide their services; and the nature of the regulatory environment. The Group has four identified business units, which aggregate into the two reportable segments. Luxfer Gas Cylinders forms the Gas Cylinders segment, and Luxfer MEL Technologies, Luxfer Magtech and Luxfer Graphic Arts aggregate into the Elektron segment. The Superform business unit used to aggregate into the Gas Cylinders segment, but is now recognized within discontinued operations. Prior to its sale at the end of the second quarter of 2019, there was a further business unit, Luxfer Czech Republic which was part of the Elektron Segment. A summary of the operations of the segments is provided below:

Gas Cylinders segment

Our Gas Cylinders segment manufactures and markets specialized products using carbon composites and aluminum, including pressurized cylinders for use in various applications including self-contained breathing apparatus (SCBA) for firefighters, containment of oxygen and other medical gases for healthcare, alternative fuel vehicles, and general industrial.

Elektron segment

Our Elektron segment focuses on specialty materials based primarily on magnesium and zirconium, with key product lines including advanced lightweight magnesium alloys with a variety of uses across a variety of industries; magnesium powders for use in countermeasure flares, as well as heater meals; photoengraving plates for graphic arts; and high-performance zirconium-based materials and oxides used as catalysts and in the manufacture of advanced ceramics, fiber-optic fuel cells, and many other performance products.

Other

Other primarily represents unallocated corporate expense and includes non-service related defined benefit pension cost / credit.

Management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the CEO, using adjusted EBITA(1) and adjusted EBITDA, which is defined as segment income and is based on operating income adjusted for share based compensation charges; loss on disposal of property, plant and equipment, restructuring charges; impairment charges; acquisition and disposal related gains and costs; other charges; depreciation and amortization; and unwind of discount on deferred consideration.

Unallocated assets and liabilities include those which are held on behalf of the Group and cannot be allocated to a segment, such as taxation, investments, cash, retirement benefits obligations, bank and other loans and holding company assets and liabilities.

Financial information by reportable segment for the years ended December 31, is included in the following summary:

	Net Sales		Adjusted EBITDA(2)	
In millions	**2020**	**2019**	**2020**	**2019**
Gas Cylinders segment	**$ 141.9**	$ 153.5	**$ 21.3**	$ 22.3
Elektron segment	**182.9**	219.9	**32.6**	44.8
Consolidated	**$ 324.8**	$ 373.4	**$ 53.9**	$ 67.1

	Depreciation and amortization		Restructuring and other expense	
In millions	**2020**	**2019**	**2020**	**2019**
Gas Cylinders segment	**$ 3.9**	$ 3.9	**$ 5.9**	$ 21.8
Elektron segment	**9.7**	9.7	**1.3**	7.8
Unallocated	**—**	—	**0.1**	—
Consolidated	**$ 13.6**	$ 13.6	**$ 7.3**	$ 29.6

In millions	Capital expenditure 2020	Capital expenditure 2019
Gas Cylinders segment	**$ 2.0**	$ 3.1
Elektron segment	**5.1**	10.9
Unallocated	**—**	—
Discontinued operations	**$ 0.3**	$ 0.8
Consolidated	**$ 7.4**	$ 14.8

In millions	Total assets 2020	Total assets 2019	Total liabilities 2020	Total liabilities 2019
Gas Cylinders segment	**$ 90.8**	$ 104.5	**$ 36.4**	$ 36.3
Elektron segment	**186.7**	197.9	**28.6**	34.0
Unallocated	**26.6**	34.2	**106.6**	129.6
Discontinued operations	**$ 33.8**	44.0	**11.0**	18.8
Consolidated	**$ 337.9**	$ 380.6	**$ 182.6**	$ 218.7

In millions	Non-current assets 2020	Non-current assets 2019
United States	**107.7**	122.8
United Kingdom	**68.5**	68.5
Rest of Europe	**1.1**	1.0
Canada	**9.4**	11.5
Asia Pacific	**0.1**	0.6
	186.8	204.4

(1) Adjusted EBITA is adjusted EBITDA less depreciation and loss on disposal of property, plant and equipment.

(2) 2020 and 2019 adjusted EBITDA is calculated on a US GAAP basis, our primary GAAP. A reconciliation can be found in our FORM 10-K filed with the SEC on March 2, 2021.

4. Operating profit

Operating profit for continuing activities is stated after charging:

	2020 $M	2019 $M
Research and development expenditure charged to the consolidated income statement	**3.3**	5.7
Depreciation of property, plant and equipment (Note 12)	**13.4**	13.1
Right-of-use asset depreciation	**3.3**	3.7
Amortization of intangible assets (Note 13)	**1.3**	2.2
Loss on disposal of property, plant and equipment	**0.1**	0.2
Restructuring and other expense (Note 6)	**7.3**	29.6
Staff costs (Note 7)	**89.1**	114.4
Cost of inventories recognized as expense	**239.3**	226.9

5. Fees payable to auditors

The total remuneration of the Group's auditors, PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International Limited, for services provided to the Group during the years ended December 31, 2020 and December 31, 2019 is analyzed below.

	2020 $M	2019 $M
Fees payable to auditors for the audit of the consolidated financial statements and its subsidiaries	**1.7**	1.8

Fees paid for non-audit services were less than $0.1 million in both 2020 and 2019.

The audit fee for the company financial statements of Luxfer Holdings PLC was $0.1 million (2019: $0.1 million).

6. Other (expense) / income items

	2020 $M	2019 $M
(a) Changes to defined benefit pension plans		
Credited / (charged) to operating profit:		
Changes to defined benefit pension plans	—	2.7
	—	2.7
(b) Restructuring and other expense		
Charged to operating profit:		
Rationalization of operations	**(6.9)**	(22.4)
Asset impairments	—	(4.7)
Environmental remediation costs	**(0.4)**	(2.5)
	(7.3)	(29.6)
(c) Net loss on acquisitions and disposals		
(Charged)/credited to non-operating profit:		
Merger and acquisition costs	**(0.4)**	(4.4)
Gain on disposal of business	—	2.9
Gain on previously written down inventory	**0.3**	—
Remeasurement of deferred contingent consideration	**0.1**	0.1
	—	(1.4)

Changes to defined benefit pension plans

During 2020, there was no change in the defined benefit pension plans that has been recognized outside of interest.

During 2019, a $2.7 million credit has been recognized in relation to special events occurring in the US and France. There was a $1.8 million curtailment gain on the French plan as a result of the redundancy exercise which took place in June 2019. There was also a $0.9 million gain on the US plan as a result of offering deferred members the opportunity to receive a lump sum in respect of their benefits in the Plan. Lump sums of $2.7 million were paid out and $3.6 million of defined benefit obligation was extinguished.

Rationalization of operations

In 2020, there was a further $5.4 million of costs in relation to the closure of Luxfer Gas Cylinders' French site. It is expected that there will be further costs incurred in 2021. In response to uncertain global economic conditions, we undertook actions to reduce the Group's cost structure and improve operating efficiency. These actions included a workforce reduction program resulting in $1.5 million of severance-related charges, of which $0.4 million and $1.0 million was incurred in the Gas Cylinders and Elektron segment respectively, and $0.1 million Other.

In 2019, $21.5 million of costs were incurred in relation to rationalization cost in the Gas Cylinders Segment and $0.9 million in the Elektron Segment. $21.4 million of the charge in the Gas Cylinders Segment was in relation to the the closure of the Company's French site. There is an expectation that further costs will be incurred in, but not beyond 2020. $0.6 million of the charge in the Elektron Segment relates to one-time employee benefits following the decision to scale down production at one of our Luxfer Magtech sites in 2019 and further closure costs in relation to the previously announced rationalization of Elektron's Graphic Arts operations. There were other simplification costs of $0.4 million across both segments.

Asset impairments

In 2019, an impairment charge of $2.1 million has been recognized in respect of the Gas Cylinders Segment and $4.4 million within the Elektron Segment. Within the Gas Cylinders Segment, the charge predominantly relates to our Superform business following a downturn affecting European luxury automotive sales. Within the Elektron Segment, the $4.4 million relates to the write down of land and buildings following the decision to scale down production at one of our Luxfer Magtech sites.

Environmental remediation costs

In 2019, the Company decided to commence a project to remove low-level naturally occurring radioactive material (NORM) from a redundant building at Elektron's Manchester, UK site. The work represents remediation of a legacy environmental issue and is expected to complete in the first quarter of 2021. In 2020 and 2019, the Company recognized $0.4 million and $2.5 million respectively, in other charges on the consolidated income statement related to this remediation.

Net loss on acquisitions and disposals

Acquisition-related costs which were net $nil in 2020 and related to $0.4 million costs incurred in relation to merger and acquisition ("M&A") exploration activities offset by deferred consideration adjustments and profit on previously written-down inventory. In July 2020 we sold our 51% investment in Luxfer Uttam India Private Limited to the joint venture ("JV") partner. Allowing for legal costs, we generated a profit on disposal of less than $0.1 million.

In 2019, acquisition and disposal related costs of $1.4 million were incurred. This amount included a $3.5 million charge in relation to the reimbursement of costs and $0.9 million of professional and legal fees incurred in connection with the terminated Neo acquisition, partially offset by a $2.9 million gain from the sale of Magnesium Elektron CZ s.r.o in the second quarter of 2019 and a $0.1 million credit on the remeasurement of the deferred contingent consideration.

7. Staff Costs

Staff costs from continuing operations were as follows:

	2020 $M	2019 $M
Wages and salaries	**75.6**	83.3
Social security costs	**5.1**	6.5
Retirement benefits costs	**3.2**	4.0
IAS 19R retirement benefits finance charge	**1.0**	1.4
Redundancy costs: Continuing activities	**1.4**	14.7
Share based compensation charges (Note 33)	**2.8**	4.5
	89.1	114.4

The average monthly number of employees from continuing operations during the year was made up as follows:

	2020 No.	2019 No.
Production and distribution	**1,070**	1,131
Sales and administration	**168**	176
Research and development	**29**	45
	1,267	1,352

The compensation of the members of our Board of Directors (each, a "director") was:

	2020 $M	2019 $M
Remuneration (short-term benefits)	**1.5**	1.6
Social security costs	**0.1**	0.1
Post-retirement benefits	**0.2**	0.2
Total short-term and post-retirement benefits	**1.8**	1.9

In 2020, compensation of key management personnel for the period they served on the Executive Leadership Team, (including directors) was $4.8 million (2019: $6.0 million) in total which includes; $3.2 million (2019: $4.4 million) for short-term employee benefits, $1.2 million (2019: $1.0 million) for long-term incentive plans and $0.3 million (2019: $0.4 million) for post-employment benefits. Social security costs were incurred of $0.1 million (2019: $0.2 million).

Details of the share awards granted are included in the Remuneration Report in Outstanding Share Awards During 2020, are on pages 46 to 47 of the Remuneration Report.

Further details of directors' remuneration are included in the Remuneration Report on pages 39 to 56.

During 2020 and 2019, one director was a member of the Group's U.S. registered defined contribution plan.

Directors' interests and related party transactions

No directors had a material interest in, nor were they a party to, any contract or arrangement to which the parent company, Luxfer Holdings PLC (the "Company") or any of its subsidiaries is or was party to either during the year or at the end of the year, with the following exceptions: in the case of the executive director his individual service contract and the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan; in the case of the non-executive directors their engagement letters or the contract for services under which their services as a director of the Company are provided; in the case of the executive director and the chairman, the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan. Information regarding the share options exercised during the year is included within the Remuneration Report. See Note 34 for related party transactions.

8. Finance income

Finance income from continuing operations was as follows:

	2020 $M	2019 $M
Bank interest received	—	0.1

9. Finance costs

Finance costs from continuing operations was as follows:

	2020 $M	2019 $M
Bank and other loan interest payable	**5.1**	4.7
Amortization of issue costs	**0.5**	0.5
Lease interest payable	**0.4**	0.4
IAS 19R retirement benefits finance charge	**1.0**	1.4
Unwind of discount on deferred contingent consideration from acquisitions	—	0.2
Total finance costs	**7.0**	7.2

10. Income tax expense

(a) Analysis of taxation charge for the year

	2020 $M	2019 $M
Current income taxes:		
U.K. corporation tax	**0.1**	0.6
Adjustments in respect of previous years	**(0.3)**	0.1
	(0.2)	0.7
Non-U.K. tax	**2.1**	3.9
Adjustments in respect of previous years	**0.3**	(0.4)
Total current tax charge	**2.2**	4.2
Deferred income taxes:		
Origination and reversal of temporary differences	**4.7**	4.3
Adjustments in respect of previous years	**(0.7)**	(0.3)
Total deferred income taxes charge	**4.0**	4.0
Tax charge on profit on operations	**6.2**	8.2

The income taxes charges relate to continuing activities.

(b) Factors affecting the taxation charge for the year

The tax assessed for the year differs from the standard rate of 19% (2019: 19%) for corporation tax in the U.K.

The differences are explained below:

	2020 $M	2019 $M
Profit on operations before taxation	**24.0**	14.2
Profit on operations at 2020 standard rate of corporation tax in the U.K. of 19% (2019: 19%)	**4.6**	2.7
Effects of:		
Non-deductible expenses	**1.5**	3.3
Unprovided deferred income taxes	**0.8**	1.6
Foreign tax rate differences	**—**	1.1
Adjustments in respect of previous years	**(0.7)**	(0.5)
Tax expense	**6.2**	8.2

The 2020 deferred tax charge includes a non-cash accounting adjustment in respect of previous years of $0.8 million, which predominantly results from a re-evaluation of the availability of historic tax losses to offset future taxable profits.

The 2019 deferred tax charge includes a non-cash accounting adjustment in respect of previous years of $0.3 million, which predominantly results from a re-evaluation of the availability of historic tax losses to offset future taxable profits, partially offset by the re-evaluation of the deductibility of share-based compensation expense.

(c) Factors that may affect future taxation charge

At December 31, 2020, the Group had carried forward tax losses of $104.2 million (U.K.: $30.0 million, non-U.K.: $74.2 million). Carried forward tax losses for 2019 were $94.9 million (U.K.: $32.8 million, non-U.K.: $62.1 million). To the extent that these losses are not already recognized as deferred income taxes assets, and available to offset against future taxable profits, it is expected that the future effective tax rate would be below the standard rate in the country where the profits are offset. The Group has unrecognized deferred tax assets relating to certain trading and capital losses and other temporary timing difference of $19.3 million (2019: $14.9 million), potentially available for offset against future profits.

Changes to the U.K. corporation tax rates were announced as part of the U.K. government's Finance Bill of March 2021, which will increase the rate from 19% to 25% from April 2023. We expect that U.K. deferred taxes will be remeasured based on the anticipated timing of reversal of associated timing differences once the announced rate change has been substantively enacted, expected to be later in 2021. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date would be to increase the deferred tax asset by approximately $3.5 million.

11. Discontinued Operations

Our Superform aluminum superplastic forming business operating from sites in the U.S. and the U.K, and our U.S. aluminum gas cylinder business were historically included in the Gas Cylinders segment. As a result of our decision to exit non-strategic aluminum product lines, we have reflected the results of operations of these businesses as discontinued operations in the Consolidated Statements of Income for all periods presented. The U.S. aluminum gas cylinder business was sold in March 2021, see Note 35 and we expect the sale of the Superform businesses to occur in 2021.

The assets and liabilities of the above businesses have been presented within Current assets held-for-sale and Current liabilities held-for-sale in the consolidated balance sheet of 2020. The Group has determined that the carrying value of the held-for-sale assets is recoverable and as a result no impairment losses have been recognized.

Results of discontinued operations were as follows:

	2020 $M	2019 $M
REVENUE	**53.2**	70.1
Cost of Sales	**(50.4)**	(64.3)
Gross profit	**2.8**	5.8
Distribution costs	**(1.1)**	(1.6)
Administrative expenses	**(2.3)**	(4.7)
Restructuring and other expense	**(0.1)**	(1.9)
OPERATING PROFIT	**(0.7)**	(2.4)
Net finance costs	**(0.2)**	(0.3)
LOSS ON DISCONTINUED OPERATIONS BEFORE TAX	**(0.9)**	(2.7)
Income tax credit	**—**	0.9
NET LOSS FROM DISCONTINUED OPERATIONS	**(0.9)**	(1.8)

The assets and liabilities classified as held-for-sale were as follows:

Reclassified to held-for-sale assets and liabilities	**December 31, 2020 $M**
Property, plant and equipment	**7.9**
Intangible assets	**0.3**
Right-of-use assets	**3.0**
Inventories	**12.6**
Trade and other receivables	**8.7**
Held-for-sale assets	**32.5**
Reclassified to held-for-sale liabilities	
Trade and other payables	**6.9**
Lease liability	**3.1**
Other liabilities	**1.0**
Held-for-sale liabilities	**11.0**

Also included within assets held-for-sale in 2020 is one building valued at $3.7 million, within our Elektron Segment.

The discontinued cash flow statement is presented below:	2020 $M	2019 $M
Cash flow from operating activities	$ **0.3**	$ 0.8
Cash flow from investing activities	**(0.3)**	(0.8)
Cash flow from financing activities	**—**	—
Net change in cash and cash equivalents	**$ —**	**$ —**

The depreciation and amortization, capital expenditures and significant non-cash items were as follows:

	2020 $M	2019 $M
Cash flows from discontinued operating activities:		
Depreciation	**1.1**	1.1
Impairment charged	**—**	2.0
Cash flows from discontinued investing activities:		
	0.3	0.8

12. Property, plant and equipment

	Freehold $M	Long leasehold $M	Short leasehold $M	Plant and equipment $M	Total $M
Cost:					
At January 1, 2019	43.4	7.4	14.1	279.6	**344.5**
Additions	0.1	—	0.1	14.6	**14.8**
Disposals	(0.6)	—	(0.2)	(4.9)	**(5.7)**
Transfers	2.7	1.1	(2.6)	(1.2)	**—**
Exchange difference	2.2	0.3	0.1	6.0	**8.6**
At December 31, 2019	47.8	8.8	11.5	294.1	**362.2**
Additions	0.2	0.2	0.1	6.8	**7.3**
Disposals	—	—	—	(2.9)	**(2.9)**
Transfers - Held for sale	(5.8)	—	(1.2)	(41.5)	**(48.5)**
Transfers	2.0	0.1	0.3	(2.4)	**—**
Exchange difference	0.8	0.3	0.1	6.8	**8.0**
At December 31, 2020	45.0	9.4	10.8	260.9	**326.1**
Accumulated depreciation and impairment:					
At January 1, 2019	24.9	4.4	6.7	206.9	**242.9**
Provided during the year	1.4	0.4	0.8	10.5	**13.1**
Impairment	1.5	—	0.3	4.3	**6.1**
Disposals	(0.6)	—	(0.2)	(4.7)	**(5.5)**
Transfers	2.2	0.4	(0.1)	(2.5)	**—**
Exchange difference	1.8	0.2	—	5.4	**7.4**
At December 31, 2019	31.2	5.4	7.5	219.9	**264.0**
Provided during the year	1.5	0.5	0.6	10.8	**13.4**
Disposals	—	—	—	(2.8)	**(2.8)**
Transfers - Held for sale	(3.4)	—	(1.2)	(36.0)	**(40.6)**
Exchange difference	0.5	0.2	0.1	5.8	**6.6**
At December 31, 2020	29.8	6.1	7.0	197.7	**240.6**
Net book values:					
At December 31, 2020	15.2	3.3	3.8	63.2	**85.5**
At December 31, 2019	16.6	3.4	4.0	74.2	**98.2**
At January 1, 2019	18.5	3.0	7.4	72.7	**101.6**

As at December 31, 2020 and December 31, 2019, no assets were held under finance leases.

Assets relating to our Superform and U.S. aluminum cylinder businesses have been classified as held-for-sale in 2020.

Impairment of property, plant and equipment

$4.4 million of the impairment in 2019 relates to the Elektron Segment following the decision to scale down production at one of our Luxfer Magtech sites. $1.6 million of the impairment relates to our Superform business within the Gas Cylinders Segment following a downturn affecting European luxury automotive sales and $0.1 million in relation to other business units within the Segment. The impairment in relation to our Superform business has been reclassified as discontinued operations in the consolidated income statement.

Long and short leasehold

The long and short leasehold costs relate to leasehold property improvements.

13. Intangible assets

	Goodwill $M	Customer related $M	Technology and trading related $M	Development costs $M	Software $M	Total $M
Cost:						
At January 1, 2019	76.8	13.4	8.2	7.1	2.8	**108.3**
Additions	—	—	—	—	0.1	**0.1**
Disposals	—	—	—	(1.8)	(0.5)	**(2.3)**
Exchange difference	1.6	—	0.3	0.1	0.1	**2.1**
At December 31, 2019	78.4	13.4	8.5	5.4	2.5	**108.2**
Transfer to held-for-sale	—	—	—	(1.5)	(0.5)	**(2.0)**
Exchange difference	1.5	—	0.3	0.1	0.1	**2.0**
At December 31, 2020	79.9	13.4	8.8	4.0	2.1	**108.2**
Accumulated amortization and impairment:						
At January 1, 2019	19.9	3.8	3.2	5.2	1.9	**34.0**
Provided during the year	—	0.9	0.4	0.6	0.3	**2.2**
Disposals	—	—	—	(1.8)	(0.5)	**(2.3)**
Impairment	—	—	—	0.4	—	**0.4**
Exchange difference	0.6	—	0.1	0.2	0.1	**1.0**
At December 31, 2019	20.5	4.7	3.7	4.6	1.8	**35.3**
Provided during the year	—	0.4	0.4	0.2	0.3	**1.3**
Transfer to held-for-sale	—	—	—	(1.2)	(0.5)	**(1.7)**
Exchange difference	0.5	—	0.1	0.2	0.1	**0.9**
At December 31, 2020	21.0	5.1	4.2	3.8	1.7	**35.8**
Net book values:						
At December 31, 2020	58.9	8.3	4.6	0.2	0.4	**72.4**
At December 31, 2019	57.9	8.7	4.8	0.8	0.7	**72.9**
At January 1, 2019	56.9	9.6	5.0	1.9	0.9	**74.3**

Customer related intangibles include customer relationships, order backlogs and non-compete agreements. Technology and trading related intangibles include technology, patents, trade names and trademarks.

Development costs include $0.2 million (2019: $0.8 million) relating to internally generated intangible assets, all other intangible assets are externally generated.

Assets relating to our Superform and U.S. aluminum cylinder businesses have been classified as held-for-sale in 2020.

Impairment of intangible assets

The $0.4 million impairment of development costs in 2019 is in relation to the write down of Superform assets in the Gas Cylinders Segment following a downturn affecting European luxury automotive sales. The impairment has been reclassified as discontinued operations in the consolidated income statement.

14. Impairment of goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The five identified CGUs (Luxfer Gas Cylinders, Luxfer Superform, Luxfer MEL Technologies, Luxfer Magtech and Luxfer Graphic Arts) represent the lowest level within the Group at which goodwill is monitored for internal management reporting purposes. The five CGUs are aggregated to form the Group's two defined reportable segments: Gas Cylinders Segment and Elektron Segment. Luxfer Superform forms part of the discontinued operations disclosure. The table below summarizes the carrying value of goodwill by segment:

	Gas Cylinders Segment	Elektron Segment	Total
	$M	$M	$M
At January 1, 2019	18.5	38.4	**56.9**
Exchange difference	0.7	0.3	**1.0**
At December 31, 2019	19.2	38.7	**57.9**
Exchange difference	0.6	0.4	**1.0**
At December 31, 2020	19.8	39.1	**58.9**

The Gas Cylinders Segment goodwill of $19.8 million (2019: $19.2 million) relates wholly to the goodwill attributable to our Luxfer Gas Cylinders operations.The Elektron Segment goodwill of $39.1 million (2019: $38.7 million) included goodwill attributable to our Luxfer MEL Technologies operations of $5.4 million (2019: $5.2 million) and goodwill attributable to our Luxfer Magtech operations of $33.7 million (2019: $33.5 million); no goodwill is allocated to Luxfer Graphic Arts. The goodwill figure was allocated based on which operating segments historical acquisitions were allocated to and the value of the acquired goodwill on those historical acquisitions.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of each of the cash-generating units has been determined based on a value-in-use calculation using a discounted cash flow method. The cash flows were derived from a 3-year business plan prepared at a detailed level by each CGU. The results of these plans were then extrapolated to give a terminal value based on a growth rate of 1.8% (2019: 2.3%). The 3-year business plans were driven by detailed sales forecasts by product type and best estimate of future demand by end market, using current margins. The cash flows included allowance for capital maintenance costs, along with working capital requirements based on the projected level of sales. A pre-tax discount rate of between 8.0% and 9.0% was used for the individual CGUs (2019: between 8.3% and 9.0% for all CGUs), which was considered a best estimate for the risk-adjusted cost of capital for the CGUs. The long-term projections assumed product prices and costs were at current levels, but the exchange rates used were USD:GBP of $1.34 and USD:EUR of $1.12.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

15. Investments

Shares in joint ventures

	$M
At January 1, 2019	1.6
Share of results	0.7
At December 31, 2019	2.3
Share of results	(0.1)
Disposal	(1.7)
At December 31, 2020	**0.5**

Investment in joint ventures and associates

At December 31, 2020, the Group had the following joint venture which affect the profit of the Group. The Group's joint venture has share capital which consists solely of ordinary shares and are indirectly held, and the country of incorporation or registration is also their principal place of operation.

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Classification	Nature of business
Nikkei-MEL Co. Limited	Japan	Ordinary shares	50.0 %	Joint venture	Distribution

the above ownership percentage remains consistent with 2019.

In 2020, the Company sold its 51% investment in Luxfer Uttam India Private Limited to our joint venture partner for INR 137.4 million ($1.8 million) cash. Allowing for legal costs, we generated a profit on disposal of less than $0.1 million.

Sub161 Pty Limited, our Australian associate in which we held a 26% interest, was liquidated and deregistered as a legal entity in 2020.

The main trading activity in 2019 was in Luxfer Uttam India Private Limited and Nikkei MEL Co. Limited.

The share of results of all joint ventures and associates was loss of $0.1 million (2019: profit of $0.7 million), with no items recognized in other comprehensive income in 2020 or 2019.

The Group has looked in detail at the ownership agreements of its joint ventures and associates in order to determine the level of control that it has. The Group has determined that it has joint control of its joint ventures mainly based upon the number of members on each company board of directors and their associated voting rights. In relation to the associate undertaking, the Group has significant influence but not joint control based on the proportion of directors on the company board and associated voting rights. The Group therefore accounts for all material joint ventures and associates on an equity basis.

Related party transactions with joint ventures and associates have been disclosed in Note 34 to the Group's consolidated financial statements.

16. Inventories

	December 31, 2020 $M	December 31, 2019 $M
Raw materials and consumables	**26.2**	33.4
Work in progress	**19.7**	32.2
Finished goods and goods for resale	**22.9**	28.9
	68.8	94.5

Inventories above are disclosed net of any provisions for obsolete and excess inventories. The provision against obsolete and excess inventories at December 31, 2020 was $7.3 million (2019: $10.5 million). The cost of inventories recognized as an expense in continuing operations during the year was $239.3 million (2019: $226.9 million). The cost of inventories written-off during 2020 was $0.6 million (2019: $0.4 million).

17. Trade and other receivables

	December 31, 2020 $M	December 31, 2019 $M
Current Assets		
Trade receivables	**33.6**	52.4
Amounts owed by joint ventures and associates	**0.2**	2.7
Other receivables	**3.4**	4.2
Prepayments and accrued income	**5.5**	6.7
Derivative financial instruments	**0.2**	0.3
Deferred consideration	**0.2**	—
	43.1	66.3

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Trade receivables above are disclosed net of any provisions for doubtful receivables of $0.5 million due to credit risk. The following table provides information about the exposure to credit risk and expected credit losses for trade receivables (including amounts owed by joint ventures and associates) as at December 31, 2020 based on aging profile:

Trade receivables and amounts owed by joint ventures and associates	Default rate [1] %	Gross carrying amount $M	Lifetime expected credit loss $M
Current (not past due)	— %	29.0	—
1-30 days past due	— %	3.7	—
31-60 days past due	— %	0.7	—
61-90 days past due	1.5 %	0.1	—
91-120 days past due	15.0 %	0.1	—
> 120 days past due	100.0 %	0.5	0.5
		34.1	**0.5**

[1] Default rate is applied to uninsured trade receivables and amounts owed by joint ventures and associates.

At December 31, 2020, trade receivables with a nominal value of $0.5 million (2019: $1.3 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables and amounts owed by joint ventures and associates were as follows:

	2020 $M	2019 $M
At January 1	**1.3**	2.4
Charge in the year	**—**	1.2
Recoveries for expected credit losses	**(0.7)**	(2.0)
Exchange difference	**(0.1)**	(0.3)
At December 31	**0.5**	1.3

18 Held-for-sale assets and liabilities

In 2020, the Group classified its Superform aluminum superplastic forming business operating from sites in the U.S. and the U.K, and its U.S. aluminum gas cylinder business as assets and liabilities held-for-sale in accordance with IFRS 5 - *Discontinued Operations*.

There was also one building valued at $3.7 million, within our Elektron Segment classified as held-for-sale assets, previously included within current assets. The building was also classified as held-for-sale in 2019, as the expectation was that the building would be sold within 12 months. There are conditions attached to the sale which the Company expects to be met in 2021 and as such the building continues to be classified as held-for-sale.

In 2019, there was also $0.2 million of inventory which has been reclassified as held-for-sale assets, in relation to one of our operations within our Gas Cylinders Segment.

The respective assets and liabilities of the above disposal groups have been reclassified as held-for-sale within other current assets and other current liabilities per the table below.

Reclassified to held-for-sale assets and liabilities	**December 31, 2020 $M**	**December 31, 2019 $M**
Property, plant and equipment	**11.6**	3.7
Intangible assets	**0.3**	—
Right-of-use assets	**3.0**	—
Inventories	**12.6**	0.2
Trade and other receivables	**8.7**	—
Held-for-sale assets	**36.2**	**3.9**
Reclassified to held-for-sale liabilities		
Trade and other payables	**6.9**	—
Lease liability	**3.1**	—
Other liabilities	**1.0**	—
Held-for-sale liabilities	**11.0**	**—**

As a result of items reclassified to held-for-sale, there has been no reclassification of items from other comprehensive income to the income statement.

19. Cash and cash equivalents

	December 31, 2020	December 31, 2019
	$M	**$M**
Cash at bank and in hand	**1.5**	10.3
	1.5	10.3

Included within the cash at bank and in hand balance is nil (2019: $0.1 million) cash held in escrow, as restricted cash.

20. Share capital

(a) ***Ordinary share capital***

	December 31, 2020	December 31, 2019	December 31, 2020		December 31, 2019	
	No.	**No.**	**$M**		**$M**	
Authorized:						
Ordinary shares of £0.50 each	**40,000,000**	40,000,000	**35.7**	(1)	35.7	(1)
Deferred ordinary shares of £0.0001 each	**761,835,338,444**	761,835,338,444	**149.9**	(1)	149.9	(1)
	761,875,338,444	761,875,338,444	**185.6**	(1)	185.6	(1)
Allotted, called up and fully paid:						
Ordinary shares of £0.50 each	**29,000,000**	29,000,000	**26.6**	(1)	26.6	(1)
Deferred ordinary shares of £0.0001 each	**761,835,338,444**	761,835,338,444	**149.9**	(1)	149.9	(1)
	761,864,338,444	761,864,338,444	**176.5**	(1)	176.5	(1)

(1) The Group's ordinary and deferred share capital are shown in U.S. dollars at the exchange rate prevailing at the month end spot rate at the time of the share capital being issued.

The rights of the shares are as follows:

Ordinary shares of £0.50 each

The ordinary shares carry no entitlement to an automatic dividend but rank pari passu in respect of any dividend declared and paid. The ordinary shares were allotted and issued to satisfy share awards which vested under the Group's share award and share incentive plans.

At December 31, 2020, there were 27,636,153 (2019: 27,431,283) ordinary shares of Luxfer Holdings PLC listed on the New York Stock Exchange (NYSE).

Deferred ordinary shares of £0.0001 each

The deferred shares have no entitlement to dividends or to vote. On a winding up (but not otherwise) the holders of the deferred shares shall be entitled to the repayment of the paid up nominal amount of the deferred shares, but only after any payment to the holders of ordinary shares of an amount equal to 100 times the amount paid up on such ordinary shares.

(b) ***Share premium account***

	$M
At January 1, 2019	65.7
Shares sold from ESOP	3.3
Utilization of shares	5.5
At December 31, 2019	**74.5**
Shares sold from ESOP	0.8
Utilization of shares	1.8
At December 31, 2020	**77.1**

The share premium account is used to record the excess of proceeds over nominal value on the issue of shares. Share issue costs directly related to the issue of shares are deducted from share premium.

(c) ***Treasury shares***

	$M
At January 1, 2019	(4.3)
Utilization of treasury shares	0.3
At December 31, 2019	**(4.0)**
At December 31, 2020	**(4.0)**

In June 2015, the Board announced a share buy-back program of up to $10 million, to cover the needs of employee share plans. Shareholder approval for this program was granted at the 2014 Annual General Meeting (for repurchases up to an aggregate amount of 2,700,000 ordinary shares or ADSs).

During 2020 and 2019 no ordinary shares were repurchased under the share buy-back program. At December 31, 2020, there were 350,335 (2019: 352,499) treasury shares held at a cost of $4.0 million (2019: $4.0 million).

(d) ***Own shares held by ESOP***

	$M
At January 1, 2019	**(2.2)**
Shares sold from ESOP	0.2
Utilization of ESOP shares	0.3
At December 31, 2019	**(1.7)**
Shares sold from ESOP	0.3
At December 31, 2020	**(1.4)**

At December 31, 2020, there were 1,013,512 ordinary shares of £0.50 each (2019: 1,216,220 ordinary shares of £0.50 each) held by The Luxfer Group Employee Share Ownership Plan (the "ESOP").

21. Dividends paid and proposed

	2020 $M	2019 $M
Dividends declared and paid during the year:		
Interim dividend paid February 6, 2019 ($0.125 per ordinary share)	—	3.4
Interim dividend paid May 1, 2019 ($0.125 per ordinary share)	—	3.4
Interim dividend paid August 7, 2019 ($0.125 per ordinary share)	—	3.4
Interim dividend paid November 6, 2019 ($0.125 per ordinary share)	—	3.4
Interim dividend paid February 5, 2020 ($0.125 per ordinary share)	**3.4**	—
Interim dividend paid May 6, 2020 ($0.125 per ordinary share)	**3.4**	—
Interim dividend paid August 5, 2020 ($0.125 per ordinary share)	**3.4**	—
Interim dividend paid November 4, 2020 ($0.125 per ordinary share)	**3.4**	—
	13.6	13.6

	2020 $M	2019 $M
Dividends declared and paid after December 31 (not recognized as a liability at December 31):		
Interim dividend paid February 5, 2020: ($0.125 per ordinary share)	—	3.4
Interim dividend paid May 6, 2020: ($0.125 per ordinary share)	—	3.4
Interim dividend paid February 4, 2020: ($0.125 per ordinary share)	**3.4**	—
Interim dividend to be paid May 5, 2021: ($0.125 per ordinary share)	**3.4**	—
	6.8	6.8

22. Bank and other loans

	December 31, 2020 $M	December 31, 2019 $M
Loan Notes due 2021—gross	—	25.0
Unamortized finance costs	—	—
Loan Notes due 2021—net	—	25.0
Loan Notes due 2023—gross	**25.0**	25.0
Unamortized finance costs	—	(0.1)
Loan Notes due 2023—net	**25.0**	24.9
Loan Notes due 2026—gross	**25.0**	25.0
Unamortized finance costs	**(0.3)**	(0.3)
Loan Notes due 2026—net	**24.7**	24.7
Revolving credit facility—gross	**4.1**	17.5
Unamortized finance costs	**(0.7)**	(1.1)
Revolving credit facility—net	**3.4**	16.4
	53.1	91.0
Included in current liabilities	—	—
Included in non-current liabilities	**53.1**	91.0
	53.1	91.0

The Loan Notes due 2021 were due to mature on September 15, 2021, however we voluntarily chose to repay the notes early, on December 31, 2020, largely using surplus cash generated from operations, plus a small drawing on the Senior Facilities Agreement. In addition to the repayment of the $25 million principal, we incurred an early repayment charge of $0.5 million.

On July 31, 2017, an extension to the Senior Facilities Agreement was agreed which provides $150 million in committed debt facilities, in the form of a multi-currency revolving credit facility, with an additional $50 million of uncommitted facilities through an accordion facility. The Senior Facilities Agreement was due to mature in April 2019, but has now been extended until the end of July 2022. Finance costs of $1.2 million were capitalized following this extension and were deemed to be a modification of the existing facility. The Senior Facility Agreement bears interest equal to a margin based upon the Group's leverage plus either EURIBOR or LIBOR, depending on the currency drawn down. Note that GBP sterling drawings will be subject to interest rates based on SONIA (Sterling Overnight Index Average) once LIBOR is phased out by the end of 2021. We do not expect this change to have a material effect on our interest expense.

The weighted-average interest rate on the revolving credit facility was 2.19% and 2.47% in 2020 and 2019 respectively.

The maturity profile of the Group's undiscounted contractual payments is disclosed in Note 29.

23. Provisions

	Rationalization and redundancy	Employee benefits	Environmental provisions	Total
	$M	$M	$M	$M
At January 1, 2019	**9.3**	**0.8**	**0.5**	**10.6**
Charged to consolidated income statement	18.5	0.1	2.5	**21.1**
Cash payments	(19.6)	—	(0.8)	**(20.4)**
At December 31, 2019	**8.2**	**0.9**	**2.2**	**11.3**
Charged to consolidated income statement	6.9	0.1	0.4	**7.4**
Cash payments	(4.9)	—	(1.5)	**(6.4)**
Translation	0.7	—	—	**0.7**
At December 31, 2020	**10.9**	**1.0**	**1.1**	**13.0**
At December 31, 2020				
Included in current liabilities	10.9	—	1.1	**12.0**
Included in non-current liabilities	—	1.0	—	**1.0**
	10.9	**1.0**	**1.1**	**13.0**
At December 31, 2019				
Included in current liabilities	8.2	—	2.2	**10.4**
Included in non-current liabilities	—	0.9	—	**0.9**
	8.2	**0.9**	**2.2**	**11.3**

Rationalization and redundancy
At December 31, 2020, the Group had $10.9 million of provisions relating to redundancy and the rationalization of its operations (2019: $8.2 million). $0.3 million (2019: $0.4 million) and $10.6 million (2019: $7.8 million) of this provision related to the Elektron and Gas Cylinders segments respectively.

Employee benefits
At December 31, 2020, the Group had $1.0 million of employee benefit liabilities (in addition to retirement benefits), as calculated on an actuarial basis, relating to a provision for workers' compensation in the U.S. (2019: $0.9 million).

Environmental provisions
At December 31, 2020, the Group had environmental provisions totaling $1.1 million relating to environmental clean-up costs (2019: $2.2 million). $1.0 million relates to a provision to remove low-level naturally occurring radioactive material (NORM) from a redundant building at Elektron's Manchester, UK site. The remaining $0.1 million relates to a provision for disbursement of environmental liabilities as part of the acquisition of the trade and assets of the Specialty Metals business of ESM Group Inc.

24. Deferred income taxes

	Accelerated tax depreciation	Other temporary differences	Tax losses	Retirement benefit obligations	Total
	$M	$M	$M	$M	$M
At January 1, 2019	**(2.8)**	**3.8**	**9.5**	**7.0**	**17.5**
(Charged) / credited to consolidated income statement	(1.1)	0.1	(1.0)	(2.0)	**(4.0)**
(Charged) / credited to other comprehensive income	—	(0.1)	—	0.6	**0.5**
Credited to discontinued operations	0.8	—	—	—	**0.8**
Exchange difference	—	0.1	0.4	0.2	**0.7**
At December 31, 2019	**(3.1)**	**3.9**	**8.9**	**5.8**	**15.5**
(Charged) / credited to consolidated income statement	0.7	(2.2)	(2.6)	0.1	**(4.0)**
Credited to other comprehensive income	—	—	—	3.7	**3.7**
Transfer to assets held for sale	0.6	—	—	—	**0.6**
Exchange difference	—	0.1	0.2	0.3	**0.6**
At December 31, 2020	**(1.8)**	**1.8**	**6.5**	**9.9**	**16.4**

The amount of deferred income taxes accounted for in the Group balance sheet, after the offset of balances within countries for financial reporting purposes, comprised the following deferred income tax assets and liabilities:

	December 31, 2020	December 31, 2019
	$M	$M
Deferred income tax liabilities	**(2.8)**	(1.0)
Deferred income tax assets	**19.2**	16.5
Net deferred income tax assets	**16.4**	15.5

The 2020 deferred tax charge includes a non-cash accounting adjustment in respect of previous years of $0.8 million, which predominantly results from a re-evaluation of the availability of historic tax losses to offset future taxable profits.

The 2019 deferred tax charge includes a non-cash accounting adjustment in respect of previous years of $0.3 million, which predominantly results from a re-evaluation of the availability of historic tax losses to offset future taxable profits, partially offset by the re-evaluation of the deductibility of share-based compensation expense.

25. Trade and other payables

	December 31, 2020 $M	December 31, 2019 $M
Non-current Liabilities		
Accruals and deferred income	**0.1**	0.6
	0.1	0.6
Current Liabilities		
Trade payables	**18.1**	36.4
Other taxation and social security	**0.5**	0.1
Accruals and deferred income	**22.8**	26.8
Interest payable	**0.3**	0.4
	41.7	63.7

The directors consider that the carrying value of trade payables approximates to their fair value.

26. Acquisitions

Deferred contingent consideration

The deferred contingent consideration is in relation to the acquisition of Truetech and Innotech, (Luxfer Magtech) is linked to the future profitability of the entity. Where appropriate, this was payable annually from 2015 to 2020. The deferred consideration totaled nil at December 31, 2020 (2019: $0.5 million), following the final payment in 2020.

	December 31, 2020 $M	December 31, 2019 $M
Net cash flows on purchase of business:		
Included in net cash flows from investing activities:		
Deferred consideration paid	**(0.4)**	**(0.5)**
Net cash flows on purchase of business	**(0.4)**	**(0.5)**

27. Leases

Right-of-use assets	Land and buildings $M	Motor vehicles $M	Equipment $M	Total $M
Cost:				
At January 1, 2019	**—**	**—**	**—**	**—**
Opening balance	16.4	0.2	1.5	**18.1**
Additions	—	—	0.1	**0.1**
At December 31, 2019	16.4	0.2	1.6	**18.2**
Additions	—	—	0.8	**0.8**
Disposals	—	—	(0.1)	**(0.1)**
Transfer to held-for-sale	(4.8)	(0.1)	(0.2)	**(5.1)**
Exchange difference	0.3	—	0.1	**0.4**
At December 31, 2020	11.9	0.1	2.2	**14.2**
Accumulated depreciation:				
At January 1, 2019	—	—	—	**—**
Charge for the year	3.0	0.1	0.6	**3.7**
At December 31, 2019	3.0	0.1	0.6	**3.7**
Charge for the year	2.9	—	0.4	**3.3**
Disposals	—	—	(0.1)	**(0.1)**
Transfer to held-for-sale	(2.0)	—	(0.1)	**(2.1)**
Exchange difference	0.2	—	—	**0.2**
At December 31, 2020	4.1	0.1	0.8	**5.0**
Net book values:				
At December 31, 2019	**13.4**	**0.1**	**1.0**	**14.5**
At December 31, 2020	**7.8**	—	**1.4**	**9.2**

Lease liability	December 31, 2020 $M	December 31, 2019 $M
The present value of lease liabilities is as follows:		
Within 12 months	$ 2.1	3.3
1 - 5 years	4.1	6.0
> 5 years	3.5	5.7
Total	**$ 9.7**	15.0

The total cash outflow for leases in 2020 was $3.7 million and total expense was $4.2 million.

Supplemental balance sheet information	December 31, 2020	December 31, 2019
Weighted average remaining lease terms (years)	21.9	17.1
Weighted average discount rate	4.43 %	4.46 %

28. Commitments and contingencies

Capital commitments

At December 31, 2020, the Group had capital expenditure commitments of $1.1 million (2019: $1.0 million) for the acquisition of new plant and equipment.

Committed banking facilities

At December 31, 2020 and 2019 the Group had committed banking facilities of $150.0 million. Of the committed facilities, $4.1 million was drawn at December 31, 2020 (2019: $17.5 million).

The Group had a separate (uncommitted) facility for letters of credit which at December 31, 2020 and 2019 was £1.0 million ($1.3 million). None of this were utilized at December 31, 2020 and 2019 respectively.

The Group also has two separate (uncommitted) bonding facilities for bank guarantees, one denominated in GBP sterling of £4.5 million (2020: $6.1 million, 2019: $5.9 million), and one denominated in USD of $1.5 million (2019: $0.4 million). Of that denominated in GBP, £1.0 million ($1.4 million) was utilized at December 31, 2020 (2019: £1.6 million / $2.3 million). Of that denominated in USD, $0.8 million was utilized in December 31, 2020 (2019: fully utilized).

Contingencies

During February 2014, a cylinder was sold to a long term customer and ruptured at one of their gas facilities. As a result of this rupture, three people were noted to have minor injuries such as loss of hearing. There was no major damage to assets of the customer. A claim has been launched by the three people who were injured in the incident. We have reviewed our quality control checks from around the time which the cylinder was produced and no instances of failures have been noted. It has also been noted by the investigator that the customer has poor quality and safety checks. As a result we do not believe that we are liable for the incident, and therefore, do not currently expect this case to have a material impact on the Group's financial position or results of operations.

In November 2018, an alleged explosion occurred at a third-party waste disposal and treatment site in Boise, Idaho, reportedly causing property damage, personal injury, and one fatality. We had contracted with a service company for removal and disposal of certain waste resulting from the magnesium powder manufacturing operations at the Reade facility in Manchester, New Jersey. We believe this service company, in turn, apparently contracted with the third-party disposal company, at whose facility the explosion occurred, for treatment and disposal of the waste. In November 2020, we were named as a defendant in three lawsuits in relation to the incident – one by the third-party disposal company, one by the estate of the decedent, and one by an injured employee of the third-party disposal company. At present, we have received insufficient information on the cause of the explosion. We do not believe that we are liable for the incident, have asserted such, and, therefore, do not currently expect this matter to have a material impact on the Company's financial position or results of operations.

29. Financial risk management objectives and policies

The Group's financial instruments comprise bank and other loans, senior loan notes, derivatives and trade payables. Other than derivatives, the main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

A Treasury Committee, chaired by the Chief Financial Officer, oversees the implementation of the Group's hedging policies, including the risk management of currency and aluminum risks and the use of derivative financial instruments.

It is not the Group's policy or business activity to trade in derivatives. They are only used to hedge underlying risks occurring as part of the Group's normal operating activities.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency translation and transaction risk, aluminum price risk and credit risk on trade receivables.

The Group regularly enters into forward currency contracts to manage currency risks and when considered suitable will use other financial derivatives to manage commodity and interest rate risks.

Interest rate risk

The Group has exposure to variable interest rates when it draws down on the revolving credit facilities. As a result of this exposure, the Group may decide to hedge interest payable based on a combination of forward rate agreements, interest rate caps and swaps. It has also used fixed rate debt within its financing structure to mitigate volatility in interest rate movements.

Liquidity risk

To understand and monitor cash flows, the Group uses a combination of a short-term rolling six week cash forecast, based on expected daily liquidity requirements and longer term monthly rolling forecasts, covering forecast periods of between 6 and 18 months forward. The Group also prepares, at least annually, a longer-term strategic cash forecast. Together this system of control is used to ensure the Group can fund its ongoing operations, including working capital, capital expenditure and interest payments and to ensure that bank covenant targets will be met. Short and medium term changes in liquidity needs are funded from the Group's revolving bank facility, as disclosed in Note 22, which provides the ability to draw down and repay funds on a daily basis. In monitoring liquidity requirements and planning its working capital and capital expenditure programs, the Group aims to maintain a sufficiently prudent level of headroom against its banking facilities and forecast covenant position as protection against any unexpected or sudden market shocks.

The Group also uses forecasts to manage the compliance with any associated covenant tests in relation to the Group's financing arrangements. The Group is subject to maintaining net debt to adjusted EBITDA levels of below three times, adjusted EBITDA to net interest above four times, and a number of other debt service tests which include adjusted EBITDA, taxation, capital expenditure and pension payments.

The Group has been in compliance with the covenants under the Loan Notes due 2021, 2023 and 2026 and the banking facilities throughout all of the quarterly measurement dates.

The maturity of the Group's liabilities is also monitored to ensure sufficient funds remain available to meet liabilities as they fall due. The table below summarizes the maturity profile of the Group's financial liabilities at December 31, based on contractual payments.

	December 31, 2020				December 31, 2019			
	Within 12 months	1-5 years	> 5 years	Total	Within 12 months	1-5 years	> 5 years	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Loan Notes due 2021	—	—	—	—	—	25.0	—	25.0
Loan Notes due 2023	—	**25.0**	—	**25.0**	—	25.0	—	25.0
Loan Notes due 2026	—	—	**25.0**	**25.0**	—	—	25.0	25.0
Revolving credit facility	—	**4.1**	—	**4.1**	—	17.5	—	17.5
Lease liability	**2.1**	**4.1**	**3.5**	**9.7**	3.3	6.0	5.7	15.0
Deferred contingent consideration	—	—	—	—	0.5	—	—	0.5
Trade payables	**18.1**	—	—	**18.1**	36.4	—	—	36.4
Accruals and deferred income	**22.8**	**0.1**	—	**22.9**	26.8	0.6	—	27.4
Interest payable	**0.3**	—	—	**0.3**	0.4	—	—	0.4
Current income tax	**0.5**	—	—	**0.5**	0.1	—	—	0.1
	43.8	**33.3**	**28.5**	**105.6**	67.5	74.1	30.7	172.3

The table below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments. Interest rates on the Group's variable rate debt have been based on a forward curve.

	December 31, 2020 $M	December 31, 2019 $M
Undiscounted contractual maturity of financial liabilities:		
Amounts payable:		
Within 12 months	**46.6**	72.5
1-5 years	**41.1**	86.5
> 5 years	**34.1**	36.8
	121.8	195.8
Less: future finance charges	**(16.2)**	(23.5)
	105.6	172.3

Capital risk management

The capital structure of the Group consists of shareholders' equity, debt and cash and cash equivalents. For the foreseeable future, the Board will maintain a capital structure that supports the Group's strategic objectives through:

- Managing funding and liquidity;
- Optimizing shareholder return; and
- Maintaining a strong, investment-grade credit rating

The Group monitors its adjusted EBITDA, for continuing activities to net debt ratio, adjusted net income and adjusted diluted earnings per share in its primary GAAP, that being US GAAP. These KPIs and reconciliations to GAAP measures can be found in our Form 10-K, filed with the SEC on March 2, 2021.

Credit risk

The Group only provides trade credit to creditworthy third parties. Credit checks are performed on new and existing customers along with monitoring payment histories of customers. Outstanding receivables from customers are closely monitored to ensure they are paid when due, with both outstanding overdue days and total days of sales outstanding reported as a business unit key performance measure. Where possible sales are also protected through the use of credit insurance. At December 31, 2020, the Group has a provision for bad and doubtful debtors of $0.5 million (2019: $1.3 million) and no charge (2019: $1.2 million) has been made to the consolidated income statement in relation to bad debts recognized in 2020.

The analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired				
	Total $M	Neither past due nor impaired $M	< 31 days $M	31-60 days $M	61-90 days $M	91-120 days $M	> 120 days $M
At December 31, 2020	**33.6**	**29.0**	**3.7**	**0.7**	**0.1**	**0.1**	**—**
At December 31, 2019	52.4	39.3	9.2	2.5	0.3	0.9	0.2

The Group also monitors the spread of its customer base with the objective of trying to minimize exposure at a Group and segment level to any one customer. The top 10 customers in 2020 represented 35% (2019: 27%) of total revenue. There were no customers in 2020 or 2019 that represented over 10% of total revenue.

Exchange rate risks

The largest risk is from our operations in the U.K., which in 2020 generated sales revenue of $153.5 million. Fluctuations in exchange rates, particularly between the U.S. dollar and GBP sterling (which has been subject to significant fluctuations), can have a material effect on our consolidated income statement and consolidated balance sheet. In 2020, movements in the average U.S. dollar exchange rate had a negative impact on revenue of $0.3 million; in 2019, movements in the average U.S. dollar exchange rate had a positive impact on revenue of $(9.5) million. Changes in translation exchange rates increased net assets by $2.9 million in 2020, compared to an increase of $3.1 million in 2019.

Commodity price risks

The Group is exposed to a number of commodity price risks, including primary aluminum, magnesium, rare earth chemicals, zircon sand and other zirconium basic compounds. All have been subject to substantial increases in recent years. Historically the two largest exposures to the Group have been the prices of aluminum and magnesium and the Group will spend annually approximately $80 to $100 million on these two raw materials.

Aluminum is traded on the London Metal Exchange ("LME") and therefore the Group is able to use LME derivative contracts to hedge a portion of its price exposure. In 2020 the Group purchased approximately 7,000 (2019: 8,000) metric tons of primary aluminum. The processed waste can be sold as scrap aluminum at prices linked to the LME price. Based on the 2020 level of aluminum purchases, a $100 increase in the LME price of aluminum would increase our Gas Cylinders segment's costs by approximately $0.7 million.

In the long-term, the Group has sought to recover the cost of increased commodity costs through price increases and surcharges. Any hedging of aluminum risk is performed to protect the Group against short-term fluctuations in aluminum costs.

In 2020 the Group purchased approximately 3,000 (2019: 5,000) metric tons of primary magnesium. Magnesium is not traded on the LME so we are not able to maintain a hedge position of its price exposure.

The Group purchases various rare earth chemicals which it uses in the production of various materials produced by its Elektron Segment and when these chemicals became subject to significant price volatility it used surcharges on its products to maintain its product margins.

30. Financial instruments

The following disclosures relating to financial instruments have been prepared on a basis which excludes short-term debtors and creditors which have resulted from the Group's operating activities.

(a) Financial instruments of the Group

The financial instruments of the Group other than short-term debtors and creditors and non-current derivative financial instruments were as follows:

Financial instruments - measured at amortized cost	Book value December 31, 2020 $M	Fair value December 31, 2020 $M	Book value December 31, 2019 $M	Fair value December 31, 2019 $M
Financial assets:				
Cash at bank and in hand	**1.5**	**1.5**	10.3	10.3
Financial liabilities[(1)]:				
Loan Notes due 2021[(2)]	—	—	25.0	25.0
Loan Notes due 2023[(2)]	**25.0**	**25.3**	25.0	25.9
Loan Notes due 2026[(2)]	**25.0**	**26.0**	25.0	26.2
Revolving credit facility	**4.1**	**4.1**	17.5	17.5
Deferred contingent consideration	—	—	0.5	0.5

(1) The financial instruments included in financial liabilities are shown gross of unamortized finance costs.
(2) The fair value of these financial instruments is calculated by discounting the future cash flows, including interest payments due.

All financial assets mature within one year. The maturity of the financial liabilities is disclosed in Note 29.

At December 31, 2020, the amount drawn in bank and other loans was $54.1 million (2019: $92.5 million), of which $50.0 million was denominated in U.S. dollars (2019: $75.0 million) with the remainder being denominated in GBP sterling.

Derivative financial instruments - measured at fair value through profit or loss	Book value December 31, 2020 $M	Fair value December 31, 2020 $M	Book value December 31, 2019 $M	Fair value December 31, 2019 $M
Held to hedge purchases and sales by trading businesses:				
Forward foreign currency exchange rate contracts	**(0.2)**	**(0.2)**	(0.3)	(0.3)

The fair value calculations were performed on the following basis:

Cash at bank and in hand / overdrafts

The carrying value approximates to the fair value as a result of the short-term maturity of the instruments.

Bank loans

At December 31, 2020, bank and other loans of $54.1 million (2019: $92.5 million) were outstanding. At December 31, 2020, bank and other loans are shown net of issue costs of $1.0 million (2019: $1.5 million) and these issue costs are to be amortized to the expected maturity of the facilities. At December 31, 2020, $4.1 million (2019: $17.5 million) of the total $54.1 million (2019: $92.5 million) bank and other loans was variable interest rate debt and subject to floating interest rate risk, with the remainder being fixed rate debt.

Forward foreign currency exchange rate contracts

The fair value of these contracts was calculated by determining what the Group would be expected to receive or pay on termination of each individual contract by comparison to present market prices.

Deferred contingent consideration

Disclosure of the basis of calculation of the fair value of deferred contingent consideration is included within Note 26 of the consolidated financial statements.

Fair value hierarchy

At December 31, 2020, the Group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	December 31, 2020 $M	Level 1 $M	Level 2 $M	Level 3 $M
Net derivative financial (assets) / liabilities at fair value through profit or loss:				
Forward foreign currency exchange rate contracts	**0.2**	—	0.2	—
Interest bearing loans and borrowings:				
Loan Notes due 2021	**—**	—	—	—
Loan Notes due 2023	**25.0**	—	25.0	—
Loan Notes due 2026	**25.0**	—	25.0	—
Revolving credit facility	**4.1**	—	4.1	—

During the year ended December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table presents the changes in Level 3 instruments for the year ended December 31, 2020 and 2019.

	2020 $M	2019 $M
Balance at January 1	**0.5**	0.9
Payments made during year	**(0.4)**	(0.5)
Unwind of discount on deferred consideration	**—**	0.2
Remeasurement of deferred consideration	**(0.1)**	(0.1)
Balance at December 31	**—**	0.5
Total (gains) / losses for the year included in profit and loss	**(0.1)**	0.1

The deferred contingent consideration relates to estimations of amounts payable in the future regarding acquisitions made in prior years. This is based upon an estimate of the future profitability of the businesses versus targets agreed upon as part of the acquisitions.

(b) Interest rate risks

Interest rate risk profile on financial assets

This table shows the Group's financial assets at December 31, which are cash and cash equivalents. These assets are all subject to floating interest rate risk.

Cash by currency:	December 31, 2020 $M	December 31, 2019 $M
U.S. dollar	**(1.6)**	6.1
GBP sterling	**1.0**	1.9
Euro	**0.2**	0.2
Australian dollar	**—**	0.6
Chinese renminbi	**1.7**	1.1
Canadian dollar	**0.2**	0.3
Japanese yen	**—**	0.1
	1.5	10.3

The Group earns interest on cash balances through either deposit accounts or placing funds on money markets at short-term fixed rates. In all cases, with the exception of the restricted cash, interest earned is at approximately ICELIBOR rates during the year.

Interest rate risk profile on financial liabilities

The following table sets out the carrying value, by original maturity, of the Group's financial instruments that were exposed to both fixed and variable interest rate risk. The carrying values include interest payments to be made and interest rates on the Group's variable rate debt have been based on a forward curve.

	December 31, 2020				December 31, 2019			
	Within 12 months $M	1-5 years $M	> 5 years $M	Total $M	Within 12 months $M	1-5 years $M	> 5 years $M	Total $M
Floating interest rate risk:								
Revolving credit facility (including interest payments)	—	4.2	—	**4.2**	1.0	19.0	—	**20.0**
Fixed interest rate risk:								
Loan Notes due 2021 (including interest payments)	—	—	—	**—**	0.9	25.7	—	**26.6**
Loan Notes due 2023 (including interest payments)	1.2	26.8	—	**28.0**	1.2	28.0	—	**29.2**
Loan Notes due 2026 (including interest payments)	1.2	4.9	25.6	**31.7**	1.2	5.0	26.9	**33.1**
	2.4	**35.9**	**25.6**	**63.9**	**4.3**	**77.7**	**26.9**	**108.9**

(c) Hedging activities

Forward foreign currency exchange contracts

The Group utilizes forward foreign currency exchange contracts to hedge significant future transactions and cash flows to manage its exchange rate exposures. The contracts purchased are primarily denominated in GBP sterling, U.S. dollars, Euros and Australian dollars. The Group is also exposed to a number of other currencies like Japanese yen and Canadian dollars with hedges against these on a more ad hoc basis, when exposures are more significant.

At December 31, 2020, the fair value of forward foreign currency exchange contracts deferred in equity was nil (2019: nil). During 2020, nil (2019: loss of $0.1 million) has been transferred to the consolidated income statement in respect of contracts that have matured in the year.

At December 31, 2020 and 2019, the Group held various forward foreign currency exchange contracts designated as hedges in respect of forward sales for U.S. dollars, euros, Japanese yen and Canadian dollars for the receipt of GBP sterling or euros. The Group also held forward foreign currency exchange contracts designated as hedges in respect of forward purchases for U.S. dollars, euros, Canadian dollars, Australian dollars and Chinese yuan by the sale of GBP sterling. The contract totals in GBP sterling and Euros, range of maturity dates and range of exchange rates are disclosed overleaf, with the value denominated in GBP sterling given that this is the currency the majority of the contracts are held in.

December 31, 2020

Sales hedges	U.S. dollars	Euros	Japanese Yen	Canadian dollars
Contract totals/£m	3.0	11.1	0.1	0.1
Maturity dates	01/21 to 03/21	01/21 to 04/21	01/21	01/21
Exchange rates	$1.3045 to $1.3667	€1.0917 to €1.1181	JPY136.89	$1.7409

Purchase hedges	U.S. dollars	Euros	Canadian dollars	Australian dollars	Chinese yuan
Contract totals/£m	4.8	1.7	9.4	0.9	0.9
Maturity dates	01/21 to 04/21	01/21 to 02/21	01/21	01/21	03/21
Exchange rates	$1.3046 to $1.3667	€1.1065 to €1.0944	$1.7409 to $1.7201	$1.7729	¥8.9184

December 31, 2019

Sales hedges	U.S. dollars	Euros	Japanese Yen
Contract totals/£m	0.1	7.6	0.1
Maturity dates	01/20	01/20 to 03/20	01/20
Exchange rates	1.2914	€1.1551 to €1.1750	JPY 142.86

Purchase hedges	U.S. dollars	Euros	Canadian dollars
Contract totals/£m	1.3	0.8	7.0
Maturity dates	03/20	03/20	01/20
Exchange rates	1.3228	1.1663	$1.7137 to $1.7664

Aluminum commodity contracts

The Group did not hold any forward aluminum commodity contracts at December 31, 2020 or 2019.

Forward interest rate agreements

The Group did not hold any forward interest rate agreements at December 31, 2020 or 2019.

(d) Foreign currency translation risk disclosures

Exchange gains and losses arising on the translation of the Group's non-U.S. assets and liabilities are classified as equity and transferred to the Group's translation reserve. In 2020, a gain of $2.9 million (2019: loss of $0.6 million) was recognized in translation reserves.

(e) Undrawn committed facilities

At December 31, 2020 and 2019 the Group had committed banking facilities of $150.0 million. Of the committed facilities, $4.1 million was drawn at December 31, 2020 (2019: $17.5 million).

The Group had a separate (uncommitted) facility for letters of credit which at December 31, 2020 and 2019 was £1.0 million ($1.3 million). None of this were utilized at December 31, 2020 and 2019 respectively.

The Group also has two separate (uncommitted) bonding facilities for bank guarantees, one denominated in GBP sterling of £4.5 million (2020: $6.1 million, 2019: $5.9 million), and one denominated in USD of $1.5 million (2019: $0.4 million). Of that denominated in GBP, £1.0 million ($1.4 million) was utilized at December 31, 2020 (2019: £1.6 million / $2.3 million). Of that denominated in USD, $0.8 million was utilized in December 31, 2020 (2019: fully utilized).

31. Retirement benefits

The Group has defined benefit pension plans in the U.K., the U.S. and France. The levels of funding are determined by periodic actuarial valuations. The assets of the plans are generally held in separate trustee-administered funds. The Group also operates defined contribution plans in the U.K., the U.S., Australia and Canada.

Remeasurements are recognized in full in the period in which they occur. The liability recognized in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method.

The principal defined benefit pension plan in the Group is the U.K. Luxfer Group Pension Plan ("the Plan"), which closed to new members in 1998, new employees then being eligible for a defined contribution plan. With effect from April 2004, the Plan changed from a final salary to a career average revalued earnings benefit scale. In August 2005, a plan specific earnings cap of £60,000 per annum subject to inflation increases was introduced, the figure had risen to £76,000 in 2015. In October 2007, the rate of the future accrual for pension was reduced and a longevity adjustment was introduced to mitigate against the risk of further unexpected increases in life expectancies. In 2015, following a consultation with the Trustees and members, it was agreed the Plan would close to future accrual of benefits effective from April 5, 2016 and for the purpose of increasing pensions in payment, to use the Consumer Prices Index ("CPI") as the reference index in place of the Retail Prices Index ("RPI") where applicable. The remaining active members, numbering approximately 160, were transferred into a defined contribution plan. The weighted average duration of the expected benefit payments from the Plan is around 16 years. The pension cost of the Plan is assessed in accordance with the advice of an independent firm of professionally qualified actuaries, Lane Clark & Peacock LLP. The Plan is registered with HMRC for tax purposes, operates separately from the Group and is managed by an independent set of Trustees. The Plan operates under U.K. trust law and the trust is a separate legal entity from the Group. The Plan is governed by an independent board of Trustees, composed of two member nominated Trustees and four company appointed Trustees.

The Trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies (e.g. investment funding) together with the Company. A schedule of payments provides for deficit funding, which comprises a shortfall-correction contribution totaling £3.9 million to be paid in the Plan year commencing 6 April 2018 and annual contributions of £4.1 million paid in each Plan year thereafter until 31 December 2023.

The Group's other arrangements are less significant than the Luxfer Group Pension Plan, the largest being the BA Holdings, Inc. Pension Plan in the U.S. In December 2005, this plan was closed to further benefit accrual with members being offered contributions to that Company's 401(k) plan. At January 1, 2016, the U.S. pension plans (BA Holdings, Inc. Pension Plan and Luxfer Hourly Pension Plan) merged into one plan.

The total charge to the Group's consolidated income statement for 2020 for retirement benefits was a cost of $5.4 million (2019: cost of $3.9 million).

The movement in the pension liabilities is shown below:

	2020 $M	2019 $M
Balance at January 1	**35.2**	40.0
Charged / (credited) to the consolidated income statement:		
Past service cost	**0.1**	—
Settlement gain	—	(0.9)
Curtailment credit	—	(1.8)
Current service cost	—	0.1
Net interest on net liability	**1.0**	1.4
Administrative costs	**0.9**	0.9
Cash contributions	**(5.8)**	(7.9)
Charged / (credited) to the consolidated statement of comprehensive income	**19.0**	2.3
Exchange difference	**0.4**	1.1
Balance at December 31	**50.8**	35.2

The financial assumptions used in the calculations were:

	Projected Unit Credit Valuation			
	U.K.		Non-U.K.	
	2020 %	2019 %	2020 %	2019 %
Discount rate	**1.40**	2.10	**2.30**	3.10
Inflation related assumptions:				
Pre-2030				
Retail Price Inflation	**2.90**	2.90	**n/a**	—
Consumer Price Inflation	**1.80**	2.00	**n/a**	n/a
Pension increases—pre 6 April 1997	**1.70**	1.80	**n/a**	n/a
—1997 - 2005	**1.90**	2.10	**n/a**	n/a
—post 5 April 2005	**1.60**	1.70	**n/a**	n/a
Post-2030				
Retail Price Inflation	**2.70**	2.90	**n/a**	n/a
Consumer Price Inflation	**2.60**	2.00	**n/a**	n/a
Pension increases—pre 6 April 1997	**2.20**	1.80	**n/a**	n/a
—1997 - 2005	**2.60**	2.10	**n/a**	n/a
—post 5 April 2005	**2.00**	1.70	**n/a**	n/a

Other principal actuarial assumptions:	2020 Years	2019 Years
Life expectancy of male / female in the U.K. aged 65 at accounting date	**21.5 / 24.3**	21.5 / 24.2
Life expectancy of male / female in the U.K. aged 65 at 20 years after accounting date	**22.9 / 25.8**	22.8 / 25.7

Investment strategies

For the principal defined benefit plan in the Group and the U.K., the Luxfer Group Pension Plan, the assets are invested in a diversified range of asset classes and include matching assets (comprising fixed interest and index linked bonds and swaps) and growth assets (comprising all other assets). The Trustees have formulated a de-risking strategy to help control the short term risks of volatility associated with holding growth assets. The Trustees also monitor the cost of a buy-in to secure pensioner liabilities with an insurance company to ensure they and the Company are able to act if such an opportunity arises. Other options to progressively reduce the scale of the liabilities are discussed between the Trustees and the Company.

Risk exposures

The Group is at risk of adverse experience relating to the defined benefit plans.

The plans hold a high proportion of assets in equity and other growth investments, with the intention of growing the value of assets relative to liabilities. The Group is at risk if the value of liabilities grows at a faster rate than the plans assets, or if there is a significant fall in the value of these assets not matched by a fall in the value of liabilities. If these events occurred, this would be expected to lead to an increase in the Group's future cash contributions.

Special events

In 2019, a redundancy exercise took place in France which impacted the French pension plans. This resulted in a curtailment gain of $1.8m and triggered immediate recognition of the unamortized net actuarial losses of $0.3m.

Also in 2019, the U.S. plan offered deferred members the opportunity to receive a lump sum in respect of their benefits in the Plan. As a result, on 20 December 2019 lump sums totaling $2.7m were paid out. The defined benefit obligation extinguished in this event was valued at $3.6m by the local actuary at this date based on the 2019 year-end discount rate of 3.1% pa. This triggered a settlement gain of $0.9 million

The amounts recognized in the consolidated income statement in respect of the pension plans were as follows:

	2020 U.K. $M	2020 Non-U.K. $M	2020 Total $M	2019 U.K. $M	2019 Non-U.K. $M	2019 Total $M
In respect of defined benefit plans:						
Current service cost	—	—	—	—	0.1	0.1
Net interest on net liability	**0.9**	**0.1**	**1.0**	1.1	0.3	1.4
Administrative expenses	**0.6**	**0.3**	**0.9**	0.5	0.4	0.9
Past service cost	**0.1**	—	**0.1**	—	—	—
Settlement gain	—	—	—	—	(0.9)	(0.9)
Curtailment credit	—	—	—	—	(1.8)	(1.8)
Total charge for defined benefit plans	**1.6**	**0.4**	**2.0**	1.6	(1.9)	(0.3)
In respect of defined contribution plans:						
Total charge for defined contribution plans	**1.5**	**1.9**	**3.4**	2.1	2.1	4.2
Total charge for pension plans	**3.1**	**2.3**	**5.4**	3.7	0.2	3.9

Of the total charge for the year, charges of $3.4 million and $0.9 million (2019: $4.3 million and $0.9 million) have been included in cost of sales and administrative costs, respectively and a charge of $1.0 million. (2019: $1.4 million) has been included in finance costs. In 2019 an additional credit of $2.7 million has been recognized as changes to defined benefit pension plans in the consolidated income statement.

For the year, the amount of loss recognized in the Consolidated Statement of Comprehensive Income is $19.0 million (2019: loss of $2.3 million).

The actual return of the plans assets was a gain of $33.0 million (2019: gain of $51.7 million).

The value of the plans assets and liabilities were:

	2020 U.K. $M	2020 Non-U.K. $M	2020 Total $M	2019 U.K. $M	2019 Non-U.K. $M	2019 Total $M
Assets in active markets:						
Equities and growth funds	**152.3**	**26.9**	**179.2**	146.8	26.2	173.0
Government bonds	**63.1**	**—**	**63.1**	52.7	—	52.7
Corporate bonds	**141.6**	**18.1**	**159.7**	129.1	16.2	145.3
Cash	**1.9**	**—**	**1.9**	0.1	—	0.1
Total market value of assets	**358.9**	**45.0**	**403.9**	328.7	42.4	371.1
Present value of plan liabilities	**(404.0)**	**(50.7)**	**(454.7)**	(359.2)	(47.1)	(406.3)
Deficit in the plans	**(45.1)**	**(5.7)**	**(50.8)**	(30.5)	(4.7)	(35.2)
Related deferred income tax assets	**8.9**	**1.0**	**9.9**	5.0	0.8	5.8
Net pension liabilities	**(36.2)**	**(4.7)**	**(40.9)**	(25.5)	(3.9)	(29.4)

The plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

Analysis of movement in the present value of the defined benefit obligations:

	2020 U.K. $M	2020 Non-U.K. $M	2020 Total $M	2019 U.K. $M	2019 Non-U.K. $M	2019 Total $M
At January 1	**359.2**	**47.1**	**406.3**	315.2	46.8	362.0
Current service cost	**—**	**—**	**—**	—	0.1	0.1
Interest on obligation	**7.0**	**1.4**	**8.4**	9.2	1.9	11.1
Actuarial losses on financial assumptions	**45.8**	**5.1**	**50.9**	39.6	6.4	46.0
Actuarial gains on demographic assumptions	**—**	**(0.4)**	**(0.4)**	—	(0.5)	(0.5)
Actuarial losses on plan experience	**(6.1)**	**—**	**(6.1)**	(1.2)	—	(1.2)
Exchange difference	**12.7**	**—**	**12.7**	10.0	—	10.0
Benefits paid	**(14.7)**	**(2.5)**	**(17.2)**	(13.6)	(2.2)	(15.8)
Past service cost	**0.1**	**—**	**0.1**	—	—	—
Curtailment credit	**—**	**—**	**—**	—	(5.4)	(5.4)
At December 31	**404.0**	**50.7**	**454.7**	359.2	47.1	406.3

The sensitivities regarding the principal assumptions used to measure the present value of the defined benefit obligations are set out below:

Assumption	Change in assumption	Impact on total defined benefit obligations
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 10%
CPI inflation (and related increases)	Increase/decrease by 0.1%	Increase/decrease by 8%
Post retirement mortality	Increase by 1 year	Increase by 3%

The sensitivities have been calculated to show the movement in the total defined benefit obligation in isolation, assuming no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is likely to be associated with a movement in the value of the invested assets held by the plans.

Analysis of movement in the present value of the fair value of plan assets:

	2020 U.K. $M	2020 Non-U.K. $M	2020 Total $M	2019 U.K. $M	2019 Non-U.K. $M	2019 Total $M
At January 1	**328.7**	**42.4**	**371.1**	283.5	38.5	322.0
Interest on plan assets	**6.1**	**1.3**	**7.4**	8.0	1.7	9.7
Actuarial gains / (losses)	**21.3**	**4.1**	**25.4**	36.5	5.5	42.0
Exchange difference	**12.3**	**—**	**12.3**	8.9	—	8.9
Contributions from employer	**5.8**	**—**	**5.8**	5.9	2.0	7.9
Administrative expenses	**(0.6)**	**(0.3)**	**(0.9)**	(0.5)	(0.4)	(0.9)
Benefits paid	**(14.7)**	**(2.5)**	**(17.2)**	(13.6)	(2.2)	(15.8)
Settlement	**—**	**—**	**—**	—	(2.7)	(2.7)
At December 31	**358.9**	**45.0**	**403.9**	328.7	42.4	371.1

The estimated amount of employer contributions expected to be paid to the defined benefit pension plans for the year ending December 31, 2021 is $5.8 million (2020: $5.8 million actual employer contributions).

32. The Luxfer Group Employee Share Ownership Plan

The trust

In 1997, the Group established an employee benefit trust ("the ESOP") with independent Trustees, to purchase and hold shares in the Group in trust to be used to satisfy options granted to eligible senior employees under the Group's share plans established from time to time.

The ESOP was established with the benefit of a gift equivalent to the set up and running costs. Purchase monies and costs required by the ESOP Trustees to purchase shares for and under the provisions of the trust are provided by way of an interest free loan from a Group subsidiary. The loan is repayable, in normal circumstances, out of monies received from senior employees when they exercise options granted to them over shares. Surplus shares are held by the ESOP Trustees to satisfy future option awards. The ESOP Trustees have waived their right to receive dividends on shares held in trust. The Remuneration Committee is charged with determining which senior employees are to be granted options and in what number subject to the relevant plan rules.

The current plan

The current share option plan, implemented by the Group in February 2007 is The Luxfer Holdings Executive Share Option Plan ("the Plan"), which consists of two parts. Part A of the Plan is approved by HM Revenue & Customs and Part B is unapproved. Options can be exercised at any time up to the tenth anniversary of their grant subject to the rules of the relevant part of the Plan. As a result of the I.P.O. all leaver restrictions over the shares were released. There are no other performance criteria attached to the options.

Movements in the year

The movement in the number of shares held by the Trustees of the ESOP and the number of share options held over those shares are shown below:

	Number of shares held by ESOP Trustees	
	£0.0001 deferred shares	£0.50 ordinary shares
At January 1, 2020	15,977,968,688	1,216,220
Shares utilized during the year	—	(131,909)
Shares transferred from ESOP during the year	—	(70,799)
At December 31, 2020	**15,977,968,688**	**1,013,512**

At December 31, 2020, the loan outstanding from the ESOP was $0.6 million (2019: $0.6 million).

The market value of each £0.50 ordinary share held by the ESOP at December 31, 2020 was $16.42 (2019: $18.51).

33. Share based compensation

Luxfer Holdings PLC Long-Term Umbrella Incentive Plan and Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan

As an important retention tool and to align the long-term financial interests of our management with those of our shareholders, the Group adopted the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan (the "LTiP") for the Group's senior employees, and the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan (the "Director EIP") for the Non-Executive Directors.

The equity or equity-related awards under the LTiP and the Director EIP are based on the ordinary shares of the Group. The Remuneration Committee administers the LTiP and have the power to determine to whom the awards will be granted, the amount, type and other terms. Awards granted under the LTIP generally vest one-third each year over a three-year period, subject to continuous employment and certain other conditions, with the exercise period expiring five years after grant date. Awards granted under the Director EIP are non-discretionary, are purely time-based and vest over one year, with settlement occurring immediately on vesting.

Share option and restricted stock awards

In March 2020, a combined 132,900 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over four years and expiring two years later. In May 2020, a combined 2,000 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over four years and expiring two years later. In June 2020, a combined 27,280 of Restricted Stock Units and Options over ordinary shares were granted under the Director EIP, which were all time-based awards that would fully vest one year later. In September 2020, a combined 3,892 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over four years and expiring two years later.

In March 2019, a combined 196,320 of Restricted Stock Unite and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over four years and expiring two years later. In May 2019, a combined 3,981 of restricted Stock Units and Options over ordinary shares were granted under the Director EIP, which were all time-based awards that would fully vest one year later. In December 2019, a combined 6,000 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards, vesting over four years and expiring two years later.

Total share-based compensation expense for 2020 and 2019 was as follows:

	2020 $M	2019 $M
Share based compensation charges	**2.8**	4.5

There were no cancellations or modifications to the awards in 2020 or 2019.

The actual tax benefit realized for the tax deductions from option exercises totaled $0.6 million and $0.9 million in 2020 and 2019 respectively.

The following table illustrates the number of, and movements in, share options during the year, with each option relating to 1 ordinary share:

	2020 Number	2020 Weighted average exercise price	2019 Number	2019 Weighted average exercise price
At January 1	467,362	$0.75	849,062	$2.1
Granted during the year	166,072	$1.00	212,419	$0.9
Exercised during the year	(222,375)	$0.71	(491,216)	$2.65
Accrued dividend awards	14,727	$0.84	13,838	$0.72
Lapsed during the year	(12,982)	$0.90	(116,741)	$2.43
At December 31	**412,804**	**$0.87**	467,362	$0.75
Options exercisable at December 31,	11,495	$0.66	8,903	$0.66
Options expected to vest as of December 31,	401,309	$0.88	458,459	$0.75

The weighted average fair value of options granted in 2020 and 2019 was estimated to be $9.41 and $17.65 per share, respectively. The total intrinsic value of options that were exercised during 2020 and 2019 was $3.0 million and $11.2 million respectively with the average share price during the year being $14.46 and $19.97 for 2020 and 2019 respectively. At December 31, 2020, the total unrecognized compensation cost related to share options was $2.2 million (2019: $2.7 million). This cost is expected to be recognized over a weighted average period of 1.3 years.

The following table illustrates the assumptions used in deriving the fair value of share options during the year:

	2020	**2019**
Dividend yield (%)	**3.39 - 4.09**	2.10
Expected volatility range (%)	**36.48 - 56.28**	35.06 - 44.20
Risk-free interest rate (%)	**0.18 - 0.49**	0.74 - 2.52
Expected life of share options range (years)	**0.50 - 4.00**	0.50 - 4.00
Forfeiture rate (%)	**5.00**	5.00
Weighted average exercise price ($)	**$1.00**	$1.00
Model used	**Black-Scholes & Monte-Carlo**	Black-Scholes & Monte-Carlo

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Employee share incentive plans

The Group operates an all-employee share incentive plan in its U.K. and U.S. operations and will look to implement plans in other geographic regions.

34. Related party transactions

Joint venture in which the Company is a venturer

In July 2020, the Company sold its 51% investment in the equity of its previous joint venture, Luxfer Uttam India Private Limited. During 2020, prior to the sale, the Gas Cylinders segment made $1.5 million (2019: $6.4 million) of sales to the joint venture. At December 31, 2020, the entity was no longer a related-party. At December 31, 2019 the gross amounts receivable from the joint venture amounted to $2.9 million and the net amounts receivable amounted to $2.7 million.

During 2020, the Group also maintained its 50% investment in the equity of the joint venture, Nikkei-MEL Company Limited. During 2020, the Elektron segment made $0.6 million of sales to the joint venture (2019: $0.7 million). At December 31, 2020, the gross and net amounts receivable from the joint venture amounted to $0.2 million (2019: $0.1 million).

Associates in which the Company holds an interest

During 2020, SUB161 Pty Limited, in which the Company held 26.4% equity, was liquidated as it no longer traded. During 2020, the Group made nil sales (2019: nil) to the associate. At December 31, 2020, the amounts receivable from the associate denominated in Australian dollars was nil (2019: nil).

Transactions with other related parties

At December 31, 2020, the directors and key management comprising the members of the Executive Leadership Team, owned 425,413 £0.50 ordinary shares (2019: 377,424 £0.50 ordinary shares) and held awards over a further 248,522 £0.50 ordinary shares (2019: 302,752 £0.50 ordinary shares).

During the years ended December 31, 2020 and 2019, share options held by members of the Executive Leadership Team were exercised; information relating to these exercises is disclosed in the Remuneration Report on pages 39 to 56.

Cherokee Properties Inc. represented a related party in 2019 due to its association with Chris Barnes, who was until July 2019 the president of one of our operating segments and is the president of Cherokee Properties Inc. During 2019, we engaged with Cherokee Properties Inc. for rental and associated costs regarding our manufacturing site in Madison, IL for the value of $1.1 million. We continue to engage with Cheroke Properties Inc. although not as a related-party.

Other than the transactions with the joint ventures, associates and key management personnel disclosed above, no other related party transactions have been identified.

35. Post Balance Sheet Events

On March 15, 2021 we completed the acquisition of Structural Composites Industries ("SCI") business of Worthington Industries, Inc. for $20 million in cash, subject to working capital adjustments. SCI is a U.S. composite cylinder business based in Pomona, California. The acquisition will complement our existing Gas Cylinders composite business and allow us to increase focus on Alternative Fuels product lines.

On March 25, 2021, we sold the trade and assets of our U.S.aluminum cylinder business for $21m million cash, a gain of $6.7 million has been recognized in 2021, net of $2.8 million tax.. The net assets were presented as held-for-sale in the consolidated balance sheet as at December 31, 2020, and its results from operations were presented as discontinued in both the current and prior year.

COMPANY BALANCE SHEET

All amounts in millions

	Note	At December 31, 2020 £M	At December 31, 2019 £M
ASSETS			
Non-current assets			
Investments	38	**267.9**	331.4
Deferred income taxes	39	**9.4**	7.5
		277.3	338.9
Current assets			
Trade and other receivables	40	**26.0**	2.6
Cash and cash equivalents	41	**—**	—
		26.0	2.6
TOTAL ASSETS		**303.3**	341.5
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	42	**14.5**	14.5
Deferred share capital	42	**76.2**	76.2
Share premium account	42	**51.5**	49.4
Treasury shares	42	**(2.6)**	(2.6)
Retained earnings		**137.4**	139.8
Own shares held by ESOP	42	**(1.0)**	(1.2)
Share based compensation reserve	42	**(5.7)**	(5.4)
Capital and reserves attributable to the Company's equity shareholders		**270.3**	270.7
Total equity		**270.3**	270.7
Non-current liabilities			
Bank and other loans	43	**—**	18.8
Retirement benefits	47	**33.0**	23.1
		33.0	41.9
Current liabilities			
Trade and other payables	44	**—**	28.9
Total liabilities		**33.0**	70.8
TOTAL EQUITY AND LIABILITIES		**303.3**	341.5

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Luxfer Holding PLC's Company income statement. Net profit for the year was £19.1 million (2019: loss of £0.6 million)

THE FINANCIAL STATEMENTS ON PAGES 120 TO 134 WERE APPROVED BY THE BOARD ON APRIL 29, 2021 AND SIGNED ON ITS BEHALF:

Alok Maskara

April 29, 2021

Company Registration no. 03690830

COMPANY CASH FLOW STATEMENT

All amounts in millions

	Note	2020 £M	2019 £M
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year		**19.1**	(0.6)
Adjustments to reconcile net income / (loss) for the year to net cash flows from continuing operating activities:			
Deferred income taxes		**0.7**	0.7
Share based compensation charges net of cash settlement		**1.2**	(0.1)
Net interest		**(2.8)**	(3.8)
Dividends received		**(14.5)**	—
Exchange difference charged to income statement		**2.1**	1.7
Changes in operating assets and liabilities:			
Increase in receivables		**(24.6)**	(0.6)
(Decrease) / increase in payables		**(33.1)**	5.3
Movement in retirement benefits obligations		**(3.8)**	(3.8)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(55.7)**	(1.2)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**14.5**	—
Intercompany loans: debt funding		**66.3**	1.6
Intercompany loans: interest received		**4.8**	6.5
NET CASH FLOWS FROM INVESTING ACTIVITIES		**85.6**	8.1
NET CASH FLOWS BEFORE FINANCING		**29.9**	6.9
FINANCING ACTIVITIES			
Interest and similar finance costs paid on banking facilities		**(0.5)**	—
Interest paid on Loan Notes		**(0.7)**	(0.7)
Repayment on Loan Notes		**(18.7)**	—
Dividends paid		**(10.8)**	(10.7)
Shares sold from ESOP		**0.8**	2.8
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(29.9)**	(8.6)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**—**	(1.7)
Net foreign exchange differences		**—**	—
Cash and cash equivalents at January 1	41	**—**	1.7
Cash and cash equivalents at December 31	41	**—**	—

During the year all intercompany balances were converted into trading loans.

COMPANY STATEMENT OF CHANGES IN EQUITY

All amounts in millions

	Note	Ordinary share capital £M	Deferred share capital £M	Share premium account £M	Treasury shares £M	Retained earnings £M	Own shares held by ESOP £M	Share based compensation reserve £M	Total equity £M
		Equity attributable to the equity shareholders of the parent							
At January 1, 2019		**14.5**	**76.2**	**42.5**	**(2.8)**	**152.1**	**(1.6)**	**(0.6)**	**280.3**
Net income for the year		—	—	—	—	(0.6)	—	—	(0.6)
Remeasurement of defined benefit retirement plan		—	—	—	—	(1.4)	—	—	(1.4)
Deferred income taxes on items taken to other comprehensive income		—	—	—	—	0.4	—	—	0.4
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**(1.6)**	**—**	**—**	**(1.6)**
Equity dividends		—	—	—	—	(10.7)	—	—	(10.7)
Equity settled share based compensation charges	42	—	—	—	—	—	—	3.1	3.1
Shares sold from ESOP	42	—	—	2.6	—	—	0.2	—	2.8
Utilization of treasury shares	42	—	—	0.1	0.2	—		0.0	0.3
Utilization of ESOP shares	42	—	—	4.2	—	—	0.2	(7.9)	(3.5)
Other changes in equity in the year		**—**	**—**	**6.9**	**0.2**	**(10.7)**	**0.4**	**(4.8)**	**(8.0)**
At December 31, 2019		**14.5**	**76.2**	**49.4**	**(2.6)**	**139.8**	**(1.2)**	**(5.4)**	**270.7**
Net profit for the year		**—**	**—**	**—**	**—**	**19.1**	**—**	**—**	**19.1**
Remeasurement of defined benefit retirement plan		**—**	**—**	**—**	**—**	**(13.3)**	**—**	**—**	**(13.3)**
Deferred income taxes on items taken to other comprehensive income		**—**	**—**	**—**	**—**	**2.6**	**—**	**—**	**2.6**
Total comprehensive loss for the year		—	—	—	—	**8.4**	—	—	**8.4**
Equity dividends paid		**—**	**—**	**—**	**—**	**(10.8)**	**—**	**—**	**(10.8)**
Equity settled share based compensation charges	42	—	—	—	—	—	—	**2.2**	**2.2**
Shares sold from ESOP	42	**—**	**—**	**0.7**	**—**	**—**	**0.1**	**—**	**0.8**
Utilization of ESOP shares	42	—	—	**1.4**	—	—	**0.1**	**(2.5)**	**(1.0)**
Other changes in equity in the year		**—**	**—**	**2.1**	**—**	**(10.8)**	**0.2**	**(0.3)**	**(8.8)**
At December 31, 2020		**14.5**	**76.2**	**51.5**	**(2.6)**	**137.4**	**(1.0)**	**(5.7)**	**270.3**

36. Significant accounting policies

Authorization of financial statements

The Company financial statements for the year ended December 31, 2020 were authorized for issue by the Board of Directors on April 29, 2021 and the balance sheet was signed on the Board's behalf by A. Maskara. Luxfer Holdings PLC is a company incorporated and domiciled in England and Wales.

Basis of preparation

The Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as they apply to companies reporting under IFRS.

The accounting policies set out in this note to the financial statements have been applied in preparing these financial statements and comparative information.

The Company financial statements have been prepared on a historical cost basis, except where IFRS requires or permits fair value measurement, and are presented in GBP, the functional currency of the Company. From January 1, 2021 the functional and presentational currency will be USD.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, cash forecasts and projections have been prepared to June 2022. Throughout the forecasted period, there is sufficient headroom in our covenant compliance which would enable the Group to drawdown on the RCF and therefore not impact the Company's ability to continue as a going concern. Therefore the directors continue to apply the going concern basis for accounting in the preparation of the Company financial statements.

Investments

Investments in subsidiary undertakings are stated at cost less, where appropriate, provisions for impairment.

Loans to subsidiary undertakings and joint ventures are initially recorded at fair value; they are then subsequently carried at amortised cost. The loans are interest bearing.

The Company grants share-based payments to the employees of subsidiary companies. Each period, the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments.

The Company has applied IFRS 9 and the expected credit loss model when valuing its loans to investments.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is GBP sterling. The presentational currency of the Company is GBP sterling.

Other accounting policies

As applicable, the accounting policies of the Company follow those of the Group set out in Note 1 to the consolidated financial statements. The critical accounting judgments and key sources of estimation uncertainty applicable for the Company financial statements are impairment of non-financial assets, pensions and deferred income taxes.

37. Directors' interests

Disclosure of individual directors' remuneration, share interests, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 are shown within the Remuneration Report on pages 39 to 56 and form part of these financial statements.

38. Investments

	Investments in subsidiary undertakings £M	Loans to subsidiary undertakings £M	Capital contributions £M	Total £M
Cost and net book value:				
At January 1, 2019	218.0	108.8	7.2	334.0
Additions	—	—	1.3	1.3
Repayment of loans to subs	—	(1.6)	—	(1.6)
Exchange difference	—	(2.3)	—	(2.3)
At December 31, 2019	**218.0**	**104.9**	**8.5**	**331.4**
Additions	—	—	3.8	3.8
Repayment of loans to subs	—	(66.3)	—	(66.3)
Exchange difference	—	(1.0)	—	(1.0)
At December 31, 2020	**218.0**	**37.6**	**12.3**	**267.9**

Details of the investments in which the Group or the Company holds share capital at December 31, 2020, are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
BA Holdings, Inc.*	U.S. [3]	Common stock	100%	Holding company
Biggleswick Limited *	England and Wales[2]	Ordinary shares	100%	Non trading
Luxfer Group Services Limited *	England and Wales[2]	Ordinary shares	100%	Property Services
Lumina Trustee Limited [1]	England and Wales[2]	Ordinary shares	100%	Trustee company
Luxfer Australia Pty Limited *	Australia[6]	Ordinary shares	100%	Distribution
Luxfer Gas Cylinders Limited *	England and Wales[2]	Ordinary shares	100%	Engineering
Luxfer Gas Cylinders China Holdings Limited *	England and Wales[2]	Ordinary shares	100%	Holding company
Luxfer Gas Cylinders (Shanghai) Co., Limited *	Republic of China[7]	Ordinary shares	100%	Manufacturing
Luxfer Group Limited	England and Wales[2]	Ordinary shares	100%	Holding company
Luxfer Group 2000 Limited	England and Wales[2]	Ordinary shares	100%	Holding company
Luxfer Group UK Pension Trustee Limited*#	England and Wales[2]	Ordinary shares	100%	Non trading
Luxfer, Inc.*	U.S. [3]	Common stock	100%	Engineering
Luxfer Overseas Holdings Limited *	England and Wales[2]	Ordinary shares	100%	Holding company
Magnesium Elektron Limited *	England and Wales[2]	Ordinary shares	100%	Manufacturing
MEL Chemicals, Inc.*	U.S.[8]	Common stock / Preference shares	100%	Manufacturing
Magnesium Elektron North America, Inc. *	U.S.[5]	Common stock	100%	Manufacturing
Niagara Metallurgical Products Limited *	Canada[9]	Common stock	100%	Manufacturing
Reade Manufacturing, Inc.*	U.S.[5]	Common stock	100%	Manufacturing
Luxfer Gas Cylinders S.A.S. *	France[4]	Ordinary shares	100%	Engineering
Luxfer Canada Limited *	Canada[10]	Common stock	100%	Engineering
Luxfer Germany GmbH *	Germany[11]	Ordinary shares	100%	Engineering
Luxfer Magtech Inc.*	U.S.[5]	Common stock	100%	Manufacturing
Luxfer Magtech International Limited *	England and Wales[2]	Common stock	100%	Manufacturing
GTM Technologies, LLC *	U.S.[12]	Capital Interest	100%	Engineering

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Other Investments				
Nikkei-MEL Co Limited *	Japan[13]	Ordinary shares	50%	Distribution

All shareholdings stated are valid for both 2020 and 2019 except where indicated

Subsidiary undertakings are all held directly by the Company unless indicated.
[*] Held by a subsidiary undertaking.
[#] Registered in 2020
[1] Acts as bare trustee in connection with the 2007 share capital reorganisation.
[2] Registered address: Lumns Lane, Manchester, M27 8LN, England.
[3] Registered address: 1679 S. Dupont Hwy, Ste 100, Dover, DE 199091, U.S.
[4] Registered address: 7 Rue de l'Industrie, 63360 Gerzat, France.
[5] Registered address: The Corporation Trust Company, Corporate Trust Center, 1209 Orange Street, Wilmington, DE 19801, U.S.
[6] Registered address: Unit 4, 171-175 Newton Road, Wetherill Park, NSW 2164, Australia.
[7] Registered address: No. 123, Lane 150, Pingbei Road, Minghang District, Shanghai, PRC 201109, China.
[8] Registered address: c/o CT Corporation, 830 Bear Tavern Road, Trenton, NJ 08628, U.S.
[9] Registered address: David Toswell of Blake, Cassels & Graydon LLP, 1114 Harvest Drive, Pickering, ON, L1X 1B6, Canada.
[10] Registered address: (Torys) 525-8th Avenue S.W, 46th Floor, Eighth Avenue Place East, Calgary, Alberta, T2P 1G1, Canada.
[11] Registered address: Am Alten Stadtpark 37, 44791 Bochum, Germany.
[12] Registered address: Corporation Service Comp., 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, DE 19808, USA
[13] Registered address: NYK Tennoz Building, 2-20 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo, 140-8628, Japan

During 2020 the Group disposed of one of its joint ventures, Luxfer Uttam India Private Limited and liquidated its associate, Sub 161 Pty Limited.

39. Deferred income taxes

	Tax losses and other timing differences £M	Retirement benefit obligations £M	Total £M
At January 1, 2019	3.2	4.6	**7.8**
Credited/(charged) to income statement	0.3	(1.0)	**(0.7)**
Charged to other comprehensive income	—	0.4	**0.4**
At December 31, 2019	3.5	4.0	**7.5**
Charged to income statement	(0.5)	(0.2)	**(0.7)**
Credited to other comprehensive income	—	2.6	**2.6**
At December 31, 2020	**3.0**	**6.4**	**9.4**

At the balance sheet date, the Company has no unrecognized deferred income tax assets relating to losses (2019: nil). A deferred tax asset of £3.0 million (2019: £3.5 million) has been recognized in relation to timing differences and losses, to the extent that it is deemed probable that sufficient taxable profit will be available against which the losses may be utilized.

40. Trade and other receivables

	December 31, 2020 £M	December 31, 2019 £M
Amounts owed by Group undertakings	**25.5**	1.9
Other debtors	**0.5**	0.7
	26.0	2.6

The amounts owed by Group undertakings are unsecured and repayable on demand.

The other debtors balance relates to unamortized finance costs attributed to the revolving credit facility. As the facility was nil at the year end, these finance costs have been reclassified from bank and other loans into other debtors.

41. Cash and cash equivalents

Cash is swept into a concentration account held within a subsidiary undertaking. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

42. Share capital and Reserves

(a) Ordinary share capital

	December 31, 2020 No.	December 31, 2019 No.	December 31, 2020 £M	December 31, 2019 £M
Authorized:				
Ordinary shares of £0.50 each	**40,000,000**	40,000,000	**20.0**	20.0
Deferred ordinary shares of £0.0001 each	**761,845,338,444**	761,845,338,444	**76.2**	76.2
	761,885,338,444	761,885,338,444	**96.2**	96.2
Allotted, called up and fully paid:				
Ordinary shares of £0.50 each	**29,000,000**	29,000,000	**14.5**	14.5
Deferred ordinary shares of £0.0001 each	**761,835,338,444**	761,835.338444	**76.2**	76.2
	761,864,338,444	761,864,338,444	**90.7**	90.7

The rights of the shares are as follows:

Ordinary shares of £0.50 each

The ordinary shares carry no entitlement to an automatic dividend but rank *pari passu* in respect of any dividend declared and paid. The ordinary shares were allotted and issued to satisfy share awards which vested under the Company's share award and share incentive plans.

Deferred ordinary shares of £0.0001 each

The deferred shares have no entitlement to dividends or to vote. On a winding up (but not otherwise) the holders of the deferred shares shall be entitled to the repayment of the paid up nominal amount of the deferred shares, but only after any payment to the holders of ordinary shares of an amount equal to 100 times the amount paid up on such ordinary shares.

(b) Share premium account

	£M
At January 1, 2019	42.5
Shares sold from ESOP	2.6
Utilization of treasury shares	0.1
Utilization of ESOP shares	4.2
At December 31, 2019	49.4
Shares sold from ESOP	0.7
Utilization of ESOP shares	1.4
At December 31, 2020	**51.5**

The share premium account is used to record the excess of proceeds over nominal value on the issue of shares. Share issue costs directly related to the issue of shares are deducted from share premium.

(c) Treasury shares

	£M
At January 1, 2019	(2.8)
Utilization of treasury shares	0.2
At December 31, 2019	(2.6)
At December 31, 2020	**(2.6)**

In June 2015, the Board announced a share buy-back program of up to $10 million, to cover the needs of employee share plans. Shareholder approval for this program was granted at the 2014 Annual General Meeting (for repurchases up to an aggregate amount of 2,700,000 ordinary shares).

At December 31, 2020, there were 350,335 treasury shares held at a cost of £2.6 million (2019: 352,499 treasury shares held at a cost of £2.6 million).

(d) Own shares held by ESOP

	£M
At January 1, 2019	(1.6)
Utilization of ESOP shares	0.2
Shares sold from ESOP	0.2
At December 31, 2019	(1.2)
Utilization of ESOP shares	0.1
Shares sold from ESOP	0.1
At December 31, 2020	**(1.0)**

At December 31, 2020, there were 1,013,512 ordinary shares of £0.50 each (2019: 1,216,220 ordinary shares of £0.50 each) held by The Luxfer Group Employee Share Ownership Plan.

43. Bank and other loans

	December 31, 2020	December 31, 2019
Non-current	**£M**	**£M**
Loan Notes due 2021 - gross	—	18.9
Unamortized finance costs	—	(0.1)
Loan Notes due 2021 - net	—	18.8

The seven-year private placement was repayable in full in 2021, and bore interest at 3.67% and was unsecured. However, we voluntarily chose to repay the notes early, on December 31, 2020. Therefore, at December 31, 2020, the total amount outstanding on the Loan Notes due 2021 was nil, which is shown in bank and other loans.

At December 31, 2020, there were £0.5 million of unamortized finance costs attributed to the revolving credit facility. As the facility was transferred to a subsidiary undertaking during 2019, these finance costs have been reclassified into other debtors.

The maturity profile of the Group's undiscounted contractual payments is disclosed in Note 29 in the consolidated financial statements.

44. Trade and other payables

	December 31, 2020	December 31, 2019
	£M	**£M**
Amounts owed to Group undertakings	—	28.7
Accruals	—	0.2
	—	28.9

The amounts owed to Group undertakings were unsecured, repayable on demand and no interest was charged.

45. Financial instruments

The following disclosures relating to financial instruments have been prepared on a basis which excludes short-term debtors and creditors which have resulted from the Company's operating activities.

(a) Financial instruments of the Company

The financial instruments of the Company other than short-term debtors and creditors were as follows:

Financial instruments:	Book value December 31, 2020 £M	Fair value December 31, 2020 £M	Book value December 31, 2019 £M	Fair value December 31, 2019 £M
Financial assets:				
Loans to subsidiary undertakings	**37.6**	**37.6**	104.9	104.9
Financial liabilities[1]:				
Loan Notes due 2021	**—**	**—**	18.9	19.0

(1) The financial instruments included in financial liabilities are shown gross of unamortized finance costs. The fair value of these financial instruments is calculated by discounting the future cash flows, including interest payments due.

All financial assets mature within one year; however, there is no current intention to seek repayment of loans to subsidiary undertakings. The maturity of the financial liabilities is disclosed in Note 29 in the consolidated financial statements.

At December 31, 2020 the amount drawn in bank and other loans was nil (2019: £18.9 million), denominated in U.S. dollars.

The fair value calculations were performed on the following basis:

Loans to subsidiary undertakings

The carrying value approximates to the fair value.

Bank loans

At December 31, 2020, bank and other loans of nil (2019: £18.9 million) were outstanding. There were also £0.5 million of unamortized finance costs attributed to the revolving credit facility classified within prepayments.

Fair value hierarchy

At December 31, 2020, the Company used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(b) Interest rate risks

Interest rate risk profile on financial assets

As the Company holds no cash or external loans at December 31, 2020, the interest rate risk is negligible.

Interest rate risk profile on financial liabilities

The following table sets out the carrying value, by original maturity, of the Company's financial instruments that were exposed to both fixed and variable interest rate risk. The carrying values include interest payments to be made and interest rates on the Company's variable rate debt have been based on a forward curve.

	At December 31, 2020				At December 31, 2019			
	Within 12 months	1 to 5 years	> 5 years	Total	Within 12 months	1 to 5 years	> 5 years	Total
Fixed interest rate risk:	£M	£M	£M	£M	£M	£M	£M	£M
Loan Notes due 2021 (including interest payments)	—	—	—	—	0.7	19.4	—	20.1
	—	—	—	—	0.7	19.4	—	20.1

(c) Undrawn committed facilities

At December 31, 2020, the Group had committed banking facilities of $150.0 million (£109.8 million). The facilities were for providing loans and overdrafts, with a separate facility for letters of credit which at December 31, 2020 was £1.0 million ($1.3 million). Of the committed facilities, $4.1 million (£3.0 million) was drawn, no loans were drawn across the Group and $nil for letters of credit were utilized.

At December 31, 2019, the Group had committed banking facilities of $150.0 million (£113.5 million). The facilities were for providing loans and overdrafts, with a separate facility for letters of credit which at December 31, 2019 was £1.0 million ($1.3 million). Of the committed facilities, no loans were drawn across the Group and $nil for letters of credit were utilized.

46. Financial risk management objectives and policies

The Company's financial instruments comprise bank and other loans and cash and cash equivalents. The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency translation risk, credit risk and capital risk management.

Foreign currency translation risk

The Company is exposed to translation risk on both its income statement, based on average exchange rates, and its balance sheet with regards to period end exchange rates. The net exposure to external USD loans at December 31, 2020 was nil.

Credit risk

The Company is exposed to credit risk on the loans which have been provided to subsidiary undertakings. The total exposure regarding these loans is £37.6 million. None of the loans are past due or are been deemed impaired.

Capital risk management

The capital structure of the Company consists of shareholders' equity, debt and cash and cash equivalents. For the foreseeable future, the Board will maintain a capital structure for the Company that supports the Group's strategic objectives through:

- Managing funding and liquidity; and
- Maintaining a strong, investment-grade credit rating.

External net debt reconciliation

	Cash at bank and in hand	Bank and other loans	Finance costs in other debtors	Total
	£M	£M	£M	£M
Net debt at January 1, 2019	(1.7)	19.5	(1.1)	16.7
Cash flows	1.7	—	—	1.7
Other non-cash movements	—	(0.7)	0.4	(0.3)
Net debt at December 31, 2019	—	18.8	(0.7)	18.1
Cash flows	—	(18.7)	—	(18.7)
Other non-cash movements	—	(0.1)	0.2	0.1
Net debt at December 31, 2020	**—**	**—**	**(0.5)**	**(0.5)**

47. Retirement benefits

The Company is a member of the Luxfer Group Pension Plan ("the Plan"), a defined benefit scheme in the U.K. The levels of funding are determined by periodic actuarial valuations. The assets of the Plan are generally held in separate trustee administered funds.

Remeasurements are recognised in full in the period in which they occur. The liability recognized in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method.

The full deficit relating to the Plan has been included in the Company statement of financial position. This is because there is no allocation of the deficit between the various subsidiary companies. The Directors consider the sponsor to be the ultimate parent company in the Group.

The Plan closed to new members in 1998, new employees then being eligible for a defined contribution plan. With effect from April 2004, the Plan changed from a final salary to a career average revalued earnings benefit scale. In August 2005, a plan specific earnings cap of £60,000 per annum subject to inflation increases was introduced, the figure has risen to £76,000 in 2015. In October 2007, the rate of the future accrual for pension was reduced and a longevity adjustment was introduced to mitigate against the risk of further unexpected increases in life expectancies. In 2015, following a consultation with the trustees and members, it was agreed the Plan would close to future accrual of benefits effective from April 5, 2016 and for the purpose of increasing pensions in payment, to use the Consumer Prices Index ("CPI") as the reference index in place of the Retail Prices Index ("RPI") where applicable. The weighted average duration of the expected benefit payments from the plan is around 18 years. The pension cost of the Plan is assessed in accordance with the advice of an independent firm of professionally qualified actuaries, Lane Clark & Peacock LLP. The Plan is registered with HMRC for tax purposes, operates separately from the Company and is managed by an independent set of trustees. The Plan operates under UK trust law and the trust is a separate legal entity from the Company. The Plan is governed by a Board of Trustees, composed of two member nominated Trustees and four company appointed Trustees.

The Trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies (e.g. investment funding) together with the Company. A schedule of payments provides for deficit funding, which is based upon minimum annual contributions of £3.8 million per year, together with additional variable contributions based on 15% of net earnings of Luxfer Holdings PLC between £12.0 million and £24.0 million, and 10% of net earnings of Luxfer Holdings PLC in excess of £24.0 million.

The total charge to the Company's income statement for 2020 for retirement benefits was £1.0 million (2019: charge of £1.2 million).

The movement in the pension liabilities is shown below:

	2020 £M	2019 £M
Balance at January 1	**23.1**	**24.8**
Charged to the income statement		
Net interest on net liability	**0.4**	**0.7**
Administrative expenses	**0.5**	**0.5**
Past service cost	**0.1**	**—**
Cash contributions	**(4.4)**	**(4.3)**
Charged to the statement of comprehensive income	**13.3**	**1.4**
Balance at December 31	**33.0**	23.1

The financial assumptions used in the calculations were:

	2020 %	2019 %
Discount rate	**1.40**	**2.10**
Inflation related assumptions:		
Pre-2030		
Retail Price Inflation	**2.90**	**2.90**
Consumer Price Inflation	**1.80**	**2.00**
Pension increases—pre 6 April 1997	**1.70**	**1.80**
—1997 - 2005	**1.90**	**2.10**
—post 5 April 2005	**1.60**	**1.70**
Post-2030		
Retail Price Inflation	**2.70**	**2.90**
Consumer Price Inflation	**2.60**	**2.00**
Pension increases—pre 6 April 1997	**2.20**	**1.80**
—1997 - 2005	**2.60**	**2.10**
—post 5 April 2005	**2.00**	**1.70**

Other principal actuarial assumptions:	2020 Years	2019 Years
Life expectancy of male in the U.K. aged 65 at accounting date	**21.5**	21.5
Life expectancy of male in the U.K. aged 65 at 20 years after accounting date	**22.9**	22.8

Investment strategies

For the Plan, the assets are invested in a diversified range of asset classes and include matching assets (comprising fixed interest and index linked bonds and swaps) and growth assets (comprising all other assets). The Trustees have formulated a de-risking strategy to help control the short term risks of volatility associated with holding growth assets. The Trustees also monitor the cost of a buy-in to secure pensioner liabilities with an insurance company to ensure they are able to act if such an opportunity arises. Other options to progressively reduce the scale of the liabilities are discussed between the Trustees and the Company.

Risk exposures

The Company is at risk of adverse experience relating to the defined benefit plan.

The Plan holds a high proportion of assets in equity and other growth investments, with the intention of growing the value of assets relative to liabilities. The Company is at risk if the value of liabilities grows at a faster rate than the plan assets, or if there is a significant fall in the value of these assets not matched by a fall in the value of liabilities. If these events occurred, this would be expected to lead to an increase in the Company's future cash contributions.

The amounts recognized in the income statement in respect of the pension plan were as follows:

	2020 £M	2019 £M
In respect of defined benefit plan:		
Net interest on net liability	**0.4**	0.7
Administrative expenses	**0.5**	0.5
Past service cost	**0.1**	—
Total charge for defined benefit plan	**1.0**	1.2

For the year, the amount of charge recognised in the Statement of Comprehensive Income is £13.3 million (2019: £1.4 million).

The actual return on the plan assets was a gain of £20.9 million (2019: gain of £28.6 million).

The value of the plan assets and liabilities were:

	2020 £M	2019 £M
Assets in active markets:		
Equities and growth funds	**111.5**	111.1
Government bonds	**46.2**	39.9
Corporate bonds	**103.7**	97.7
Cash	**1.4**	0.1
Total market value of assets	**262.8**	248.8
Present value of plan liabilities	**(295.8)**	(271.9)
Deficit in the Plan	**(33.0)**	(23.1)
Related deferred income tax assets	**6.4**	4.0
Net pension liabilities	**(26.6)**	(19.1)

The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

Analysis of movement in the present value of the defined benefit obligations:

	2020 £M	2019 £M
At January 1	**271.9**	**245.5**
Service cost	**0.1**	**—**
Interest on obligation	**5.5**	**7.0**
Actuarial losses	**29.1**	**30.0**
Benefits paid	**(10.8)**	**(10.6)**
At December 31	**295.8**	271.9

The sensitivities regarding the principal assumptions used to measure the present value of the defined benefit obligations are set out below:

Assumption	**Change in assumption**	**Impact on total defined benefit obligations**
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 2%
CPI inflation (and related increases)	Increase/decrease by 0.1%	Increase/decrease by 1%
Post retirement mortality	Increase by 1 year	Increase by 4%

The sensitivities have been calculated to show the movement in the total defined benefit obligation in isolation, assuming no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is likely to be associated with a movement in the value of the invested assets held by the Plan.

Analysis of movement in the present value of the fair value of plan assets:

	2020 £M	2019 £M
At January 1	**248.8**	220.7
Interest on plan assets	**5.1**	6.3
Actuarial gains / (losses)	**15.8**	28.6
Contributions from employers	**4.4**	4.3
Administrative expenses	**(0.5)**	(0.5)
Benefits paid	**(10.8)**	(10.6)
At December 31	**262.8**	248.8

The estimated amount of employer contributions expected to be paid to the defined benefit pension plan for the year ending December 31, 2020 is £4.4 million (2019: £4.3 million actual employer contributions).

48. Related party transactions

During 2020, the Company has made the following transactions and has the following outstanding balances at December 31, 2020 with related parties:

	Income	Expenditure	Balances outstanding		
Name of related party	**Interest £M**	**Management recharges £M**	**Investments £M**	**Trade and other receivables £M**	**Trade and other payables £M**
Luxfer Group Limited	0.2	(0.5)	—	23.8	—
MEL Chemicals, Inc.	0.2	—	—	—	—
Luxfer Overseas Holdings Limited	0.2	—	—	1.6	—
BA Holdings, Inc.	1.0	—	7.3	—	—
Magnesium Elektron North America, Inc.	0.3	—	—	—	—
Luxfer Group 2000 Limited	0.3	—	—	—	—
Luxfer Magtech Inc.	2.5	—	30.3	0.1	—
Luxfer Gas Cylinders Limited	0.1	—	—	—	—

Of the balances outstanding held within investments, these balances are all interest bearing and are based on market rates of interest.

Included within trade and other receivables is a loan to Luxfer Group Limited for £23.7 million. This loan is interest bearing, unsecured and is repayable on demand.

During 2019, the Company has made the following transactions and has the following outstanding balances at December 31, 2019 with related parties:

	Income	Expenditure	Balances outstanding		
Name of related party	**Interest £M**	**Management recharges £M**	**Investments £M**	**Trade and other receivables £M**	**Trade and other payables £M**
Luxfer Group Limited	0.4	(0.4)	5.0	—	(28.7)
MEL Chemicals, Inc.	0.3	—	5.3	—	—
Luxfer Overseas Holdings Limited	0.4	—	10.0	—	—
BA Holdings, Inc.	1.5	—	24.2	0.4	—
Magnesium Elektron North America, Inc.	0.4	—	7.7	0.1	—
Magnesium Elektron Limited	0.2	—	4.7	0.2	—
Luxfer Group 2000 Limited	0.6	—	14.3	0.4	—
Luxfer Holdings NA, LLC	0.1	—	—	—	—
Luxfer Magtech Inc.	2.6	—	31.3	0.7	—
Luxfer Gas Cylinders Limited	0.1	—	2.4	0.1	—

Included within trade and other payables is a loan from Luxfer Group Limited for £28.6 million. This loan is non-interest bearing, unsecured and is repayable on demand.

In addition to the transactions above, share based compensation recharges have been made to Luxfer, Inc., Luxfer Gas Cylinders Limited, Luxfer Group Limited, BA Holdings, Inc., Magnesium Elektron Limited, Magnesium Elektron North America Inc, MEL Chemicals Inc, Luxfer Magtech Inc, and Luxfer Canada Limited for £1.4 million, £0.2 million, £0.4 million, £0.6 million, £0.2 million, £0.1million, £0.4 million, £0.1 million and £0.4 million respectively (2019: Luxfer Gas Cylinders Limited, Luxfer Group Limited and Magnesium Elektron Limited for £0.1 million, £1.0 million, £1.2 million, £1.0 million and £0.2 million respectively). These amounts are recognised as capital contributions in the year.

Other than the transactions mentioned above, no other related party transactions have been identified.

49. Post balance sheet events

As from January 1, 2021 the functional currency of Luxfer Holdings PLC has changed to from GBP sterling to USD.

On March 15, 2021 a subsidiary undertaking of the the company completed the acquisition of Structural Composites Industries ("SCI") business of Worthington Industries, Inc. for $20 million in cash, subject to working capital adjustments. SCI is a U.S. composite cylinder business based in Pomona, California.

On March 25, 2021, a subsidiary undertaking sold the trade and assets of its U.S.aluminum cylinder business for $21m million cash, a gain of $6.7 million has been recognized in 2021, net of $2.8 million tax in the consolidated income statement.