

Registered No. 03690830

LUXFER HOLDINGS PLC

Annual Report and Financial Statements

31 December, 2023

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

Contents

| | |
|---|-----------|
| STRATEGIC REPORT | 3 |
| Principal Activities and Review of the Business | 3 |
| Strategy and Business Model | 4 |
| Key Performance Indicators (“KPIs”) | 5 |
| Review of the Year Ended 31 December, 2023 | 6 |
| Principal Risks and Uncertainties | 9 |
| GOVERNANCE | 14 |
| The Board of Directors | 14 |
| Corporate Governance | 18 |
| Executive Leadership Team | 24 |
| Environment, Social and Governance (“ESG”) Matters | 27 |
| Directors’ Report | 34 |
| Directors’ Interests and Related Party Transactions | 35 |
| Directors’ Remuneration Report | 38 |
| Remuneration Report | 43 |
| Statement of Directors’ Responsibilities in Respect of the Financial Statements | 78 |
| INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF LUXFER HOLDINGS PLC | 79 |
| FINANCIAL STATEMENTS | 86 |
| Consolidated Income Statement | 86 |
| Consolidated Statement of Comprehensive Income | 87 |
| Consolidated Balance Sheet | 88 |
| Consolidated Statement of Cash Flows | 89 |
| Consolidated Statement of Changes in Equity | 90 |
| Notes to the Consolidated Financial Statements | 91 |
| Company Balance Sheet | 138 |
| Company Statement of Changes in Equity | 139 |
| Notes to the Company Financial Statements | 140 |

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:

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| 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, 2023, to 31 December, 2023. |
| LTIP | Long-Term Umbrella Incentive Plan. |

STRATEGIC REPORT

Principal Activities and Review of the Business

Luxfer Holdings PLC ("Luxfer," "the Company," "we," "our") is a global industrial company innovating niche applications in materials engineering. Luxfer focuses on value creation by using its broad array of technical know-how and proprietary technologies to help create a safe, clean and energy-efficient world. Luxfer's high-performance materials, components and high pressure gas containment devices are used in defense, first response and healthcare, transportation and general industrial applications. It comprises three reportable segments being Gas Cylinders, Elektron and Graphic Arts.

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

We focus primarily on product lines related to magnesium alloys, zirconium chemicals and carbon composites. We have a long history of innovation derived from our strong technical expertise, and we work closely with customers to apply solutions to their most demanding product needs. Our proprietary technologies and technical expertise, coupled with strong customer service and global presence, provide competitive advantages and have established us as leaders in the global markets we serve. We believe that we have leading positions in key product areas, including magnesium alloys and powders for aerospace, military, and commercial applications, zirconium chemicals for automotive catalytic converters and industrial catalysis, high-pressure composite cylinders for self-contained breathing apparatus, as well as transport and storage of compressed natural gas ("CNG") and hydrogen, photo-engraving plates, and a wide variety of other uses.

We have a global presence, operating 12 manufacturing plants in the U.S., the U.K., Canada and China, one of which relates to discontinued operations, and we also have a joint venture in Japan. We employ approximately 1,400 people, including temporary staff, of which fewer than 50 support our discontinued operations

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-resistant and heat-and-flame-resistant magnesium alloys for use in aerospace, healthcare and oil and gas applications.
- Magnesium powders used in countermeasure flares that protect aircraft from heat-seeking missiles and also for heating pads for self-heating meals used by the 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, pharmaceuticals and many other performance products.

Our **Gas Cylinders Segment** manufactures and markets specialized, highly-engineered cylinders using carbon composites and aluminum. Our key product lines under the Gas Cylinders Segment include:

- Carbon fiber composite cylinders for self-contained breathing apparatus (SCBA), used by firefighters and other emergency-responders. Our products are also used by scuba divers and personnel in potentially hazardous environments, such as mines.
- Carbon fiber composite cylinders for compressed natural gas (CNG) and hydrogen containment in alternative fuel (AF) vehicles.
- Cylinders used for the containment of oxygen and other medical gases used by patients, healthcare facilities and laboratories.

Our **Graphic Arts Segment** is a global leader in magnesium photo-engraving plates, engraving metals and etching chemicals. Our key product lines under the Graphic Arts Segment include:

- Magnesium, copper, and zinc photo-engraving plates for graphic arts and luxury packaging.
- Developer solutions to aide the engraving process.
- Solid wrought magnesium slab and sheet.

We are currently in the process of executing an accelerated and expanded strategic review process, the initial conclusions of which have determined that the Graphic Arts business no longer aligns with Luxfer's value proposition, hence we are initiating a sales process with the intention of divesting this business in 2024.

Strategy and Business Model

Over the past few years, we have worked to generate long-term shareholder value by simplifying the Company's structure, generating significant cost savings, and instilling a high-performance growth culture. We substantially simplified our operations through divestiture of most of our aluminum operations. We also expanded our investor base, streamlined our financial reporting, and enhanced our corporate governance practices.

More recently, we began driving growth by focusing on our customers and rebuilding our new product pipeline. Each year, we invest in the development of new products and processes directed towards our end-markets. Our product development projects also include utilizing skills of our wider commercial technical sales staff, manufacturing engineers and general management, many of whom are highly qualified scientists and engineers.

Luxfer has developed a steady stream of new products, most recently including:

- Soluble magnesium alloys, branded SoluMag®, for down-well oil and gas applications;
- Ultra-lightweight large composite cylinders, branded G-Stor™, for containment of CNG, hydrogen, helium and other gases;
- AF systems solutions for buses, trucks and bulk gas transportation;
- Zirconium catalysts for automotive end-use, including advances in gasoline particulate filtration used in hybrid vehicles;
- L7X® high-strength aluminum alloy and carbon composite gas cylinders;
- Luxfer ECLIPSE, a new carbon composite cylinders for firefighter self-contained breathing apparatus (SCBA);
- Unitized Group Ration - Express (UGR-E) heater meals developed to deliver hot meals to multiple soldiers in a combat or training environment; and
- Improved performance magnesium photoengraving plates including the recently-launched OptiMag®

With Luxfer well positioned for value creation, we are benefiting from our positioning in attractive end markets, aligned with secular growth, especially in areas of Clean Energy, Light Weighting, and Safety, Health & Technology.

Our growth strategy is underpinned by the Luxfer Business System. This business model serves as a tool to realize the growth potential embedded in our business. The system places emphasis on serving the customer and profitable growth, and consists of the following key themes:

- Strategy Deployment
- Commercial Excellence
- Lean Operations
- Innovation
- Sustainability
- People Excellence

By executing actions identified through our expanded and accelerated strategic review, including the divestiture of our Graphic Arts business we believe that we have a clear path to driving stronger performance and generating greater value.

Having built a strong foundation, through portfolio simplification and cost transformation, Luxfer is now well positioned to take advantage of both organic and inorganic growth in future years.

Key Performance Indicators (“KPIs”)

Luxfer used the following performance indicators to assess its development against its strategic and financial objectives in 2023.

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 February 27, 2024.

All years have been restated for discontinued operations.

| Operating performance | | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------|--------------|-------|-------|-------|-------|
| Revenue | \$m | 405.0 | 423.4 | 374.1 | 324.8 | 373.4 |
| Adjusted net income ¹ | \$m | 16.4 | 37.4 | 36.2 | 28.9 | 40.9 |
| Basic earnings per share | \$ | 0.07 | 1.00 | 0.90 | 0.61 | 0.15 |
| Adjusted diluted earnings per ordinary share ¹ | \$ | 0.61 | 1.36 | 1.29 | 1.03 | 1.47 |
| Adjusted EBITA ² | \$m | 26.9 | 50.2 | 48.7 | 51.2 | 54.9 |
| Adjusted EBITDA ³ | \$m | 38.8 | 63.1 | 63.4 | 53.9 | 67.1 |
| Revenue per employee ⁴ | \$'000s | 283 | 313 | 285 | 256 | 279 |
| Financial performance | | | | | | |
| Net cash flow from operating activities | \$m | 36.9 | 22.6 | 30.6 | 56.9 | 10.2 |
| Net debt to adjusted EBITDA ⁵ | times | 1.8 | 1.1 | 0.8 | 1.0 | 1.2 |
| Non-financial performance | | | | | | |
| Number of work-related accidents causing lost days ⁶ | LTA's | 4 | 8 | 15 | 8 | 5 |
| ISO 14001 environmental management system certification ⁷ | % | 68.6 | 67.0 | 65.9 | 69.2 | 86.4 |
| Economic indicators | | | | | | |
| Average U.S. dollar to GBP sterling exchange rate | £:\$ | 1.25 | 1.23 | 1.38 | 1.28 | 1.28 |
| Average Euro to GBP sterling exchange rate | £:€ | 1.15 | 1.17 | 1.17 | 1.13 | 1.12 |

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 ("Securities and Exchange Commission of the U.S.") on February 27, 2024.
2. A non-GAAP measure for earnings before interest, tax and amortization and other items. Reconciliation to GAAP measure is disclosed in Form 10-K filed with the SEC on February 27, 2024.
3. A non-GAAP measure for earnings before interest, tax, depreciation and amortization and other items. Reconciliation to GAAP measure is disclosed in Form 10-K filed with the SEC on February 27, 2024.
4. Revenue per employee is defined as revenue from continuing operations divided by the average number of monthly employees for the year.
5. Net debt is defined as cash and cash equivalents less non-current bank and other loans.
6. Under regulations issued by the Occupational Safety & Health Administration of the U.S. Department of Labor, Lost Time Accidents ("LTAs") are defined as the number of work-related accidents resulting in an absence from the workplace for a minimum of one full work day.
7. Percentage of revenue originating from ISO14001-certified businesses.

Review of the Year Ended 31 December, 2023

Luxfer's performance was hampered in 2023 by challenging high raw material prices, primarily related to magnesium and carbon fiber, coupled with continued weakness in global industrial demand which primarily impacted the second half of the year. Even with these headwinds, the Luxfer team executed effective cost mitigation and cash conservation programs to deliver strong free cash flow in the second half and achieved sequentially lower net debt. In addition, we finished the year and entered 2024 on several notable highs, including signing new agreements with major SCBA customers, confirming insurance coverage for our ongoing legal matter, and anticipating benefit from improved magnesium supply. We initiated our strategic review process in October and have identified key actions, including the initiation of a sale process for Graphic Arts.

We will continue to proactively pursue opportunities to improve profitability and liquidity while delivering a compelling customer value proposition across our markets. While we do not believe the current demand landscape will change immediately for our Elektron business, we expect some gradual improvement, and we feel good about the outlook of our key end markets as we are positioned to capture opportunities linked to the demand for clean energy applications.

We have recently experienced supply chain challenges, which resulted in higher cost of certain raw materials. In our supply chain, previously described challenges caused by the disruption in our U.S. domestic magnesium supply continued, and overall competitive cost pressures persisted. These issues have been particularly acute in our Graphic Arts segment, where the ability to pass through higher costs to our customers has proved to be constrained. However, towards the end of 2023 the purchase price of Magnesium has been falling, which will result in lower input cost in 2024. We have implemented elements of our strategic review in Graphic Arts to reduce costs, including a headcount reduction program. We are also pursuing further actions to improve margins and maintain strong cash flow across the business.

In the majority of cases we are and have been able to pass through inflationary costs to our customers, although we are still constrained by a small number of contracts, particularly in the Gas Cylinders segment, the longest running of which is not subject to renewal until mid-2024. However, our expectation is that the adverse impact of material availability / inflation, energy cost inflation and labor and transport constraints will lessen in 2024 and when costs fall we will look to share cost savings with customers through lower pricing. However the outlook remains highly uncertain with both the size and timing of future cost increases difficult to predict.

We ended 2023 with a strong balance sheet, although our net debt increased to \$69.6 million, and our net debt to adjusted EBITDA ratio increased to 1.8x compared to 1.1x at the end of 2022. We generated \$27.5 million in free cash flow over the year, (2022: \$14.3 million). Profit from continuing operations for 2023 was \$1.1 million compared to \$32.3 million in 2022. We continued to return funds to shareholders in the form of regular dividends each quarter throughout 2023 and \$2.7 million (2022: \$11.1 million) in the form of share buybacks.

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 2023, GBP sterling fluctuations relative to the U.S. dollar resulted in net unfavorable movements when translating the operating results of U.K. operations into U.S. dollars.

Revenue

On an IFRS reported basis, revenue from operations was \$405.0 million in 2023, a decrease from \$423.4 million in 2022. Overall sales have been negatively impacted by:

- Decreased demand for photo-engraving plates, particularly outside the North American market due to competitive pressure from increased raw material costs;
- Lower sales of SoluMag® in the Oil and Gas industry;
- Reduction in sales of magnesium powders for commercial use; and
- Lower demand for AF cylinders, coupled with industrial cylinders' sales being weaker in the year.

These decreases were partially offset by:

- Increased sales of our SCBA and medical cylinders;
- Increase in demand for zirconium products, particularly those used in pharmaceutical applications;
- Significant increase in sales of chemical response kits; and
- Strong demand for our new unitized ration product ("UGR-E") in quarter two.

Cost of Sales and Gross Profit

Gross profit of \$84.5 million also decreased year on year, 2022 (\$107.1 million). The 4.4 percentage point decrease in gross profit as a percentage of sales in 2023 from 2022 was primarily the result of adverse sales mix and higher materials costs relative to price increases. These issues have been particularly acute in our Graphic Arts Division where the ability to pass through higher costs to our customers has proved to be constrained with the emergence of lower cost competition. However, cost recovery and margin has improved throughout the year in the Gas Cylinders Division as fixed-priced contracts continue to be renegotiated.

Operating Profit

Operating profit of \$5.5 million decreased 87.0% from \$45.8 million in 2022. Operating profit was impacted by a lower gross profit and increased administration costs largely due to the \$5.9 million of legal costs expensed in the Elektron Division and are not expected to recur in 2024. Other operating expenses of \$19.1 million included \$12.7 million impairment charges arising from fully writing down property, plant and equipment at \$11.1 million, and fully writing down right of use assets from operating leases at \$1.6 million, both within our Graphic Arts division as a result of our annual impairment and strategic review. There was also \$3.0 million of asset impairments and \$2.3 million asset relocation, restructuring and other costs in relation to the rationalization of our North American Gas Cylinders businesses to reduce our fixed cost base included in 2023.

Taxation

In 2023, we reported a tax credit of \$2.5 million on a loss before tax of \$1.4 million, representing an effective tax rate of 178.6%. The credit of \$2.5 million was made up of a current income tax charge of \$1.3 million and a deferred income tax credit of \$3.8 million. The 2023 effective tax rate was impacted due to the tax impact of the settlement of our U.S. pension scheme.

In 2022, we reported a tax charge of \$6.6 million on profit before tax of \$38.9 million, representing an effective tax rate of 17.0%. The tax charge was made up of a current income tax credit of \$1.2 million and a deferred tax charge of \$7.8 million. The 2022 effective tax rate was significantly impacted due to prior year adjustments impacting the current year tax charge.

Net Income for the Year

Net income for the year from continuing operations was \$1.1 million, compared to \$32.3 million in 2022. The decrease can be attributed to the factors mentioned above.

Cash Flow

In 2023, net cash flows from continuing operating activities increased by \$14.3 million to \$36.9 million from \$22.6 million in 2022.

Net cash used in continuing investing activities increased to \$9.4 million compared to \$5.6 million in 2022. Capital expenditure in 2023 was \$9.4 million, a \$1.1 million increase compared with \$8.3 million in 2022. We anticipate capital expenditures for 2024 to be between \$11 million and \$14 million as we increase investment in order to grow the business. In May 2022, the Company sold a previously held-for-sale building in the Elektron segment for \$3.7 million. Consideration was paid in full upon sale. In addition, in October 2022, the Company agreed a final settlement of \$1.0 million to the purchasers of the previously disposed aluminum gas cylinder business. The settlement was a reduction to the original consideration paid.

The Company had net cash outflows from financing activities of \$42.8 million compared to \$8.8 million in 2022. We repaid \$25.0 million of short term borrowings, partially offset by a \$4.6 million increase in our bank overdraft and net drawdowns on our borrowing facilities of \$10.2 million (2022: net drawdowns of \$24.8 million). We made dividend payments of \$14.0 million (2022: \$14.2 million), equating to \$0.52 per ordinary share (2022: \$0.515 per ordinary share) in 2023 and also spent \$2.7 million repurchasing approximately 200,000 shares, (2022: \$11.1 million repurchasing approximately 700,000 shares).

Shareholder Equity and Borrowings

Shareholder equity as at December 31, 2023, was \$200.0 million, compared to \$197.9 million at December 31, 2022. The movement is primarily attributable to currency translation differences and a favorable movement on the defined benefit pension plans. The Company had gross debt of \$72.2 million and net debt of \$69.6 million as at December 31, 2023. Invested capital, defined as total shareholder equity plus net debt, was \$269.6 million as at December 31, 2023; this compares to an equivalent figure of \$266.2 million in 2022.

Future Developments

In October, the Company announced an acceleration and expansion of its annual strategic review process, with the goal of driving improved financial performance and identifying opportunities to maximize value. For this comprehensive review process the Board of Directors engaged Deutsche Bank. This review reached three notable initial decisions:

- Firstly, Graphic Arts no longer aligns with Luxfer's value proposition, hence we are initiating a sale process with the intention of divesting this business in 2024.
- Secondly, we determined that both Gas Cylinders and Elektron can deliver attractive long-term profitable growth driven by increasing end market demand, lower costs, and further improved competitive positioning. We are committed to executing our plan for these businesses and delivering improved operating performance.
- Thirdly, at an overall Luxfer level, the review concluded that there are no material strategic synergies between Gas Cylinders and Elektron. Although the current market environment may limit separation alternatives to deliver appropriate value commensurate with the expected improved operating performance in both businesses, we will continue to monitor market conditions and evaluate alternatives to drive shareholder value.

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.

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

Management's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements due to error or fraud.

Management has performed an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2023, based on the framework and criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its evaluation, due to the material weakness described below, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2023.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

In conjunction with the preparation of the Company's financial statements for the year ended December 31, 2023 management identified a lack of controls related to the Company's accounting for inventory in transit. As a result, management concluded it did not properly design or maintain effective risk assessment control activities to allow for timely reassessment of the material risk of misstatement in financial reporting. Management has thus identified a material weakness in internal control over financial reporting. This material weakness could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. However, this material weakness did not result in a misstatement to the annual or interim consolidated financial statements previously filed or filed with the 10-K to the SEC.

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 28 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 |
|--|---|
| <p>Dependency on certain key markets - The Group depends on certain end-markets, including automotive, alternative fuels, self-contained breathing apparatus ("SCBA"), aerospace, defense, healthcare, oil and gas and printing and paper. An economic downturn, or regulatory changes, in any of those end-markets, could reduce sales and profit margins on those end-markets.</p> | <p>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.</p> |
| <p>Effect of external factors due to the global nature of our business - Our global operations expose us to economic conditions, potential tax costs, political risks and specific regulations or restrictions in the countries in which we operate, which could have a material adverse impact on our results of operations, financial position and cash flows. For example, the Russian invasion of Ukraine and ongoing military conflict which commenced on February 24, 2022, has resulted in massive displacement of the Ukrainian population and huge disruption to its economy. Wide ranging sanctions have been imposed on the Russian Federation by the international community, targeting individuals, banks, businesses, funds transfers and imports and exports and are having a significant impact on Russia's economy as well as on international businesses active in the region. This is also evident in the current war in the Middle East that is causing macro-economic disruption which could affect the Company and/or our supply chain, business partners or customers.</p> | <p>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. Furthermore, no country is a critical supplier of our raw material needs, and whilst we continue to source magnesium from Russia, a major global exporter, we are also able to source the metal from various alternative locations, including China, Israel, Turkey and the United States.</p> |
| <p>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.</p> | <p>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.</p> |
| <p>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.</p> | <p>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.</p> |
| <p>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 39% of Group revenue in 2023.</p> | <p>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.</p> |
| <p>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.</p> | <p>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.</p> |

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| <p>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.</p> | <p>The Group regularly enters into forward foreign currency exchange contracts to manage currency risks and monitors the effectiveness of such hedging activities..</p> |
| <p>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 composite gas cylinders is carbon fibre, which is sensitive to fundamental supply and demand cost pressures. We generally purchase raw materials from suppliers on a spot basis under standard terms and conditions. We also enter into supply contracts with Rio Tinto Alcan for a substantial portion of our aluminum requirements. In addition, we have supply contracts in place with U.S. Magnesium for raw material purchases of magnesium ingot for both military and commercial applications, although since entering force majeure in 2021, deliveries reduced up until late 2022, when they ceased completely. The current expectation is that they will not recommence until the end of 2024 at the earliest. We successfully secured and qualified magnesium from alternative sources to meet requirements for both military and commercial applications for 2023 and into 2024. An interruption in the supply of essential raw materials used in our production processes or an increase in the costs of raw materials due to market shortages, supplier financial difficulties, government quotas or natural disturbances, could significantly affect our ability to provide competitively priced products to customers in a timely manner. For example, the significant increase in demand for materials and energy has resulted in significant constraints on availability of key inputs such as magnesium, aluminum and energy supplies with a consequent spike in prices. In the event of a significant interruption in the supply of any materials used in our production processes, or a significant increase in their prices, we may have to purchase these materials from alternative sources, build additional inventory of raw materials, increase our prices, reduce our margins or possibly fail to fill customer orders by deadlines required in contracts, which could result in, amongst other things, contractual penalties. We can provide no assurance that we would be able to obtain replacement materials quickly on similar terms or at all. Failure to maintain relationships with key suppliers or to develop relationships with alternative suppliers could have a material adverse effect on our results of operations, financial position and cash flows. In 2021 we were faced with two critical suppliers of magnesium and zirconium respectively declaring force majeure, of which the former remains in place. We have been successful in securing alternative sources of supply for key material inputs affected by force majeure, although typically at an increased cost.</p> | <p>In the long-term the Group has sought to recover the cost of increased commodity and utility costs through price increases and surcharges.</p> <p>Increasingly, in recent years we have included in our sales agreements an ability to share cost increases with our customers, although certain long term customer contracts, primarily in Gas Cylinders prevent full cost pass through in some cases. .</p> <p>In the past several years and, we have made additional purchases of large stocks of magnesium alloys in an effort to delay the effect of potentially increased costs in the future. However, even though such purchases are not made for speculative purposes, there can be no assurance that costs will move as expected. Moreover, these strategic purchases increase our working capital needs, thus reducing our liquidity and cash flow. Accordingly, a substantial increase in raw material costs could have a material adverse effect on our results of operations, financial position and cash flows.</p> |

| | |
|--|---|
| <p>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.</p> | <p>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.</p> <p>The Group has also obtained insurance coverage for most of these types of liabilities.</p> |
| <p>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.</p> | <p>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.</p> |
| <p>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 30 of the Group consolidated financial statements. Their funding requirements are subject to fluctuations in investment markets and changes in the life expectancy of members. 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 2023 (\$0.4 million in 2022). Regulations in this area can also constrain the level of debt incurred and restrict the Group's ability to pay dividends.</p> | <p>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.</p> |
| <p>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.</p> | <p>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.</p> |

Approval

The Strategic Report is set out on pages 3 to 13.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Andy Butcher', written in a cursive style.

Andy Butcher

CHIEF EXECUTIVE OFFICER

April 25, 2024

GOVERNANCE

The Board of Directors

The Directors of the Company who were in office during fiscal year 2023 and up to the date of signing the financial statements were:

| Name | Age | Position |
|--------------------|-----|--|
| Andy Butcher | 55 | Executive Director and Chief Executive Officer |
| Patrick Mullen | 59 | Non-Executive Director (Board Chair) |
| Clive J. Snowdon | 70 | Non-Executive Director |
| Richard J. Hipple | 71 | Non-Executive Director |
| Lisa G. Trimberger | 63 | Non-Executive Director |
| Sylvia A. Stein | 58 | Non-Executive Director |

In accordance with our Articles of Association, the number of Directors on the Board shall not be less than two and not more than ten. The Board, based on the recommendation of the Nominating and Governance Committee, propose that the following six nominees be elected at the Annual General Meeting ("AGM"), each of whom will hold office until the next AGM or until his or her successor shall have been appointed and qualified:

- Andy Butcher
- Patrick Mullen
- Clive Snowdon
- Richard Hipple
- Lisa Trimberger
- Sylvia Stein

All nominees are currently Directors of Luxfer Holdings PLC and were elected by shareholders at the 2023 Annual General Meeting.

Biographical information of the current members of our Board of Directors and former members who served on the Board during fiscal year 2023 is set forth below:

Andrew Butcher was appointed Luxfer's Chief Executive Officer effective May 6, 2022, at **ANDY BUTCHER** which time he also became an Executive Director.

Board Committees: None

Mr. Butcher served as President of our global Luxfer Gas Cylinders business from April 2014 to May 2022, 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 has held positions of increasing responsibility throughout his career at Luxfer, including leading the development of Luxfer's composite cylinder business beginning in 2002, first as General Manager and then as Executive Vice President. He currently serves as a Director and Executive Officer of various subsidiaries and affiliates of the Company. Mr. Butcher holds a Master of Arts degree in Engineering from Cambridge University and an M.B.A. from Keele University.

Other public company boards: None

Mr. Butcher's qualifications to be a member of our Board include his more than 30 years of experience with Luxfer, his value-enhancing growth and acquisition experience, his educational background, and his knowledge of advanced materials.

PATRICK MULLEN

Patrick Mullen was appointed a Non-Executive Director in September 2021 and serves as a member of the Nominating and Governance Committee and the Remuneration Committee. He was appointed Board Chair in March 2022.

Board Committees:

- Nominating & Governance
- Remuneration

Other public company boards: None

Mr. Mullen served as the President and CEO of Chicago Bridge & Iron Company (“CB&I”), an engineering, procurement, and construction company, until 2018. Prior to his 20 years at CB&I, he spent 12 years with Honeywell’s UOP division, a supplier of petroleum refining, gas processing, and petrochemical production technology. From 2014 to 2019, Mr. Mullen served as a Director of Vectren Corporation, a domestic energy delivery company, and from 2017 to 2018, he served as a Director of CB&I. He has served on the boards of the National Safety Council and Chevron Lummus Global, a developer and licensor of refining hydroprocessing technologies and alternative source fuels. From 2014 to 2020, Mr. Mullen was a member of the National Association of Corporate Directors, having been named a Board Leadership Fellow in 2019. Mr. Mullen earned his Bachelor of Science degree in Chemical Engineering from the University of Notre Dame and his Master of Business Administration degree from the Kellogg Graduate School of Management at Northwestern University.

Mr. Mullen’s qualifications to be a member of our Board include his executive management and leadership experience and his extensive global industrial and engineering background. He also brings experience serving on the boards of other publicly traded companies. In his capacity as CEO and as a Director of multiple public companies, Mr. Mullen also obtained a wealth of experience in strategic planning and M&A transactions.

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

RICHARD HIPPLE**Board Committees:**

- Remuneration (Chair)
- Audit

Other public company boards:

- KeyCorp
- Barnes Group, Inc.

Mr. Hipple served as the Chairman and Chief Executive Officer of Materion Corporation, a producer of high-performance advanced engineering 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 numerous 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 (NYSE: KEY), a bank-based financial services company, since 2012 and is Chair of the Audit Committee and a member of the Nominating and Corporate Governance Committee. Since 2017, he has also served as a Director of Barnes Group, Inc. (NYSE: B), a global industrial manufacturing company, and is a member of the Compensation and Management Development and Corporate Governance Committees. Mr. Hipple is also a current member of the National Association of Corporate Directors. From 2007 to 2018, Mr. Hipple served on the Board of Ferro Corporation, a 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.

CLIVE SNOWDON

Clive Snowdon was appointed a Non-Executive Director in July 2016 and has served as Chair of the Nominating and Governance Committee since April 2020. He acts as a financial expert on the Audit Committee, which he joined in August 2016.

Board Committees:

- Nominating & Governance (Chair)
- Audit

Mr. Snowdon currently serves as the Aerospace Industry Advisor to Cooper Parry Corporate Finance, a corporate finance advisory. He previously acted as Chairman of the Midlands Aerospace Alliance, an association supporting the aerospace industry across the Midlands region of England, from 2007 to 2016, and a Trustee of the Stratford Town Trust from 2015 to 2023. In May 2016, Mr. Snowdon stepped down from the Board of Hill & Smith Holdings plc, an international group of companies operating in the infrastructure and galvanizing markets, where he was a Senior Non-Executive Director since May 2007, Chair of the Remuneration Committee, and a member of the Audit and Nominating and Governance Committees.

Other public company boards: None

In 2011, Mr. Snowdon retired from Umeco plc, a provider of advanced composite materials, after serving as Chief Executive since 1997. Mr. Snowdon was also the Executive Chairman of Shimtech Industries Group Limited until 2015. From 1992 to 1997, he served as Managing Director of Burnfield PLC after working as 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 qualifications to be a member of our Board include his experience as a former Chief Executive of a UK public company, his strong understanding of UK plc and corporate governance requirements, and his experience in mergers and acquisitions.

Sylvia A. Stein was appointed a Non-Executive Director in August 2022 and serves as a member of the Audit Committee and Nominating and Governance Committee. **SYLVIA A. STEIN**

Board Committees:

- Audit
- Nominating & Governance

Ms. Stein is the Senior Vice President, Chief Legal Officer of Veralto Corporation (NYSE: VLTO), a global leader in essential water and product quality technology solutions, which she joined in June 2023. In her current role, Ms. Stein leads Veralto's legal, compliance, and environment, health, and safety (EHS) functions, and she advises the Company and its Board of Directors on a wide range of strategic and operational issues, including enterprise risk management, governance, and sustainability. Prior to joining Veralto, Ms. Stein served as Vice President, General Counsel, Corporate Secretary, and Chief Compliance Officer of Modine Manufacturing Company (NYSE: MOD), a global provider of thermal management systems and solutions, which she joined in 2018. At Modine, she led the company's global legal, compliance, and intellectual property functions and provided strategic, governance and legal advice to Modine's Board of Directors and executive management team. From 2001 to 2016, Ms. Stein progressed through a variety of roles at Kraft Foods, a global food and beverage manufacturer, where she most recently served as Associate General Counsel, Marketing & Regulatory, at the Kraft Heinz Food Company (NASDAQ: KHC). Earlier in her career, Ms. Stein was member of the complex commercial litigation practice at Latham & Watkins, LLP in Chicago, Illinois, and she also served as a federal judicial law clerk.

Other public company boards: None

Ms. Stein holds a Bachelor's degree in Economics from Northwestern University and a Juris Doctor from the University of Michigan Law School. She presently serves on the Board of Directors of Legal Action Chicago, a non-profit organization providing pro bono legal services to the Chicago community through legislative initiatives and class action litigation.

Ms. Stein's qualifications to be a member of our Board include her extensive in-house legal experience in advising global public companies, particularly in matters related to business strategy, sustainability, regulatory compliance, mergers and acquisitions, and talent management, as well as her involvement in developing and executing growth-driven business strategy and pragmatic risk management procedures.

LISA TRIMBERGER

Lisa Trimberger has served as a Non-Executive Director since September 2019. Since April 2020, she has served as Chair of the Audit Committee, upon which she acts as a financial expert. Ms. Trimberger has also served as a member of the Remuneration Committee since September 2019.

Board Committees:

- Audit (Chair)
- Remuneration

Other public company boards:

- COPT Defense Properties
- EPR Properties

Ms. Trimberger retired as an Audit Partner of Deloitte & Touche LLP in 2014 after spending thirty-one years with the firm. As a lead Client Service and Audit Partner, Ms. Trimberger 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 and Governance Committee and was a 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 also serves as Trustee of the Board, Chair of the Audit Committee, and a member of the Nominating and Governance Committee of COPT Defense Properties (NYSE:CDP), a real estate investment trust. Ms. Trimberger also serves as a Trustee on the Board of Trustees of EPR Properties (NYSE: EPR), a diversified experiential net lease real estate investment trust, where she is the Chair of the Audit Committee and a member of the Finance Committees.

Ms. Trimberger is a Certified Public Accountant and holds 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. She is an 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, her public board experience, and her significant experience as a financial expert in areas including financial and audit oversight, risk management, and corporate governance.

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 within 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 2000 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 Organizations 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.

Patrick Mullen is a Non-Executive Director and is considered independent under NYSE listing standards. Luxfer believes that Patrick Mullen's service as Board Chair is appropriate because of his extensive global industrial experience, history of serving on the boards of other public companies, and knowledge of 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 when 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 2023, topics for Board education included Luxfer values and culture; anti-bribery; anti-trust compliance; global insider dealing; global business ethics; capital markets; merger and acquisition strategy and trends, including strategic options; SEC regulatory developments and disclosure proposals; technology for Boards; talent management; emerging issues in governance; audit, accounting, and financial analysis; areas of risk relating to Generative AI; cybersecurity; ESG; and diversity and unconscious biases.

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 meets regularly during the year, holds special meetings, and acts by unanimous written consent, wherever circumstances require. In each regularly scheduled Board and committee meeting, the independent Directors also meet in executive session, without the Chief Executive Officer or other members of management present. Directors are expected to attend all scheduled meetings of the Board of Directors, all meetings of the Committee(s) on which they serve, and all shareholder meetings.

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.

MEETINGS OF THE BOARD OF DIRECTORS IN 2023

| | | | |
|---|--|-------------------------------------|---------------------------|
| 3 - Meetings of the Nominating and Governance Committee | 4 - Meetings of the Remuneration Committee | 6 - Meetings of the Audit Committee | 8 - Meetings of the Board |
|---|--|-------------------------------------|---------------------------|

The Board held eight regularly scheduled meetings in 2023, four of which occurred in-person and four of which occurred virtually via videoconference. Three of these were special meetings to discuss the accelerated and expanded strategic review and board succession planning. The attendance rate at Board meetings in 2023 was 95.8%. Committee meetings were attended by 100% of committee members, with the exception of Sylvia Stein who was excused from one Audit Committee meeting in April 2023. All Directors then serving attended the 2023 Annual General Meeting of Shareholders.

Nominating and Governance Committee

Role: The Nominating and Governance Committee advises the Board on matters relating to corporate governance, Board structure, and Board composition. Responsibilities 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; overseeing and making recommendations regarding executive succession planning; administering the annual performance evaluation of the Board and its committees; overseeing Luxfer's corporate governance and compliance structure and practices; and overseeing and recommending to the Board changes to our Corporate Governance Guidelines, Committee Charters, and other governing instruments.

A full description of the Committee's role is set forth in the Nominating and Governance Committee Charter, available at <https://www.luxfer.com/investors/governance/>

Members: Clive Snowdon (Chair since April 2020), Patrick Mullen (effective January 2022), Sylvia A. Stein (effective August 2022).

The Board has affirmatively determined that all members of the Nominating and Governance Committee are independent in accordance with the NYSE listing standards and SEC regulations.

Remuneration Committee

Role: The Remuneration Committee sets and administers the policies that govern executive, director 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, including base salaries, annual cash incentives, and equity awards; reviewing and approving the Executive Compensation Discussion and Analysis included in the annual Proxy Statement; recommending actions regarding the Chief Executive Officer's compensation for approval by the Non-Executive Directors of our Board; approving individual compensation actions for all Executive Officers other than the CEO; and overseeing the Company's human capital practices as such practices related to the Company's broader ESG strategy.

A full description of the Committee's role is set forth in the Remuneration Committee Charter, available at <https://www.luxfer.com/investors/governance/>.

Members: Richard Hipple (Chair as of November 2018), Patrick Mullen (effective January 2022), and Lisa Trimberger (effective September 2019).

The Board has affirmatively determined that all members of the Remuneration Committee are independent in accordance with the NYSE listing standards and SEC regulations.

Report: The Director's Remuneration Report appears in the Remuneration Report on pages 38 to 77.

Audit Committee

Role: The Audit Committee 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, integrity of the Company's financial statements, and audit quality and performance; monitoring and overseeing the independence and performance of our independent auditor, 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 auditor; facilitating open communication among our Board, senior management, internal audit, and the independent auditor; and overseeing our enterprise risk management and financial compliance programs.

A full description of the Committee's role is set forth in the Audit Committee Charter, available at <https://www.luxfer.com/investors/governance/>.

Members: Lisa Trimberger (Chair as of April 2020), Richard Hipple (effective November 2018), Clive Snowdon (effective August 2016), and Sylvia A. Stein (effective August 2022).

The Board has affirmatively determined that all members of the Audit Committee are independent in accordance with the NYSE listing standards and SEC regulations.

Financial Experts: The Board has determined that Lisa Trimberger, Richard Hipple, Clive Snowdon, and Sylvia A. Stein are financially literate under NYSE rules and listing standards. The Board has further determined that Lisa Trimberger and Clive Snowdon qualify as financial experts pursuant to 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 78 and the Independent Auditors' Report on pages 79 to 85.

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 their 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 their family) takes actions or has interests that may make it difficult to perform their work for Luxfer objectively and effectively. Conflicts of interest also arise when an employee, Officer, or Director (or a member of their 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 (i) the Board Chair or Nominating and Governance Committee, as appropriate, in the case of Directors or (ii) Luxfer's General Counsel, or where a conflict arises, the Nominating and Governance Committee, in the case of Executive Officers.

In 2023, 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 and consistent with Section 314.00 of the NYSE Listed Company Manual the Audit Committee must conduct a reasonable prior review of all "Related Party Transactions." A "Related Party Transaction" is any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships, 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 Related Party 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 2023, 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 do 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 the minimum amount of share 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 their respective ownership guideline. Directors and Executive Officers are expected to achieve the minimum ownership guidelines within five years of the effective date of the Stock Ownership Guidelines or their 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

We believe that effective corporate governance includes year-round engagement with our shareholders, stakeholders, and any interested party. We regularly meet with our shareholders via telephone calls and virtual videoconference meetings, including both large and small investors, to discuss business strategy, performance, compensation philosophy, corporate governance, and environmental and social topics. In a typical year, Luxfer engages dozens of shareholders, including our largest shareholders two to three times per year. In 2022, we had meetings throughout the year through investor conferences, non-deal roadshows, and scheduled post-earnings follow up calls. To continuously improve our shareholder communication and outreach, we review the feedback we receive during these meetings with our Board of Directors. Our Directors, along with management, 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 regularly and at least once a month. These meetings are 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. Said meetings also provide 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 who served during fiscal year 2023.

| Name | Age | Position |
|---------------------------------------|-----|--|
| Andy W.J. Butcher | 55 | Chief Executive Officer |
| Stephen M.D. Webster | 52 | Chief Financial Officer |
| Graham D. Wardlow | 56 | Managing Director, Luxfer MEL Technologies |
| Jeff C. Moorefield | 60 | Vice President and General Manager, Luxfer Magtech |
| Mark A. Chivers ⁽¹⁾ | 53 | Managing Director, Luxfer Superform |
| Peter N. Gibbons | 53 | Vice President and General Manager, Luxfer Graphic Arts |
| Megan E. Glise | 31 | General Counsel and Company Secretary |
| Mark J. Lawday | 44 | Vice President and General Manager, Luxfer Gas Cylinders |
| Howard I. Mead | 39 | Vice President and General Manager, Luxfer Gas Cylinders Composite |

Notes:

1. Mark Chivers continues to serve as a member of the ELT and Managing Director of Luxfer Superform. However, Luxfer Superform is considered as a discontinued operation as of December 31, 2020.

Biographies of the current members of the Executive Leadership Team who served during fiscal year 2023 are set forth below:

Andrew ("Andy") W.J. Butcher

Chief Executive Officer and Executive Director

Andrew Butcher was appointed Luxfer's Chief Executive Officer effective May 6, 2022, at which time he also became an Executive Director.

Mr. Butcher served as President of our global Luxfer Gas Cylinders business from April 2014 to May 2022, 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 has held positions of increasing responsibility throughout his career at Luxfer, including leading the development of Luxfer's composite cylinder business beginning in 2002, first as General Manager and then as Executive Vice President. He currently serves as a Director and Executive Officer of various subsidiaries and affiliates of the Company. Mr. Butcher holds a Master of Arts degree in Engineering from Cambridge University and an M.B.A. from Keele University.

Mr. Butcher's qualifications to be a member of our Board include his more than 30 years of experience with Luxfer, his value-enhancing growth and acquisition experience, his educational background, and his knowledge of advanced materials.

Stephen M.D. Webster*Chief Financial Officer*

Stephen Webster was appointed Chief Financial Officer effective March 1, 2022. From September 2016 to March 2022, Mr. Webster served as Luxfer's Corporate Controller. Prior to joining Luxfer, Mr. Webster held various finance leadership roles at global businesses, serving as Head of Global Accounting at Seadrill Limited, an OSE-listed offshore drilling company, and ERP Business Integration Lead, IFRS Project Lead, and Financial Accounting Director at JT International, a global tobacco company. He has extensive experience in corporate financial management and external reporting under both U.S. GAAP and IFRS. Mr. Webster is a Chartered Accountant and holds a degree in International Management and Modern Languages from the University of Bath.

Graham D. Wardlow*Managing Director of Luxfer MEL Technologies*

Graham Wardlow was appointed Managing Director of Luxfer MEL Technologies (LMT) in October 2017, following the merger of Luxfer's MEL Chemicals and Magnesium Elektron Alloys businesses. Luxfer's Magnesium Powders business was subsequently made part of LMT in early 2022, which Mr. Wardlow now oversees. Mr. Wardlow joined Magnesium Elektron in 1984 and undertook several technical and commercial roles before becoming Managing Director of the Magnesium Elektron 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.

Jeffrey ("Jeff") C. Moorefield*Vice President and General Manager of Luxfer Magtech*

Jeff Moorefield was appointed Vice President and General Manager of Luxfer Magtech on April 1, 2022, at which time he also became an Executive Officer of the Company. Mr. Moorefield previously served as Luxfer's Vice President of Operations from March 2019 to March 2022. Before joining Luxfer, Mr. Moorefield served as Senior Vice President of Global Operations at Tennant Company, a provider of floor cleaning machines, products, and services. Prior to that, he served as Global Vice President of Operations for various business segments within Pentair Plc, a provider of water treatment solutions and sustainable applications. Mr. Moorefield holds a Bachelor of Science degree in Industrial Technology from Western Kentucky University.

Mark A. Chivers*Managing Director of Luxfer Superform*

Mark Chivers has served as Managing Director of Luxfer Superform since April 2018. Mr. Chivers joined Luxfer in 2009 as Operations Director of Superform U.K., before moving to California in 2014 to become Vice President and General Manager of the U.S. 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. From July 2017 to July 2019, Mr. Gibbons served as Director of IT and Sourcing. Upon his appointment as Director of IT and Sourcing, Mr. Gibbons became a member of the Executive Leadership Team. Mr. Gibbons joined Luxfer in 2004 as European Financial Controller of the Magnesium Elektron Alloys business. From 2013 to 2014, he served as Luxfer's Group Financial Controller, and from 2014 to 2017, Mr. Gibbons was the Divisional Finance Director of Luxfer's Magnesium Elektron Alloys business.

Megan E. Glise

General Counsel and Company Secretary

Megan Glise was appointed General Counsel and Company Secretary in September 2020. Ms. Glise joined Luxfer as U.S. Legal Counsel in July 2018 and was appointed Associate General Counsel in February 2019. In January 2020, she became a member of the Executive Leadership Team and an Executive Officer of the Company. Before joining Luxfer, Ms. Glise 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 Doctorate from Marquette University Law School and holds a Bachelor of Arts degree in English and Criminology and Law Studies from Marquette University.

Mark J. Lawday

Vice President and General Manager, Luxfer Gas Cylinders - Europe

Mark Lawday was appointed Vice President & General Manager of Luxfer Gas Cylinders - Europe in April 2022 and became a member of Luxfer's Executive Leadership Team in January 2023. Mr. Lawday joined Luxfer in 2005 as Product Manager in Nottingham, United Kingdom, progressing through increasingly senior business development and sales roles in Europe and North America. He joined Luxfer Gas Cylinders' North American Leadership Team in 2012 and subsequently the European Leadership Team in March 2017. Mr. Lawday holds a Master of Engineering degree as well a Doctorate in Materials Engineering from the University of Nottingham.

Howard I. Mead

Vice President and General Manager, Luxfer Gas Cylinders - Composite

Howard Mead was appointed Vice President & General Manager of Luxfer Gas Cylinders - Composite in May 2022 and became a member of Luxfer's Executive Leadership Team in January 2023. After beginning his career at RSM UK, Mr. Mead joined Luxfer in 2011 as a Financial Accountant, before progressing through roles of increasing responsibility at Luxfer Gas Cylinders in areas that included business improvement and finance. Beginning in September 2019, he served as Gas Cylinders' Global Vice President of Finance and a member of the Gas Cylinders' Leadership Team. Mr. Mead is a fellow of the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Science degree in Mathematics from the University of Manchester, as well as an M.B.A. from the Open University Business School.

Environment, Social and Governance ("ESG") Matters

Luxfer remains committed to operating safe, clean, and environmentally compliant facilities while supporting our employees and communities in which we operate. Foundational to a sustainability strategy that positions Luxfer for long-term growth, we will continuously evaluate these commitments through strong governance practices and policy development, ensuring that we always do business based on our mission and values. Luxfer's Board of Directors is responsible for overseeing the Company's long-term business strategy, which includes, among other things, the Company's approach to ESG matters. The Board considers our governance-related policies and practices; our systems of risk oversight and management; how we advance environmental sustainability; health and safety; human rights; human capital management and corporate culture; cybersecurity; and the way we serve our customers and support our communities.

In December 2024, Luxfer will publish our third Sustainability Report, a biennial report highlighting our ongoing efforts to drive sustainability in our operations and business units. Building on our inaugural report published in 2020 and a subsequent update published in 2022, the 2024 Sustainability Report will include (i) more granular environmental and social data through 2023; (ii) an update on our progress towards meeting our 2025 Environmental Goals; (iii) greater discussion on sustainability governance and climate-related risks; (iv) visibility on new and ongoing sustainability initiatives; and (v) our future 2025-2027 sustainability goals and strategy.

Reflected below is a snapshot of our environmental performance through fiscal year 2023. We look forward to remaining transparent about our ESG progress and will provide a further update on our progress towards meeting our 2025 Environmental Goals in the next round of sustainability reporting anticipated in 2024.

Our Products

Many of our products already serve the growing need to safeguard the environment in the transportation sector. 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. Luxfer also played a vital role in developing the U.K.'s first hydrogen-powered train. Beginning operation in 2020, the electric train was retrofitted to run using our G-Stor[®] H₂ hydrogen fuel system. We will continue developing partnerships in the transportation sector to make hydrogen-powered transportation a reality.

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.

Our Facilities and Operations

Since 2019, Luxfer has invested in multiple energy- and emissions-reduction projects across our global facilities, such as LED lighting, upgrades to compressors, pumps, motors, and the replacement of inefficient equipment with energy-efficient models. In addition to facility investments Luxfer is committed to enhancing internal process controls, operational improvements, and increased employee awareness of operational inefficiencies through the incorporation of our Sustainability Luxfer Business System. These business improvements have significantly contributed to the Company's ability to achieve its 2025 emissions reduction target ahead of schedule. Other projects carried out in 2023 to improve our environmental and social footprint include:

- Luxfer MEL Technologies achieving EcoVadis Gold Sustainability Rating
- Luxfer Magtech in Cincinnati, OH attaining Green 513 Workplace certification through Hamilton County
- Luxfer Magtech in Cincinnati, OH completing a LED lighting upgrade, through which it replaced 290 fluorescent fixtures for an estimated carbon footprint reduction of about 127 metric tons of CO₂e, equivalent to 15.2 homes annual energy use
- Luxfer Canada becoming a founding cohort member of Green Economy Calgary
- Five sites maintaining ISO14001 certification

ESG Controls and Oversight

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.

Our Environmental, Health, and Safety ("EHS") Management System is a crucial mechanism through which our ESG initiatives are put into action. 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.

In addition to internal controls, 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. 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 CO₂ 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.

Luxfer recognizes energy from fossil fuel resources are finite and that we have a duty to help conserve these resources. In addition to the environmental benefits and cost savings associated with reducing our energy consumption, reliance on electricity from the grid also represents a risk to our business operations. Extreme weather events and natural disasters, including those as a result of climate change, could compromise our operations and productivity. As such, we acknowledge that we would benefit from diversifying our energy supply. Currently, 100% of our electricity is purchased from the grid. However, investment in renewable energy aligns with our long-term sustainability strategy, reduces our risks, and will strengthen operational resilience in the face of extreme weather events and natural disasters. In the years leading up to 2025, we will strive to introduce renewable energy solutions to power our operations where deemed possible.

In addition, we will continue reducing our energy consumption from the grid through other projects, such as those through our Reduced Energy Demand ("RED") Program. In consultation with our energy partners, our RED Program helps us implement site-specific energy saving initiatives and projects throughout our operations. RED Projects begin with conducting an on-site energy audit to obtain a more granular analysis of the site's energy consumption. Our energy partner then provides proposals for technology and equipment upgrades that will reduce our energy consumption, each of which includes a detailed analysis of the financial, environmental, and safety impact of each project. Such proposals will include a renewable energy alternative that will be implemented if financially and practically feasible.

Greenhouse Gas Emissions

In 2023, we continued tracking energy and emissions data through our internal ESG Scorecard, which measures progress across a wide range of ESG key performance indicators. In addition to recording data, the ESG Scorecard is the mechanism through which we evaluate performance against our 2025 Environmental Goals, which includes our commitment to reducing our absolute carbon dioxide equivalent ("CO₂e") emissions by 20% by 2025 using a 2019 baseline. Having finalized our full year 2023 emissions figures, we are pleased to have exceeded our 2025 emissions reduction goal ahead of schedule with a 48% decrease in our total absolute CO₂e emissions in 2023 from our 2019 baseline. In addition to updates provided in annual reports and other sustainability-related publications, we plan to provide additional details on final full-year 2022 and 2023 emissions data, and an update on progress towards all our 2025 Environmental Goals, in a future sustainability report anticipated in December 2024.

Each Luxfer site compiles greenhouse gas emission inventories and monitors electricity and natural gas usage. All other greenhouse gases produced as a result of manufacturing operations, such as propane and direct CO₂, are also recorded. Scope 1 emissions consist of all direct emissions from fuel combustion, natural gas, propane, and all other sources of direct emissions. Scope 2 emissions consist of all indirect emissions attributable to the Company through the consumption of purchased electricity, steam, heating, or cooling. This data is compiled and converted to emissions to calculate our total CO₂e output. Our US and Canada facilities use standard CO₂ conversion factors published by the US Environmental Protection Agency, and our UK facilities use CO₂ conversion factors published by the UK Government. Broadly speaking, the gases that compile the bulk of our emissions have very similar CO₂e equivalency regardless of where they are sourced. Year-on-year figures are used to identify any anomalies, and similar sites are compared to one another to ensure consistency and understanding of this data. At present, we do not collect details of any Scope 3 emissions.

The table below provides a summary of the Company's Scope 1 and Scope 2 greenhouse gas emissions since 2021.

| | 2023 | | 2022 | | 2021 | |
|--|------------------------------------|---|------------------------------------|---|------------------------------------|---|
| | (mtCO ₂ e) ² | (mtCO ₂ e/ \$1mSV) ³ | (mtCO ₂ e) ² | (mtCO ₂ e/ \$1mSV) ³ | (mtCO ₂ e) ² | (mtCO ₂ e/ \$1mSV) ³ |
| Scope 1 | 39,425 | 97.4 | 51,660 | 119.5 | 72,222 | 193.1 |
| Scope 2 | 13,463 | 33.2 | 20,226 | 46.8 | 31,431 | 84.0 |
| Statutory total (Scope 1 & 2)⁴ | 52,888 | 130.6 | 71,886 | 166.3 | 103,653 | 277.1 |

1. 2022 and 2023 absolute and intensity emissions include emissions and sales from our facility in Pomona, California acquired in mid-2021.
2. Metric tons of CO₂ equivalent.
3. Third party sales were used to calculate emissions intensity.

In 2023, our total absolute emissions (i.e., total metric tons of CO₂e) decreased by 26.4% compared to 2022. Absolute Scope 1 emissions decreased 23.9% and absolute Scope 2 emissions decreased 33.4% year-over-year. We attribute this decrease to various energy- and emissions-saving projects implemented, and operational efficiency gains in late 2021 and throughout 2023, which are described in greater detail below. These projects also impacted our total emissions intensity (i.e., CO₂e emissions per \$million in sales), which decreased by 21.5% in 2023 compared to 2022. Scope 1 emissions intensity decreased by 18.5% and Scope 2 emissions intensity decreased by 29.1% year-over-year. While emissions intensity are useful metrics to normalize our emissions, sales value is affected by exchange and inflation rate effects. Accordingly, it is important to note that the Company's efforts to pass through inflationary costs in 2023 has impacted our sales value and likewise impacted our emissions intensity metrics.

Occupational Health and Safety

The occupational health and safety of employees is fundamental to delivering sustainable economic performance. Luxfer has established well-defined health and safety policies and procedures, as well as ongoing employee training, as part of the Company's commitment to being an industry leader in safety. Internal and External Gap analyses are regularly conducted to systematically assess safety goals and objectives for all locations. As part of the Company's enterprise-wide risk management system, these objectives are evaluated, and performance related to them is regularly reviewed and discussed to strengthen organizational safety resilience.

Employees are encouraged to observe, and immediately report all safety hazards, which are incorporated into "safety moments" shared at the beginning of each meeting. Safety moments are meant to increase awareness and reinforce a culture of positive safety behavior. Additional efforts include monthly employee safety meetings, safety audits conducted by management, safety audits by certain employees, and the inclusion of safety initiatives as part of select employees' incentive plans.

The Company utilizes a mixture of leading and lagging indicators to measure the health and safety performance of its operations. Leading indicators include reporting and closure of all near miss events and safety concerns identified. Lagging indicators include the recordable Incident Frequency Rate, which is defined by the US Occupational Safety and Health Administration as the number of work-related injuries per 100 full-time workers during a one-year period. Recordable accidents and Lost Time Accidents are also recorded. These safety measures are integrated into our executives' performance evaluations and reported to the Board quarterly. Luxfer's lagging safety indicators from 2019 to 2023 are shown in the table below.

| | 2023 | 2022 | 2021 ⁽¹⁾ | 2020 | 2019 |
|--------------------------------|------|------|---------------------|------|------|
| Recordable Accidents | 32 | 20 | 31 | 25 | 33 |
| Lost Time Accidents | 4 | 8 | 15 | 8 | 5 |
| Incident Frequency Rate | 2.46 | 1.59 | 2.62 | 1.85 | 2.09 |

1. 2021 safety data excludes the following facilities: (i) Niagara, Canada; (ii) Aluminum operations in Riverside, CA, US; (iii) Graham, NC; (iv) Aluminum operations in Worcester, UK; and (v) Shanghai, China. Data from our facility in Pomona, CA is included, beginning in April 2021.

Growth and Talent Development

Providing opportunities for professional growth and development is key to Luxfer's retention strategy. Luxfer maintains talent and succession planning processes, including regular review by the Executive Leadership Team and reports to the Board of Directors. We operate leadership and management development programs, which provide a consistent approach to the development to the Company's future leaders and managers. With a multi-faceted curriculum, these programs develop critical problem-solving, communication, management, and leadership skills. Luxfer also maintains training and development programs for employees at the workforce level, in addition to regular coaching and support from their supervisor and performance evaluations. To further support their career aspirations, employees can access Luxfer's online learning platform which offers over 180,000 courses, videos, and books designed to strengthen critical business, leadership, productivity, and computer software skills.

Employee Well-Being

Luxfer's workforce is one of our greatest sources of sustainable value. Our ability to deliver on our objectives and build lasting relationships with our customers depends on the capabilities, attraction, and retention of the talented individuals who come to work every day. As such, we continuously strive to offer competitive pay and benefits and maintain a work-life balance for our employees in order to foster job satisfaction and increase retention.

Fair Wages and Competitive Benefits: Luxfer offers competitive base pay and, depending on position, variable incentive pay associated with both individual and Company performance. Full-time employees and, in some cases, part-time employees who have met the minimum hours of service requirement are eligible to participate in various retirement savings plans, such as the Company's 401(k) defined contribution plan in the U.S. and various pension schemes available to U.K. employees. We also offer paid time off, group medical, dental, and vision plans, in addition to various life, disability and paid family and sick leave options, which vary by jurisdiction.

Employee Share Plans: Luxfer encourages participation in its U.S. Employee Stock Purchase Plan ("ESPP") and U.K. Share Incentive Plan ("SIP"), which provide employees an opportunity to become Luxfer shareholders at a reduced price. Under the ESPP, U.S. employees can purchase Company stock at a 15% discount through payroll deductions. Under the SIP, U.K. employees can purchase company stock through payroll deductions and, in turn, the Company matches one free share per every two shares purchased.

Fitness and Wellness Programs: Luxfer is proud to offer several optional fitness and wellness programs and healthy living incentives to our employees. Our Employee Healthy Lifestyle Program is available to U.S. employees and offers partial reimbursement for certain gym and fitness center memberships, weight loss programs, and group exercise classes. U.S. employees are also eligible to participate in a smoking cessation program through which employees who complete a 90-day program are rewarded with lower insurance rates.

Emotional Well-Being: We support the social and emotional health of our employees by providing access to wellness clinics and funded mental health counseling services. As a part of Luxfer's group medical insurance plan, U.S. employees have convenient access to live video visits with a board-certified doctors or licensed therapists. Luxfer also offers access to the Employee Assistance Program, which connects employees and their families with credentialed counselors, free of charge, to provide a variety of work-life services and resources for family matters, including legal assistance, financial budgeting, and more.

Diverse and Supportive Workplace

The professional conduct of our employees furthers the Company's mission, promotes productivity, minimizes disputes, and enhances our reputation. As such, the Company is committed to creating and maintaining a diverse, global workforce that provides fair and equitable opportunities, thereby advancing Luxfer's innovation culture and customer first values. With continued focus on diversity and equity, Luxfer's diversity initiatives include, but are not limited to, practices and policies on recruitment and selection, including targeted sourcing of personnel from diverse backgrounds; compensation and benefits; professional development and training; advancement opportunities; and the ongoing development of a diverse and inclusive work environment. All Luxfer personnel are required to complete a variety of anti-harassment, non-discrimination, diversity, and unconscious bias trainings annually. Luxfer's talent acquisition teams and hiring managers undergo additional training to ensure that a diverse slate of candidates is considered for all job openings. Further, Luxfer monitors the composition of its current workforce for diversity, age, and gender demographics. This data is used to enhance employment and recruitment practices and is continually improved to ensure that a diverse and talented workforce is maintained.

Further information on employee policies, communication and engagement can be found in the Directors' Report on pages 34 to 37.

Customers and Suppliers

Recognizing our customers as a crucial source of our success, a core value of Luxfer is always putting the customer first. Our products are 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.

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. To ensure that our suppliers conduct business with a high degree of integrity and in a socially and environmentally responsible manner, all third parties (including suppliers, distributors, contractors, agents, service providers, and customers) are expected to adhere to our Third Party Code of Conduct. Based on our own Code of Ethics and Business Conduct, the Third Party Code of Conduct applies to all third parties worldwide. Under the Code, third parties are expected to respect, acknowledge, uphold, and comply with the following key themes and extend these standards to their supply chains:

- Working conditions
- Employee health and safety
- Child labor, forced labor, and human trafficking
- Business ethics, anti-corruption and anti-bribery
- Data privacy
- Environmental responsibility
- Conflict-free mineral sourcing
- Product and service quality

As launched in late 2021, the establishment of new commercial contracts and the continuation of existing commercial arrangements with Luxfer require certain suppliers and distributors to sign and return an acknowledgment form as a means to verify compliance with the Third Party Code of Conduct. To ensure ongoing compliance, Luxfer requests that Third Party Representatives renew their signature on the form once every three years. Attestation rates are tracked quarterly by each Luxfer location on our internal ESG Scorecard, which is reviewed twice annually with the CEO and senior management.

Examinations of new and existing vendors are conducted regularly. We utilize several methods to ensure that our standards are met, including vendor risk assessments and audits. Through this approach, vendor assessments are conducted based on multiple factors (e.g., risk profile, engagement type and activity, and geography). These assessments evaluate the vendor's ability to meet both our internal and industry standards for quality, safety, reliability. Results are reviewed with local management upon completion. Pursuant to our Third Party Code of Conduct, Third Party Representatives are required to allow representatives from Luxfer and, if requested, Luxfer's customers full access to their production facilities, records, and workers for confidential interviews. We use appropriate due diligence procedures to vet our Third Party Representatives prior to entering into any business arrangements and reject those who do not fulfill our requirements or meet our standards.

Luxfer require that third parties complete and return an acknowledgement form as a means to verify compliance with the Third Party Code of Conduct. To ensure ongoing compliance, Luxfer requests that third parties renew their signature on the form once every three years.

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.

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 18 to 23.

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, 2023. This Directors' Report should be read together with, and incorporates, the Governance section on pages 18 to 23.

Results

The profit for the year, after taxation from continuing operations, amounted to \$1.1 million (2022: \$32.3 million); please see the Strategic report on pages 3 to 13 for more detail.

Dividends per Share

Quarterly interim dividends of \$0.13 were paid for each £0.50 ordinary share, equating to \$14.0 million for the year (2022: \$14.2 million).

A further interim dividend was paid in February 2024 of \$0.13 for each £0.50 ordinary share totaling \$3.5 million and a further dividend declared in March to be paid in May 2024 of \$0.13 for each £0.50 ordinary share totaling \$3.5 million.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, and their details are set out in the Governance section on pages 14 to 15.

Capital Structure

In 2023, the Company purchased 210,000 of its own ordinary shares for a total cost of \$2.7 million. 14,195 of these shares were utilized at \$0.2 million, with the remaining 185,805 retained within Treasury shares.

As at December 31, 2023, the Company's issued share capital comprised of 28,944,000 ordinary shares of £0.50 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 year¹:

| Shareholder | Number of shares | Percent ² |
|--|------------------|----------------------|
| BlackRock Fund Advisors | 3,299,555 | 12.3% |
| Van Lanschot Kempen Investment Management NV | 2,689,684 | 10.0% |
| Fidelity Management & Research Co. LLC | 2,156,251 | 8.0% |
| Nantahala Capital Management LLC | 1,809,645 | 6.7% |
| Wellington Management Co. LLP | 1,404,283 | 5.2% |
| Royce & Associates LP | 867,655 | 3.2% |
| Managed Account Advisors LLC | 835,404 | 3.1% |

¹ Shareholdings are based on December 31, 2023.

² 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 33 of the financial statements.

The interests of the Directors who held office at December 31, 2023, and those of their families, in the share capital of the Company, including share options are set out in the Remuneration Report on pages 38 to 77. 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

The Directors have prepared cash flow forecasts for until June 2025 which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, generated from operations and committed banking facilities, to meet its liabilities as they fall due for that period. When preparing the downside case, the Directors reduced forecast cashflows to a point where we would default on our banking covenants. In all scenarios there was significant headroom.

We have been experiencing supply chain challenges, which has resulted in higher cost of certain raw materials. In our supply chain, previously described challenges caused by the disruption in our U.S. domestic magnesium supply continued, and overall competitive cost pressures persisted. These issues have been particularly acute in our Graphic Arts segment, where the ability to pass through higher costs to our customers has proved to be constrained. In recent months however, the purchase price of Magnesium has been falling, which will result in lower input cost in 2024. We have implemented elements of our strategic review in Graphic Arts to reduce costs, including a headcount reduction program. Furthermore, in the first quarter of 2024 we have initiated a sales process for Luxfer Graphic Arts which we expect to be completed within the year. We are also pursuing further actions to improve margins and maintain strong cash flow across the business. In the majority of cases we are able to pass through inflationary costs to our customers, although we are still constrained by a small number of contracts, particularly in the Gas Cylinders segment, the longest running of which is not subject to renewal until mid-2024. Currently, our expectation is that the adverse impact of material availability / inflation, energy cost inflation and labor and transport constraints will lessen in 2024 and when costs fall we will in some cases need to reduce prices to customers. However the outlook remains highly uncertain with both the size and timing of future costs difficult to predict.

Despite the uncertainties discussed above, the Company is expected to generate positive cash from operations until June 2025. In addition, there is sufficient headroom in our covenant compliance which would enable the Group to drawdown on the revolving credit facility and not impact the Group's ability to continue as a going concern.

Impact of global conflicts

The Russian invasion of Ukraine and ongoing military conflict which commenced on February 24, 2022, has resulted in massive displacement of the Ukrainian population and huge disruption to its economy. Wide ranging sanctions have been imposed on the Russian Federation by the international community, targeting individuals, banks, businesses, funds transfers and imports and exports and are having a significant impact on Russia's economy as well as on international businesses active in the region. The impact on Luxfer in 2022 and 2023 was not significant as we have no direct operations in the region, and our sales to Russia and Ukraine combined typically represent less than one percent of total revenue by destination. Furthermore, neither country is a critical supplier of our raw material needs, and whilst we continue to source magnesium from Russia, a major global exporter, we are also able to source the metal from various alternative locations, including China, Israel, Turkey and the United States. This is also evident in the current war in the Middle East that is causing macro-economic disruption which could affect the Company and/or our supply chain, business partners or customers, although the current impact on Luxfer is not significant.

Research and Development

During the year, the Company incurred \$4.6 million (2022: \$4.9 million) in research and development costs on new and improved products and processes. Once a project is reasonably certain to deliver a commercial product, certain aspects 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 Governance Report on page 27.

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 Governance Report on page 27. 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-Discrimination 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.

Stakeholder Engagement

Considering our impact on our stakeholders is something the Board and the company spends time on wherever appropriate. The Board fully recognizes the importance of all our stakeholders in the successful operation of the business. The needs and concerns of our stakeholders is an inherent part of our decision-making processes.

Prior to matters being put to the Board for consideration, the business carries out significant engagement to support the directors to assess and ensure that all stakeholder views are considered fairly. This engagement may be formal or informal, and is governed by our policies.

Before reaching a decision, the Board considers how proposed actions and behaviors of the company may affect its key stakeholders, as well as the company's reputation and long-term success.

Political Donations

The Company and its subsidiaries made no political donations in either 2023 or 2022.

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 29 to 30 of the Governance Report. The Company is continuing to develop its management information in respect of greenhouse gas emissions and other environmental factors, such that it is not currently possible to accurately report all required information, including energy consumption from processing metals, total UK and non-UK energy consumption by the group and Greenhouse Gas Emissions from office buildings.. However, the Company discloses a significant amount of environmental information in its Governance Report as referenced above. Further information can also be found in the Company's annual ESG report, available on the Company website. The next report will be available in 2024.

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 28 and 29 to the consolidated financial statements.

Purchase of own shares

In 2023, the Company purchased 210,000 ordinary shares for a total cost of \$2.7 million. 14,195 of these shares were utilized at \$0.2 million, with the remaining 185,805 retained within Treasury shares.

Financial Risks

Details of our principal risks and uncertainties can be found on pages 9 to 12 of the strategic report. The management of these financial risks and mitigating actions are explained further in Note 28 of the Group 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 14. 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 78 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 86 to 151 were approved by the Board of Directors on April 25, 2024 and signed on their behalf by:

**Andy Butcher****CHIEF EXECUTIVE OFFICER**

April 25, 2024

DIRECTORS' REMUNERATION REPORT

This Directors' Remuneration Report for the year ended 31st December 2023 has been compiled in accordance with the UK Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). As required by the Regulations, the Directors' Remuneration Report will be proposed as an ordinary resolution and subject to an advisory vote at the Company's 2024 Annual General Meeting

CHAIR'S INTRODUCTION

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present Luxfer's Directors' Remuneration Report for the year ended 31st December 2023 (the "Remuneration Report"). The Remuneration Report addresses the activities of the Remuneration Committee, sets out details of the remuneration paid to Luxfer's Directors in 2023, and discusses decisions affecting Director remuneration in 2024. This Remuneration Report is divided into four sections:

- | | |
|--|----------------|
| i. Chair's Introduction | pages 38 to 42 |
| ii. the Remuneration Committee, its Responsibilities, and Activities | pages 43 to 44 |
| iii. Directors' Remuneration Policy | pages 46 to 59 |
| iv. Annual Remuneration Report for the year ended 31st December 2023, which describes the implementation of the Directors' Remuneration Policy during the year and how it is proposed to be applied for the year ending 31 st December 2024 | pages 43 to 77 |

Our Approach to Remuneration

Luxfer seeks to create and maintain a culture of high performance, teamwork, and accountability. Our remuneration programs are intended to compensate Directors appropriately in accordance with their qualifications, responsibility assumed, and dedication to the Company; attract and retain highly qualified Directors; tie executive remuneration to Company performance; and align Director remuneration with shareholder interests and long-term Company value. The Company's director remuneration program is specifically designed with the following principles in mind:

- alignment with shareholder interests and long-term value creation;
- talent attraction, retention, and motivation;
- professional accountability;
- external competitiveness and internal equity; and
- balance between remuneration components.

2023 Business and Performance

In the face of a challenging environment brought on by economic uncertainty, continued weakness in global industrial demand, and high raw material prices in magnesium and carbon fiber, Luxfer remained focused on our people; supporting our customers; and contributing to our communities through the supply of sustainable transportation solutions, life-saving medical and emergency response equipment, and advanced materials for use in general industrial applications. Although 2023 performance was hampered by the aforementioned conditions, resulting in lower revenue and an adjusted diluted EPS of \$0.61 (2022: \$1.19), we continued to make progress against strategic milestones, such as implementing the Luxfer Business System, which will serve as a key tool to realize the growth potential embedded in our business.

Despite a 4.3% decline in full-year GAAP Net Sales and a GAAP net loss from continuing operations of \$0.10 per diluted share (2022: net income of \$1.16 per diluted share), the Luxfer team executed effective cost mitigation and cash conservation programs to achieve sequentially lower net debt and deliver strong free cash flow in the second half. Throughout 2023, the Company launched new products and entered new markets across a variety of applications, including large format heater meals and cylinder bundles for the transportation of bulk gases, and increased sales and our output in key markets, such as pharmaceuticals and firefighter composite cylinders. We also substantially reduced our carbon emissions, exceeding our goal of a 20% reduction by 2025; reduced our lost time accidents; and implemented lean operation improvements to mitigate the impact of material costs and competitive pressures on our businesses. In addition, we finished the year and entered 2024 on several notable highs, including signing new agreements with major SCBA customers,

confirming insurance coverage for our ongoing legal matter, and anticipating benefit from improved magnesium supply.

In accordance with our philosophy of “pay for performance,” the 2023 remuneration outcomes presented in this Remuneration Report are reflective of the Company’s financial performance in fiscal year 2023, which was generally below Target and prior year performance. In this context, the Remuneration Committee considered the payout with respect to variable or at-risk remuneration appropriate.

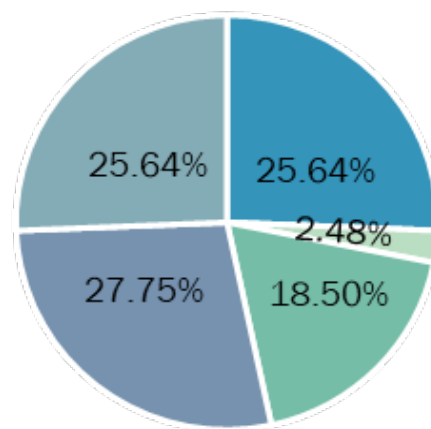
Key 2023 Remuneration Outcomes

Director remuneration is an important matter to Luxfer’s Board of Directors, the Remuneration Committee, and our shareholders. Recognizing this importance, Luxfer’s remuneration programs account for both short-term financial and business performance and long-term value creation. Specifically, the remuneration of Luxfer’s Directors includes (i) fixed remuneration to compensate Directors appropriately in accordance with their responsibilities, experience, and dedication to the Company; (ii) variable or at-risk remuneration to promote and reward the achievement of key performance targets and strategic objectives by Executive Directors; and (iii) long-term equity awards to strengthen the alignment between Director and shareholder interests through share ownership.

Executive Director Remuneration

During the year, Executive Director remuneration was comprised of the same elements as those in previous years, including base salary, benefits in kind, pension or 401(k) contributions, an annual cash incentive, and equity awards. While these components did not change year-over-year, total Executive Director remuneration is dependent on the achievement of certain financial performance goals, which impact the annual cash incentive and equity awards earned. In 2023, the sole Executive Director’s, Mr. Andy Butcher, remuneration consisted of 72% variable or at-risk pay, including the annual cash incentive and equity awards, and 28% fixed pay, including base salary and benefits in kind.

2023 EXECUTIVE DIRECTOR REMUNERATION STRUCTURE



- Salary
- All Other Compensation
- Time-Based Equity Awards
- Performance-Based Equity Awards
- Annual Cash Incentive

⁽¹⁾ Reflects the remuneration earned by the Executive Director in 2023, as described in this Remuneration Report, except with respect to the annual cash incentive, which reflects the target cash incentive applicable to the Executive Director. Reference to the target cash incentive, rather than the cash incentive earned in 2023, more accurately depicts the intended 2023 remuneration structure.

When considering salary increases and incentives for our Executive Directors, the Remuneration Committee is mindful of the remuneration of the Company's wider workforce and our fairness principles. With these factors in mind, the Remuneration Committee implemented an approximate 2% increase to Mr. Butcher's base salary for 2023, which was intended to address inflationary increases and resulted in an annualized base salary of US\$628,800. Key outcomes with respect to 2023 variable or at-risk pay were as follows:

- Annual Cash Incentive:** In 2023, the annual cash incentive was dependent on three financial performance measures: Management EBITA, Cash Conversion, and Revenue. The annual cash incentive earned by Mr. Butcher in 2023 was equivalent to 0% of his base salary, out of a maximum potential of 200%. Management EBITA and Revenue performance were below Threshold, and although the Company achieved 117% Cash Conversion, exceeding Maximum level, no cash incentive was earned with respect to the Cash Conversion measure, given that Threshold Management EBITA was not achieved. Further details regarding the annual cash incentive program and the 2023 cash incentive earned by the Company's Executive Director can be found in the *Executive Director Remuneration – Total Remuneration: Single Total Figure Table* section of this Remuneration Report on page 60.
- Equity Awards:** The Executive Director was awarded 29,120 time-based Restricted Stock Units on 20th March 2023, representing 40% of his annual target equity award, which is equivalent to 180% of his base salary. With respect to performance-based equity awards made in 2023, the EPS Growth and TSR performance periods remain ongoing; however, the Company achieved no EPS Growth in 2023 and TSR performance, measured as of 31st December 2023, was in the Bottom Quartile. As to equity awards earned in 2023, the Maximum EPS target set for fiscal year 2021 was achieved, which resulted in a 200% payout with respect to said awards. Additionally, the 2020 TSR performance period ended 31st December 2022, with the Company in the Eighth Quartile of its peer group. Accordingly, the Executive Director's 2023 remuneration includes a 50% payout in relation to the 2020 TSR award. Further details on equity awards are set out in the *Executive Director Remuneration – Total Remuneration: Single Total Figure Table* section of this Remuneration Report on page 60.

Non-Executive Director Remuneration

As in previous years, Non-Executive Director remuneration is comprised of an annual cash retainer fee and equity awards. In 2023, Non-Executive Directors were awarded Restricted Stock Units ("RSUs") in an amount equal to 100% of their annual retainer fee. These RSUs vest on the day of the Company's 2024 Annual General Meeting of Shareholders, which is scheduled for 6th June 2024. Non-Executive Director retainer fees remained unchanged in 2023, being US\$115,000 for the Board Chair and US\$82,000 for all other Non-Executive Directors. Further details on Non-Executive Director remuneration can be found under the *Non-Executive Director – Total Remuneration: Single Total Figure Table* section of this Remuneration Report on page 63.

Directors' Remuneration Policy

The 2024 Annual General Meeting marks the three-year anniversary of the Company's current Directors' Remuneration Policy. As a result, we will be seeking shareholder approval of an updated Directors' Remuneration Policy at our forthcoming Annual General Meeting.

Throughout 2023 and continuing into early 2024, the Remuneration Committee undertook a full review of Luxfer's remuneration practices, programs, and the Directors' Remuneration Policy. This review considered the Company's current remuneration structure, the relationship between historical performance and remuneration outcomes, the alignment of performance measures with the Company's strategy, and consistency with institutional investor and corporate governance best practices.

Following this comprehensive review, the Remuneration Committee concluded that the current Directors' Remuneration Policy operated effectively against the aforementioned criteria and the broad framework remained appropriate and fit for purpose for the next phase of our strategy. Therefore, only minor revisions to the Remuneration Policy are proposed. A summary of the proposed revisions to the Directors' Remuneration Policy is set out on page 46.

Areas of Focus and Decisions Affecting 2024 Remuneration

As Director remuneration continues to be an important matter to our shareholders and the Company as a whole, it is anticipated that the Remuneration Committee will focus on the following areas in 2024:

- refining the performance measures applicable to the annual cash incentive, including the potential introduction of additional or different financial performance measures and/or non-financial performance measures;
- examining opportunities to improve the equity award framework, including changes to financial performance targets relative to performance-based equity awards;
- increasing the frequency at which the Company conducts comprehensive benchmarking studies with respect to Director remuneration; and
- reviewing and refining the peer group used by the Company for benchmarking performance and Director remuneration as a whole.

Throughout 2023, the Remuneration Committee completed its annual review of Director remuneration, in consultation with its independent remuneration consultant, Meridian Compensation Partners, LLC. Following this review, the Remuneration Committee recommended, and the Board of Directors approved, the following changes to Non-Executive Director remuneration for 2024:

- a US\$20,000 increase to equity awards issued to Non-Executive Directors in 2024; and
- removal of the US\$1.00 issue cost associated with awards of RSUs made to Non-Executive Directors under the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan.

No changes in the annual cash retainers were recommended or implemented. The increase in equity awards to be awarded to Non-Executive Directors in 2024 is subject to shareholder approval of the updated Directors' Remuneration Policy and the Second Amended and Restated Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan, which will be proposed as ordinary resolutions at the Company's 2024 Annual General Meeting.

2024 Annual General Meeting

As required by sections 439 and 440 of the Companies Act 2006, a company incorporated in England and Wales whose shares are publicly listed, whether in or outside of the UK, must submit its Directors' Remuneration Policy to a binding shareholder vote at least once every three (3) years. Accordingly, the Company's Directors' Remuneration Policy for 2024-2027 will be proposed as an ordinary resolution, subject to approval by shareholders, at the Company's 2024 Annual General Meeting on 6th June 2024. The Directors' Remuneration Policy was last approved by our shareholders at the 2021 Annual General Meeting, where 99.76% of the votes cast were in favor of approving the Directors' Remuneration Policy. The proposed Directors' Remuneration Policy is included in this Remuneration Report and as an Appendix to our 2024 Proxy Statement, which will be made available under the Annual Reports section of our website, <https://www.luxfer.com/investors/reports-and-presentations/annual-reports/>, from 26th April 2024.

Approval of this Directors' Remuneration Report for the year ended 31st December 2023 will also be proposed as an ordinary resolution at the 2024 Annual General Meeting. Albeit advisory and non-binding, shareholder votes provide the Board with invaluable public accountability and shareholder feedback regarding the appropriateness of the Company's remuneration practices.

I ask you to support the binding vote on the Directors' Remuneration Policy and the advisory vote on this Remuneration Report at our Annual General Meeting, to be held on 6th June 2024.

Shareholder Engagement

We remain committed to engaging with our shareholders to ensure an open and transparent dialogue around remuneration arrangements at Luxfer. We believe that our Remuneration Policy and practices remain simple, transparent, and effective, strongly supporting our business strategy with remuneration outcomes aligned with the shareholder experience.

I and the Remuneration Committee are always pleased to discuss our approach to remuneration with Luxfer shareholders, and we welcome your feedback throughout the year. We look forward to receiving your support for the arrangements described in this Remuneration Report at the upcoming AGM.



A handwritten signature in blue ink, appearing to read 'R. Hipple', with a long horizontal stroke extending to the right.

Richard J. Hipple

CHAIR OF THE REMUNERATION COMMITTEE

April 25, 2024

THE REMUNERATION COMMITTEE, ITS RESPONSIBILITIES AND ACTIVITIES

This section of the Remuneration Report describes the membership of the Remuneration Committee (the "Committee"), its key responsibilities, and principal activities during the year.

Governance and Responsibilities

The Committee is responsible for overseeing the establishment, maintenance, administration, and periodic review and evaluation of the Company's remuneration policies and programs, which are designed to (i) attract, retain, and incentivize superior talent; (ii) provide competitive compensation that rewards employees for their contributions toward achieving the Company's financial and strategic objectives; and (iii) aligns employee and Director interests with the interests of the Company's stakeholders. The Committee determines, and recommends to the Board, the Company's framework or broad policy on executive and director remuneration, the cost of such framework, and the specific compensation packages for each of the Company's Directors and Executives. The Committee is also responsible for overseeing, and making recommendations to the Board on, the Company's human capital practices which form part of the Company's broader ESG strategy. In fulfilling these responsibilities, the Committee:

- ensures that the Executive Director and other Company executives are appropriately incentivised to enhance the Company's performance and rewarded for their contribution to the success of the business by designing, monitoring, and assessing incentive arrangements, including setting performance measures and assessing performance and outcomes against said measures;
- guarantees that Non-Executive Directors are appropriately compensated in accordance with their qualifications, responsibility assumed, and dedication to the Company, ensuring that such remuneration is in line with market standards and sufficient to attract and retain Directors of the desired profile, but not so high as to compromise the independence of the Non-Executive Directors;
- reviews and monitors the remuneration and related policies and culture applicable to the Company's wider workforce, taking the foregoing into account when considering, developing, and setting remuneration policies and packages for the Executive Director and other senior executives of the Company; and
- maintains an active dialogue with shareholders, ensuring their views and those of their advisors are sought and considered when establishing remuneration programs and setting remuneration packages.

The Committee's Charter, or Terms of Reference, is available on our website at <https://www.luxfer.com/investors/governance/>. The Committee reviews its Charter on an annual basis, making updates as appropriate.

Membership and Attendance

The Committee is solely comprised of independent Non-Executive Directors. The members of the Remuneration Committee in fiscal year 2023 are set out below, and further biographical details regarding these Directors can be found on pages 14 to 15. Since November 2018, the Committee has been chaired by Richard Hipple.

In fiscal year 2023, the Committee held four meetings and all members of the Committee attended each of these meetings.

| Members of Committee during 2023 | | Meetings held during membership | Meetings attended |
|----------------------------------|------------------|---------------------------------|-------------------|
| Richard Hipple | Member and Chair | 4 | 4 |
| Patrick Mullen | Member | 4 | 4 |
| Lisa Trimberger | Member | 4 | 4 |

The Company Secretary acts as Secretary to the Committee. The Chief Executive Officer and the Chief Financial Officer normally attend all Committee meetings, at least in part. Non-Executive Directors who are not Committee members are permitted to attend and speak at meetings, provided that such attendance is arranged by the Committee Chair. Additionally, senior management and senior human resources representatives of the Company, as well as external advisors, may be invited to attend all or part of any meeting, as and when appropriate. No attendee of Committee meetings shall participate in any discussion or decision on their own remuneration and shall recuse themselves from any such conversation. If any members of the Committee are unable to attend a meeting, they are given the opportunity to discuss any of the agenda items with the Committee Chair in advance of or following the meeting.

Meetings Held in 2023

In accordance with the Remuneration Committee Charter, the Committee shall meet at least twice per year, provided that in any event (i) one meeting is held in January, February, or early March of each year to address remuneration and incentive-based remuneration matters; and (ii) one meeting is held immediately before the submission of the Company's annual report and accounts to the Board for approval if, at any time, the Company is required by law or regulation to provide a Remuneration Committee Report.

In fiscal year 2023, the Committee held four scheduled meetings. The agenda items discussed at the four scheduled meetings are summarised below.

- | | |
|-----------------------|---|
| March 2023 | <ul style="list-style-type: none"> • Consideration and finalisation of 2022 executive compensation, including the resulting payout or award of performance-based remuneration; • Finalisation of the Executive Director's and other executives' annual cash incentive, including setting of the applicable performance measures, for 2023; • Finalisation of the Executive Director's and other executives' equity awards, including setting of the applicable performance measures, for 2023; • Review and finalisation of the Executive Director's and other executives' salaries and other fixed remuneration for 2023; and • Delegation of authority to the Chief Executive Officer to award a defined number of equity awards to junior and middle management in his sole discretion. |
| June 2023 | <ul style="list-style-type: none"> • Discussion of the Company's human capital management practices, including talent attraction, talent retention, and talent development; and • An update on 2023 Executive Compensation and forecasted outcomes with respect to performance-based remuneration |
| September 2023 | <ul style="list-style-type: none"> • An update on the Company's human capital management practices, including a review of the Company's talent review process and workforce diversity statistics; • An update on 2023 Executive Compensation and forecasted outcomes with respect to performance-based remuneration; and • Discussion of executive retention, including the Company's entrance into Severance and Change in Control Agreements with the Executive Leadership Team. |
| December 2023 | <ul style="list-style-type: none"> • Annual review of the Committee's Charter; • Annual review of the Company's Stock Ownership Guidelines; • An update on 2023 Executive Compensation and forecasted outcomes with respect to performance-based remuneration; • Triennial review of Executive and Non-Director Executive Director Compensation programs, including discussion of benchmarking studies and input from the Committee's independent remuneration consultant; • Review and discussion of proposed 2024 Executive Compensation programs, including individual packages and applicable performance measures, and 2024 Non-Executive Director remuneration; and • An update on available headroom under the Company's equity incentive plans. |

Advisors to the Committee

The Committee is authorised to select, retain, and obtain the advice of an independent remuneration consultant, legal counsel, or other advisor as it deems necessary to fulfill its duties and responsibilities under its Charter. The Committee receives appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to such consultants or advisors. The Committee may select a consultant or advisor only after taking into consideration all of the factors relevant to that person's independence from management, including the following:

- the provision of other services to the Company by the person that employs the compensation consultant, legal counsel, or other advisor;
- the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel, or other advisor, as a percentage of such person's total revenue;
- the policies and procedures of the person that employs the compensation consultant, legal counsel, or other advisor that are designed to prevent conflicts of interest;
- any business or personal relationship of the compensation consultant, legal counsel, or other advisor with a Committee member;
- any Company securities owned by the compensation consultant, legal counsel, or other advisor; and
- any business or personal relationship of the compensation consultant, legal counsel, advisor, or the person employing the advisor with an Executive Officer or Director of the Company.

In 2023, the Committee engaged Meridian Compensation Partners, LLC (“Meridian”) as its independent compensation consultant. Meridian generally provides research, survey information and analysis, incentive design expertise, and other analyses related to executive and director remuneration design. Meridian also updates the Committee on trends and developments related to remuneration practices and provides its views to the Committee on best practices when evaluating executive and director remuneration programs and policies. Any other work undertaken by Meridian for the Company must be approved by the Committee.

The Committee assessed the independence of Meridian and determined that Meridian is independent and does not have any conflict of interest. In 2023, the fees paid by the Committee to Meridian were nominal and did not exceed \$100k in 2023 or 2022.

DIRECTORS' REMUNERATION POLICY

Luxfer's Directors' Remuneration Policy, as set out in this Remuneration Report (the "2024 Remuneration Policy") will be put to shareholders for approval at the 2024 Annual General Meeting to be held on 6th June 2024. It is the Committee's intention that, subject to shareholder approval, the 2024 Remuneration Policy will take effect immediately following conclusion of the Annual General Meeting and will be valid for a period of three (3) years. In the absence of exceptional or unexpected circumstances which may necessitate change to the Policy, there is currently no intention to revise this Policy more frequently than every three (3) years.

The key revisions proposed to be made under the 2024 Remuneration Policy include:

- an increase in the maximum amount of equity awards that may be awarded to Non-Executive Directors, from 100% of the Non-Executive Director's annual retainer fee to 150%; and
- to ensure consistent application, removal of the clawback policies set forth in this Policy, given that the Company maintains other policies related to the recovery of incentive or performance-based compensation, which are set forth in a standalone Executive Compensation Clawback Policy adopted in accordance with section 10D of the Securities Exchange Act of 1934 and section 303A.14 of the New York Stock Exchange Listed Company Manual, as well as award agreements applicable to equity awards and other incentive-based compensation issued pursuant to the Company's Long-Term Umbrella Incentive Plan and Non-Executive Directors Equity Incentive Plan.

The full text of the 2024 Remuneration Policy is set forth below. The Directors' Remuneration Policy approved by shareholders at the 2021 Annual General Meeting held on 9th June 2021 is available on our website at <https://www.luxfer.com/investors/governance/board-committees/>.

2024-2027 DIRECTORS' REMUNERATION POLICY

1.0 INTRODUCTION

1.1 **Background.** As required by sections 439 and 440 of the Companies Act 2006 (the "Companies Act"), a company incorporated in England and Wales whose shares are publicly listed, whether in or outside of the UK, must submit its Directors' Remuneration Policy to a binding shareholder vote at least once every three (3) years. The current Directors' Remuneration Policy was last approved at the 2021 Annual General Meeting held on June 9, 2021, where 99.76% of the votes cast were cast in favor of approving the Directors' Remuneration Policy. The Board of Directors of Luxfer Holdings PLC (the "Board" and the "Company" respectively) approved at its meeting on March 5, 2024, upon recommendation of the Remuneration Committee, the submission of this Directors' Remuneration Policy (this "Policy") to a binding shareholder vote at the 2024 Annual General Meeting of Shareholders, to be held on June 6, 2024 (the "Annual General Meeting" or "AGM").

1.2 **Effective Date.** Subject to shareholder approval, this Policy will take effect immediately following conclusion of the Annual General Meeting, without requiring further shareholder action, and will be valid for a period of three (3) years or until a subsequent version is approved by an ordinary resolution of the Company's shareholders.

2.0 ADMINISTRATION, OBJECTIVES, AND REMUNERATION PRINCIPLE

2.1 **Administration.** This Policy (i) sets forth the criteria and objectives applicable to the remuneration of the Company's Directors; and (ii) guides the activities of the Remuneration Committee and the Board with respect to Director remuneration. This Policy is administered by the Remuneration Committee (the "Committee"), with appropriate oversight from and ratification of certain actions by the Board. The Committee considers this Policy annually to ensure it remains aligned with business needs and is appropriately positioned relative to the market. However, in the absence of exceptional or unexpected circumstances which may necessitate change to the Policy, there is currently no intention to revise this Policy more frequently than every three (3) years. The Committee may exercise operational and administrative discretion in several areas, as described in further detail in this Policy, including under relevant standalone award agreements or applicable plan rules. In addition to this Policy, the Committee is governed by the Remuneration Committee Charter, which sets forth the responsibilities of the Committee and the rules governing its composition and conduct.

2.2 **Objectives.** With respect to Non-Executive Directors, this Policy is intended to remunerate Directors appropriately in accordance with their qualifications, responsibility assumed, and dedication to the Company. The Committee seeks to ensure that such remuneration is in line with market standards and sufficient to attract and retain Directors of the desired profile, but not so high as to compromise the independence of the Non-Executive

Directors. The Company's Chief Executive Officer is currently the only Executive Director. With respect to Executive Directors, this Policy aims to attract, retain, and incentivize Executive Directors, tie executive compensation to Company performance, and align executive compensation with shareholder interests and long-term Company value.

2.3 Remuneration Principles. To further these objectives, this Policy is based on the following principles, which are described in further detail below: (i) alignment with shareholder interests and long-term value creation; (ii) talent attraction, motivation, and retention; (iii) professional accountability; (iv) external competitiveness and internal equity; and (v) balance between remuneration components. The Company's director remuneration programs are specifically designed with these principles in mind, forming a foundation for all remuneration-related actions and decisions.

2.4 Prior Policies and Commitments. For the duration of this Policy, the Company will honor any commitments made in respect of director remuneration before the date on which either (i) this Policy becomes effective or (ii) an individual becomes a Director, even where such commitments are not consistent with the Remuneration Policy prevailing at the time any such commitment is fulfilled. This includes, without limitation, all existing equity awards that remain outstanding and any commitments agreed, such as previous grants of equity awards, consistent with a previously approved Remuneration Policy that was applicable at the relevant time.

3.0 PROPOSED POLICY CHANGE

3.1 Proposed Policy Changes. While this Policy does not contain any additional remuneration components that were not included in Remuneration Policies previously approved by the Company's shareholders, certain changes were made to allow for consideration of the latest remuneration practices and benchmarking studies when setting Director remuneration. The key changes proposed to be made under this Policy include:

- an increase in the maximum amount of equity awards that may be awarded to Non-Executive Directors, from 100% of the Non-Executive Director's annual retainer fee to 150%; and
- to ensure consistent application, removal of the clawback policies set forth in this Policy, given that the Company maintains other policies related to the recovery of incentive or performance-based compensation, which are set forth in a standalone Executive Compensation Clawback Policy adopted in accordance with section 10D of the Securities Exchange Act of 1934 (the "Exchange Act") and section 303A.14 of the New York Stock Exchange Listed Company Manual, as well as award agreements applicable to equity awards and other incentive-based compensation issued pursuant to the Company's Long-Term Umbrella Incentive Plan and Non-Executive Directors Equity Incentive Plan.

4.0 EXECUTIVE DIRECTOR REMUNERATION

4.1 Remuneration Components. Each component comprising Executive Director remuneration is described in the below table, including the purpose of such component and its relevance to the Company's remuneration principles described herein, its operation, the maximum opportunity available to Executive Director(s), any applicable performance measures, and relevant policies with respect to the recovery, withholding, or payment of said remuneration.

| | | |
|---|---|--|
| FIXED REMUNERATION | BASE SALARY | |
| | <p>Purpose</p> <ul style="list-style-type: none"> • Attract, retain, and incentivize talented executives who can deliver on the Company's strategic and financial objectives • Recognize market value of the role and an individual's skills, experience, and performance to ensure the Company attracts and retains high-caliber talent • Offer competitive remuneration | <p>Operation</p> <p>Salaries are reviewed annually and normally fixed for a period of twelve (12) months from January 1st to December 31st. Salaries are paid in equal monthly installments, either monthly or semimonthly. The setting and adjustment of salaries consider numerous factors, including:</p> <ul style="list-style-type: none"> • compensation packages for executives of the same position at comparable companies; • competitive conditions for the executive's role in the broader employment market; • the executive's level of responsibility, experience, performance, and skills; • market data and pay practices in the United States and United Kingdom; • rises in the cost of living, inflation, and market rates; • scale of the Company's operations; • company and/or business unit performance, size, and revenue, including affordability in relation thereto; • total remuneration level; and • adjustments throughout the rest of the organization |
| | <p>Maximum Opportunity</p> <p>There is no prescribed maximum to base salaries to avoid setting expectations. Salaries are typically set at or about the median salaries of the external comparator group, as determined by the Committee in consultation with its independent compensation consultant. The Committee retains discretion to adjust salaries, at or about the median salaries of the external comparator group, to maximize the Company's top-quartile performance. When the Committee is satisfied that salaries are at or about the median of the external comparator group, annual increases are typically limited to the general level of increases given to the Company's wider workforce, but may be higher in certain circumstances, such as a change in the role or an increase in responsibilities, in which case the Committee adjusts salaries at its discretion, with reference to available benchmark data.</p> | |
| | <p>Performance Measure</p> <p>None</p> | |
| <p>Policies on Recovery, Withholding, or Payment</p> <p>Not Applicable</p> | | |

| | | |
|--|--|--|
| FIXED REMUNERATION | PERQUISITES AND BENEFITS | |
| | Purpose <ul style="list-style-type: none"> • Aid in the recruitment and retention of high-caliber talent • Offer total remuneration packages that are market-competitive | Operation Perquisites and benefits include (i) an annual perquisite allowance; (ii) health and welfare benefits, such as medical, dental, and vision insurance; and (iii) life and disability insurance. These benefits are provided directly by the Company or through the Company's benefit plans or pension schemes. Additional perquisites or benefits may be provided where required by law or to align with market practice, so long as such benefits are not significant in value. The Company may introduce new benefits that become prevalent in the jurisdiction in which it operates or in which an Executive Director is located. Where an Executive Director is relocated, benefits such as relocation expenses, travel expenses, accommodation, tax equalization, professional advice, and post-retirement medical expenses may be provided. As to the annual perquisite allowance, the Company provides a monthly cash stipend to allow Executive Directors more flexibility and choice. Perquisite allowances are intended to cover expenses incidental to the executive's employment responsibilities, such as use of their personal automobile and mobile phone for business purposes. Perquisite allowances are not considered in cash incentive and equity award calculations, which are calculated with reference to base salary, and cannot be contributed to the Company's 401(k) plan or otherwise considered in pension calculations. |
| | Maximum Opportunity Perquisites and benefits are set at a level which the Committee considers to be appropriate against comparable roles in companies of similar size in the relevant market. No maximum value is set, but the Committee regularly monitors the overall cost of these benefits to ensure they are affordable, competitive, and in line with market practice. | |
| | Performance Measure None | |
| | Policies on Recovery, Withholding, or Payment Not Applicable | |
| | RETIREMENT BENEFITS | |
| | Purpose <ul style="list-style-type: none"> • Provide competitive post-retirement benefits or cash equivalent • Encourage and enable individuals to build savings towards their retirement | Operation Executive Directors are eligible to participate in the Company's defined contribution plans or retirement savings plans. The Company previously maintained defined benefit pension plans; however, those plans were frozen in 2016, consistent with contemporary benefit practices. The Company makes contributions to pension plans or retirement savings plans (i) in accordance with the terms of such plans; (ii) in accordance with regulatory requirements; and (iii) to match prevailing local market practices. In certain circumstances, such as when an individual Director's retirement savings is restricted by one or more tax allowance, an equivalent allocation or payment may be made to an unregistered alternative savings vehicle or as a salary supplement in lieu of pension contributions. Arrangements are reviewed annually to ensure consistency with market practice and to take into account the effect of regulatory changes on an individual Director's benefits. |
| | Maximum Opportunity The UK defined contribution plan provides a maximum Company contribution of 25% of base salary with respect to the current Executive Director. With limited exceptions, the Company's 401(k) savings plan currently provides matching Company contributions up to six percent (6%) of base salary, subject to US statutory limits | |
| Performance Measure None | | |
| Policies on Recovery, Withholding, or Payment Not Applicable | | |

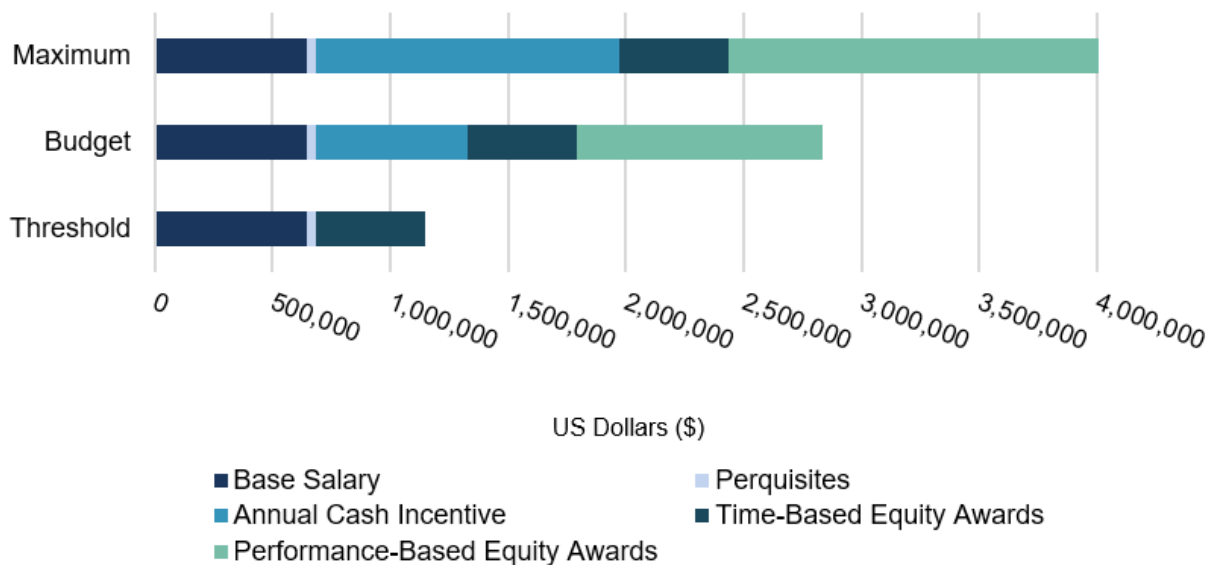
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|---|--|--|
| VARIABLE OR AT-RISK REMUNERATION | ANNUAL CASH INCENTIVE | |
| | <p>Purpose</p> <ul style="list-style-type: none"> • Promote and reward the achievement of key performance targets and strategic objectives • Attract, retain, and incentivize high-caliber talent | <p>Operation</p> <p>The annual cash incentive is awarded with respect to the achievement of certain performance targets over the previous financial year. Performance measures and relevant targets are set at the beginning of the financial year. Historically, these performance measures have included EBITA, Cash Conversion, and Revenue. However, the Committee may select non-financial performance measures, such as personal, operational, or other objectives. Cash incentives are awarded for achieving performance targets on a sliding scale between “Threshold,” “Budget,” and “Maximum” and measured against the budgeted levels approved by the Committee for the financial year. Although the cash incentive program uses a formulaic approach, the Committee retains discretion in administering the program, which discretion includes selecting the performance measures prior to commencement of the performance period; setting and adjusting Threshold, Budget, and Maximum targets; and assessing financial and operational results.</p> |
| | <p>Maximum Opportunity</p> <p>The annual cash incentive is capped at 200% of an Executive Director’s base salary.</p> | |
| | <p>Performance Measure</p> <p>Performance measures and “Threshold,” “Budget,” and “Maximum” targets are set by the Committee at the beginning of the financial year, with reference to the Company’s budget for the applicable financial year. The weight assigned to each performance measure may be adjusted annually and is driven by the Company’s strategy, financial goals, and requirement to continuously improve financial performance and operating efficiencies.</p> | |
| | <p>Policies on Recovery, Withholding, or Payment</p> <ul style="list-style-type: none"> • If an Executive Director’s employment with the Company terminates, and subject to the Committee’s determination that the Executive Director qualifies as a “good leaver,” the annual cash incentive for the financial year in which employment terminates is paid at Budget level and prorated to reflect actual dates of service in the relevant financial year. • The annual cash incentive is subject to the Company’s clawback and recovery policies, as in effect from time to time, including, without limitation the Company’s Executive Compensation Clawback Policy adopted in accordance with section 10D of the Exchange Act, and those policies set forth in applicable award agreements. | |

| | | |
|--|---|---|
| VARIABLE OR AT-RISK REMUNERATION | EQUITY AWARDS | |
| | <p>Purpose</p> <ul style="list-style-type: none"> • Align executive awards with returns to shareholders through personal financial investment in the Company • Promote and reward the achievement of key performance targets and strategic objectives • Attract, retain, and incentivize high-caliber talent | <p>Operation</p> <p>Equity awards are issued to Executive Directors under the Company's Long-Term Umbrella Incentive Plan (the "LTIP"). The size of the award is based on a targeted percentage of base salary, which is divided by the share price to determine the number of awards to be issued. The Committee considers the type, level, and vesting criteria of awards annually to ensure alignment with shareholder interests and Company strategy. The LTIP provides the Committee discretion to grant time-based, performance-based, or market value awards in the form of Options, Restricted Stock Units (RSUs), Restricted Stock, Stock Appreciation Rights (SARs), and other stock-based awards or a combination of such awards.</p> |
| | <p>Maximum Opportunity</p> <p>The maximum award in any financial year may not exceed 300% of an Executive Director's base salary. The maximum amount of dividend paid with respect to any award is limited to the dividends paid on the ordinary share over which the awards are granted between the grant date and vesting date.</p> | <p>The award type or combination of award types is based upon what the Committee considers to be the market norm in the US and UK and the particular circumstances under which the award is made. Awards are made and satisfied through the use of existing treasury shares or the issue of new shares.</p> |
| | <p>Performance Measure</p> <p>The Committee retains discretion to use a range of performance measures for performance-based awards, as deemed appropriate to support the long-term strategy of the Company at the time of grant. In recent years, the Committee has used profit, cash flow, Earnings Per Share (EPS), and Total Shareholder Return (TSR) performance measures in various combinations. The weight assigned to each performance measure may be adjusted annually and is driven by the Company's strategy, financial goals, and requirement to continuously improve financial performance and operating efficiencies</p> | <p>The Committee retains discretion (as deemed appropriate to a "good leaver" in a particular circumstance, such as retirement of long-serving employees or due to illness or disability) to: (i) accelerate vesting and exercise dates; (ii) waive conditions to vesting, exercise, or transferability; and (iii) extend exercise periods after termination of employment.</p> |
| <p>Policies on Recovery, Withholding, or Payment</p> <p>Equity awards, particularly performance-based awards, are subject to the Company's clawback and recovery policies, as in effect from time to time, including, without limitation, the Company's Executive Compensation Clawback Policy adopted in accordance with section 10D of the Exchange Act, and those policies set forth in applicable Award Agreements.</p> | <p>Awards may be settled in cash, shares, or a combination of both, at the discretion of the Committee, in accordance with the Company's and its shareholders' best interests. Awards may accrue dividends or dividend equivalents, under the rules of the LTIP and at the discretion of the Committee, which are payable in cash or shares. Dividend equivalents in respect of unvested awards may be paid, in cash or shares, at the time of vesting (or exercise, in the case of Options) and are not taken into account when determining an individual's maximum opportunity with respect to equity awards.</p> | |

| | | |
|---|---|------------------|
| VARIABLE OR AT-RISK REMUNERATION | EMPLOYEE SHARE PLANS | |
| | Purpose | Operation |
| | Maximum Opportunity | |
| | Performance Measure | |
| | Policies on Recovery or Withholding of Payment | |

4.2 **Illustration; Pay for Performance.** The below graph seeks to demonstrate how pay varies with performance and is reflective of this Policy being presented for approval at the Annual General Meeting. The graph below sets out the level of remuneration that would be received by the Executive Director in accordance with this Policy in the first year to which the Policy applies in each of the following three scenarios: (i) if the Director receives the minimum remuneration available; (ii) if the Director performs in line with the Company’s expectations, or Budget, in respect of performance measures; and (iii) if the Director receives the maximum remuneration available (not allowing for any share price appreciation or depreciation).

**Application of Remuneration Policy:
2024 Executive Director Remuneration**



4.3 Alignment with Employee Remuneration. The Committee considers the remuneration framework and practices applicable to other Luxfer employees when setting Executive Director remuneration. In this respect, the remuneration policy applicable to Executive Directors is aligned with that of other Luxfer employees and shares the following principles:

- The Committee's approach to annual salary reviews is consistent with the approach used across the Company, with consideration given to the scope of the role, level of responsibility, experience, performance, and market data for similar roles at other companies.
- Senior, middle, and lower management may participate in an annual cash incentive program with similar structures and performance measures to those used for Executive Directors, although these bonuses are set at a lower percentage of base salary. Other employees may participate in performance-based incentive programs, which vary by organizational level and contain various performance measures relevant to the particular business or function. In general, there is a greater emphasis on performance-related pay for management, and cash incentive opportunities for other employees may be lower or not available, depending on the jurisdiction.
- Equity awards issued under the LTIP, particularly performance-based awards, are limited to Executive Directors, executives, and certain senior officers or managers in the Company. The nature of any award under the LTIP depends on the individual's location, role, and responsibilities. At the discretion of the Committee, time-based awards or market value awards may be awarded to employees in recognition of outstanding performance and to encourage stock ownership and retention.
- Executive Directors are eligible to participate in the UK SIP and US ESPP on the same basis as other employees.
- Participation in defined contribution or retirement savings plans are generally provided to all eligible employees on the same basis. Pension arrangements are offered where it is the norm in the jurisdiction in which the employee is located. Where local regulation permits and where it is market norm, higher contributions may be available for more senior management. The Company's primary pension schemes and retirement savings plans are described in the Company's financial statements.
- Benefits available to Luxfer employees generally include health and welfare benefits, including medical, dental and vision insurance, and life and disability insurance benefits. Executives and certain senior officers or managers may also receive perquisites, such as a mobile phone or car allowances. However, the perquisites and benefits available are dependent on the employee's position and the market norms of the jurisdiction in which they are located.

While Executive Director and employee remuneration are aligned in many respects, differences are due to levels of responsibility, seniority, and market norms in the jurisdictions in which such persons are employed.

5.0 NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Remuneration Components. Each component comprising Non-Executive Director remuneration is described in the below table, including the purpose of such component and its relevance to the Company's remuneration principles described herein, its operation, the maximum opportunity available to Non-Executive Directors, any applicable performance measures, and relevant policies with respect to the recovery, withholding, or payment of said remuneration.

| ANNUAL RETAINER FEE | |
|---|--|
| FIXED REMUNERATION | <p>Purpose</p> <ul style="list-style-type: none"> • Recruit and retain qualified Non-Executive Directors • Attract Non-Executive Directors who have a broad range of experience and skills to provide independent judgment on matters affecting the Company • Offer competitive remuneration to Non-Executive Directors in line with market practice |
| | <p>Maximum Opportunity</p> <p>There is no prescribed maximum with respect to annual retainers paid to Non-Executive Directors to avoid setting expectations. Retainers are regularly reviewed and increased in line with market practice.</p> |
| | <p>Performance Measure</p> <p>None</p> |
| | <p>Policies on Recovery, Withholding, or Payment</p> <p>Not Applicable</p> |
| <p>Operation</p> <p>Each Non-Executive Director receives an annual retainer fee for their service, with an additional amount payable for acting as the Board Chair. Non-Executive Directors do not receive supplemental fees for acting as the chair of any Board committees or their respective committee responsibilities. The Committee reserves the discretion to implement such supplemental fees if deemed appropriate and in line with market practice.</p> <p>Annual retainer fees are reviewed annually. In setting and reviewing the annual retainer, the Committee considers a variety of factors, including inflation, market rates, affordability, total remuneration levels, pay practices in both the US and UK, and increases in remuneration throughout the rest of the Company.</p> <p>Non-Executive Directors may choose to forego annual or periodic increases to their annual retainer in lieu of an equivalent value of equity awards. The annual retainers are denominated in USD and paid in equal monthly installments.</p> | |

| | | |
|-------------------------------|---|---|
| FIXED REMUNERATION | EQUITY AWARDS | |
| | <p>Purpose</p> <ul style="list-style-type: none"> • Increase alignment of Non-Executive Director and shareholder interests through personal financial investment in the Company • Offer total remuneration packages that are market-competitive | <p>Operation</p> <p>Non-Executive Directors receive annual, non-discretionary equity awards under the Company's Non-Executive Directors Equity Incentive Plan (the "EIP") in the form of Options, Restricted Stock, or Restricted Stock Units (RSUs). Awards are made once annually, within ten days of the Annual General Meeting. The awards vest the day prior to the following year's Annual General Meeting. New Non-Executive Directors cannot participate in the annual equity awards until they have served six months on the Board; however, the awards they would have earned from the date of their appointment are added to the next annual award, provided they are elected or re-elected at the Annual General Meeting</p> |
| | <p>Maximum Opportunity</p> <p>The maximum award in any financial year may not exceed 150% of the Non-Executive Director's annual retainer, valued on the grant date. The maximum amount of dividend paid with respect to any award is limited to the dividends paid on the ordinary share over which the awards are granted between the grant date and vesting date.</p> | <p>The size of the award is based on a targeted percentage of the annual retainer fee, which is divided by the share price to determine the number of awards to be issued. The award type or combination of award types is based upon what the Committee considers to be the market norm in the US and UK and the particular circumstances under which the award is made. Awards are made and satisfied through the use of existing treasury shares or the issue of new shares. The Committee retains discretion to: (i) accelerate vesting and exercise dates; (ii) waive conditions to vesting, exercise, or transferability; and (iii) extend exercise periods after cessation of directorship. Awards may be settled in cash, shares, or a combination of both, at the discretion of the Committee, in accordance with the Company's best interests. Awards, other than Options, may accrue dividends or dividend equivalents, under the rules of the EIP and at the discretion of the Committee, which are payable in cash or shares. Dividends equivalents in respect of unvested awards, other than Options, may be paid, in cash or shares, at the time of vesting and are not taken into account when determining an individual's maximum opportunity with respect to equity awards.</p> |
| | <p>Performance Measure</p> <p>None</p> | |
| | <p>Policies on Recovery, Withholding, or Payment</p> <p>Not Applicable</p> | |

6.0 RECRUITMENT REMUNERATION

6.1 **General Policy.** Luxfer's policy is to pay a fair remuneration package for the role being undertaken and the experience, qualifications, and skills of the individual to be appointed.

6.2 **Executive Director.** When setting a remuneration package for a new Executive Director, including internal promotions, the Committee will apply the same or substantially similar principles to those set out in the Company's then-current Remuneration Policy. Luxfer expects remuneration packages for Executive Directors to include base salary, perquisites and benefits, retirement benefits, an annual cash incentive, and initial and ongoing equity awards. The table below sets out the Company's approach and maximum opportunity with respect to each remuneration component in recruitment scenarios.

| Remuneration Component | Approach | Maximum Opportunity |
|--------------------------|---|--|
| Base Salary | Set at a level appropriate to the role, experience, qualifications, and skills of the new Executive Director. This may include, if appropriate, an agreement to increase base salary over a defined period up to a pre-defined level on acquiring experience and having delivered satisfactory performance, in which case the salary may exceed inflationary or other increases given to the general workforce in the country in which the new Executive Director is based. | Consistent with Remuneration Policy then in effect |
| Perquisites and Benefits | Consistent with Remuneration Policy then in effect | Consistent with Remuneration Policy then in effect |
| Retirement Benefits | Consistent with Remuneration Policy then in effect | Consistent with Remuneration Policy then in effect |
| Annual Cash Incentive | Consistent with Remuneration Policy then in effect | Consistent with Remuneration Policy then in effect |
| Equity Awards | Consistent with Remuneration Policy then in effect | Consistent with Remuneration Policy then in effect |

6.3 **Non-Executive Directors.** New Non-Executive Directors will be offered remuneration on the same basis as existing Non-Executive Directors, including annual retainer fees and equity awards. Equity awards are granted to Non-Executive Directors pursuant to the EIP, under which the annual awards are non-discretionary. Further information regarding equity awards issued to the Company's Non-Executive Directors is set forth in section 5 of this Policy. The EIP is described in further detail in the Company's financial statements.

7.0 CONTRACTS AND APPOINTMENT LETTER

7.1 **General.** In accordance with Luxfer's long-standing policy, Executive Directors are party to an employment contract, while Non-Executive Directors are subject to appointment letters, which detail the basis of their appointment and service. Employment contracts and appointment letters are available for inspection at the Company's registered office.

7.2 **Executive Director.** It is generally the Company's policy that an Executive Director's employment contract shall not include a fixed term. Notice periods are set by the Board, having regard to the Company's need to attract and retain talent, ensure an orderly succession, and enable the Company to manage personnel while avoiding excessive costs. Generally, employment contracts may be terminated by either party, upon twelve (12) months' notice or another notice period set forth therein, and contain change in control provisions. At the Committee's discretion, employment contracts may provide for pay in lieu of notice in the event of early termination. Such payment in lieu of notice may include base salary, perquisites and benefits, retirement benefits, vesting of equity awards, or payment of the annual cash incentive. The Company may summarily dismiss and terminate, without notice, an Executive Director's employment contract upon the occurrence of certain events identified therein. Such termination would typically occur if an Executive Director's conduct justifies dismissal, such as gross misconduct. In this event, the Company will pay the Executive Director all earned and unpaid base salary and benefits through the termination date, after which Luxfer will have no further obligation to the Executive Director under the employment contract, unless specified by further written agreement. Executive Directors have the same employment rights as any other employee in the case of redundancy or if a court of competent jurisdiction determines that their termination was unlawful under applicable law.

The below table summarizes various terms of the current Executive Director's employment contract.

| Executive Director | Loss of Office or Termination Event | Remuneration Entitlement |
|--|--|---|
| Andrew Butcher Date of Employment Contract May 6, 2022 | Change in Control | <p><i>Subject to employment being terminated in connection with a Change in Control and the Executive Director not receiving an offer of employment for an Equivalent Position with a Successor (as each term is defined in the employment contract):</i></p> <ul style="list-style-type: none"> • Payment of a severance equal to 2x annual base salary at the annualized rate then in effect • Payment of the cash incentive for the fiscal year in which the Change in Control occurs (if the cash incentive earned has not been determined as of the change in control date, it will be paid at Budget level and prorated to reflect dates of service during the relevant fiscal year) • Vesting of all unvested time-based equity awards, which may be settled in cash or shares in accordance with the rules of the LTIP • Vesting of any performance-based equity awards, which may be settled in cash or shares, and which amount shall be calculated in accordance with the rules of the LTIP (pro-rata basis, based on the Company's performance as of the effective date of the change in control and the elapsed portion of the performance period) |
| Notice Period | Summary Dismissal or Termination for Cause | <ul style="list-style-type: none"> • Payment of earned and unpaid base salary and benefits, including vacation entitlement, through the termination date |
| 12 months | Payment in Lieu of Notice | <ul style="list-style-type: none"> • Payment of base salary for the Notice Period or remaining balance thereof • Payment of the cash incentive for the fiscal year in which employment terminates (if the cash incentive earned has not been determined as of the termination date, it will be paid at Budget level and prorated to reflect dates of service, including the Notice Period, during the relevant fiscal year) • Payment of the cash incentive for the 12-month Notice Period, paid at Budget level • Vesting of all unvested time-based equity awards • Vesting of any earned but unvested performance-based equity awards that are scheduled to vest in the 12-month period following termination |

Employment contracts for new Executive Directors, including internal promotions, will generally be made on the same or substantially similar terms as those offered to the current Executive Director, provided the Committee determines that such terms are consistent with market practice and in the best interest of the Company and its shareholders.

7.3 Non-Executive Directors. It is generally the Company's policy that Non-Executive Director appointment letters shall not include a fixed term. However, the Company's Corporate Governance Guidelines contain term limits and provisions regarding retirement age. Moreover, all Directors are subject to regular election or re-election at the Company's Annual General Meeting, in accordance with the "Retirement by Rotation" provisions set forth in the Company's Articles of Association. Non-Executive Directors, including the Chair, do not have any employment rights with the Company.

The below table summarizes key terms of the Non-Executive Directors' Appointment Letters.

| Non-Executive Director | Date of Appointment Letter | Notice Period | Remuneration Entitlement |
|------------------------|----------------------------|--|--|
| Patrick Mullen | July 1, 2021 | 3 months, except if the Director fails to be recommended by the Company's Nominating and Governance Committee to stand for re-election or fails to be re-elected by the Company's shareholders at a subsequent AGM | All earned and unpaid retainer fees through the date of termination Subject the Committee's discretion, all unvested equity awards are immediately forfeited upon cessation of such person's directorship |
| Richard Hipple | November 19, 2018 | | |
| Clive Snowdon | July 29, 2016 | | |
| Sylvia A. Stein | May 15, 2022 | | |
| Lisa Trimberger | September 1, 2019 | | |

8.0 POLICY REGARDING PAYMENT FOR LOSS OF OFFICE

8.1 **General Policy.** Luxfer's policy on payment for loss of office (i) provides a clear set of principles that govern payments that will be made for loss of office; and (ii) takes into account the individual circumstances relating to such loss of office, including the reason for termination, individual performance, and contractual obligations. Any termination payment made in connection with the departure of an Executive Director will be subject to the Committee's approval, having regard to the terms of any applicable employment contract, other legal obligations, and circumstances surrounding the termination. At minimum, all contractual entitlements through the termination date will be honored, and the Company will pay any amounts it is required to pay in accordance with the Director's statutory employment or contractual rights. In addition to the remuneration described below, the Committee may pay such amounts as are necessary to settle or compromise any claim or by way of damages, where the Committee views it as being in the Company's best interest, including, without limitation, payment of or reimbursement of reasonable legal and professional fees incidentally incurred by the Director. In all cases, the Company will seek to apply the principles of mitigation to ensure that it is not paying more than is required.

8.2 **Executive Director.** Generally, Luxfer employment arrangements with Executive Directors include a notice provision and continuing payment obligations in accordance with the terms of the Executive Director's employment contract in the event of termination without cause or in connection with a change in control. Payment obligations, if any, typically include base salary, all or some portion of the annual cash incentive, and the vesting of equity awards. Luxfer may offer payment in lieu of notice if it is considered to be in the best interests of the Company and its shareholders.

The Company's general policies with respect to remuneration entitlement in the event of loss of office are set forth below. Notwithstanding this summary of Luxfer's general practices, any terms contained in an Executive Director's employment contract shall govern and control.

| Loss of Office or Termination Event | Base Salary and Other Benefits | Annual Cash Incentive | Equity Awards <i>governed by terms of LTIP</i> |
|--|---|---|---|
| Without Cause | Payment of then-current base salary, in lieu of notice, for the Notice Period or remaining balance thereof If no Notice Period applies, payment of severance in an amount equal to 12 months' base salary as of the termination date | Generally, not entitled to cash incentive upon employment cessation within first half of calendar year; the Committee may, at its discretion, (i) make a retroactive payment on a prorated basis during the second half of the calendar year if the performance targets are achieved; or (ii) elect to make a prorated payment based on estimated performance as of the termination date When employment is terminated after the end of a performance year but before the incentive is paid, Executive Directors are eligible for an annual cash incentive for that performance year, subject to an assessment of performance achieved; Any cash incentive will be paid on the normal payment date | Entitled to vested equity awards Unvested time-based awards forfeited and lapse * Unvested performance-based awards vest on a pro-rata basis, based on the Company's performance as of the termination date and the elapsed portion of the performance period * |
| Summary Dismissal or Termination for Cause | Payment of earned but unpaid base salary and benefits through termination date, after which the Company has no further obligation | Not entitled to annual cash incentive | Entitled to vested equity awards Immediate forfeiture and lapsing of all unvested equity awards |
| Death or Disability | Payment of earned but unpaid base salary and benefits through termination date | Generally, not entitled to cash incentive upon death or disability; however, the Committee retains the discretion to apply those principles set forth above under "Without Cause" | Entitled to vested awards, which can be transferred and exercised by beneficiary on the same terms as initially awarded * |

| | | | |
|-------------------|---|---|---|
| Change in Control | No general policy; governed by terms of employment contract | Payment of cash incentive for the fiscal year in which change in control occurs (if cash incentive earned has not been determined because the performance period remains ongoing, it will be paid at Budget level and prorated to reflect dates of service during the relevant fiscal year) | Vesting of all time-based awards Performance-based awards vest on a pro-rata basis, based on the Company's performance as of change in control and the elapsed portion of the performance period May be settled in cash or shares |
|-------------------|---|---|---|

* The Committee has the discretion (as deemed appropriate to a "good leaver" in a particular circumstance, such as retirement of long serving employees or due to illness, disability, or death) to: (i) accelerate vesting and exercise dates; (ii) waive conditions to vesting, exercise, or transferability; and (iii) extend exercise periods after termination of employment. Such discretion is typically used in circumstances where Directors are retiring before the last vesting date or leaving the Company due to ill health or redundancy.

8.3 Non-Executive Directors. Luxfer's policy with respect to remuneration entitlement upon a Non-Executive Director's loss of office is consistent with those terms set forth in section 7.3 of this Policy, as communicated in a Non-Executive Director's appointment letter. Given the fixed nature of Non-Executive Director remuneration, Non-Executive Directors are entitled to receive any earned but unpaid retainer fees. Pursuant to the terms of the EIP, a Non-Executive Director must be actively serving as a Director on the vesting date in order to be entitled to unvested equity awards. However, the Committee retains the discretion to accelerate vesting and exercise dates or otherwise waive conditions to vesting, exercise, or transferability as it deems appropriate given the circumstances.

9.0 CONSIDERATION OF INTERNAL AND EXTERNAL CONDITION

9.1 Multi-Faceted Approach.

The Committee commissions benchmarking studies related to the remuneration practices of comparable companies and gives consideration to the conditions of the Company's broader workforce when making remuneration-related decisions for the Directors. Consideration is given to various factors, such as general inflationary and cost-of-living increases. Luxfer utilizes a clear structure of pay and benefits per layer of its workforce. The Committee does not consult employees, nor does it use internal comparison metrics when preparing the Directors' Remuneration Policy. However, the Committee is aware of average pay and benefit packages available within the Company. The Committee also considers shareholder feedback and views expressed by institutional shareholder bodies, rating agencies, and interested parties, so far as it relates to remuneration, when reviewing the appropriateness of this Policy. In addition, the Committee considers potential conflicts of interest to ensure that Directors do not have sole discretion over their own remuneration.

REMUNERATION RECEIVED BY THE DIRECTOR FOR THE YEAR ENDED DECEMBER 31, 2023

(Information within pages 60 to 68 have been audited. Information within pages 68 to 77 not subject to audit unless stated otherwise.)

Single Figure

The tables below set out an analysis of the Directors' total remuneration for 2023. 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 Directors' Remuneration
Single Total Figure Table

| U.S.\$ | Year | Salary ⁽¹⁾ | Taxable Benefits ⁽²⁾ | Annual Bonus ⁽³⁾ | Long-Term Incentive Awards ⁽⁴⁾ | Pensions Contributions ⁽⁵⁾ | Total |
|---------------------|-------------|-----------------------|---------------------------------|-----------------------------|---|---------------------------------------|------------------|
| Andy Butcher | 2023 | 628,800 | 54,563 | — | 448,728 | 19,800 | 1,151,891 |
| | 2022 | 410,000 | 35,603 | 145,550 | 458,392 | 12,200 | 1,061,745 |
| Alok Maskara | 2023 | — | — | — | — | — | — |
| | 2022 | 306,667 | 22,268 | 306,667 | 1,030,232 | 76,667 | 1,742,501 |

| U.S.\$ | Year | Fixed pay | Variable pay | Total |
|---------------------|-------------|----------------|----------------|------------------|
| Andy Butcher | 2023 | 703,163 | 448,728 | 1,151,891 |
| | 2022 | 457,803 | 603,942 | 1,061,745 |
| Alok Maskara | 2023 | — | — | — |
| | 2022 | 405,602 | 1,336,899 | 1,742,501 |

The above table is 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.** The 2022 single Total Figure for Alok Maskara, reflects the 5 month period as Chief Executive Officer, from January 2022 to May, 2022, earning an annualised salary of \$736,000. The 2022 single Total Figure for Andy Butcher, reflects the 8 month period as Chief Executive Officer, from May 2022 to December, 2022, earning an annualised salary of \$615,000.

⁽²⁾**Taxable Benefits.** During the year an amount was paid in respect of expenses relating to car allowance, life, medical and dental insurance. All payments made in respect of these allowances were determined and paid in U.S. dollars. The amounts reflect payments made during each Chief Executive's tenure.

⁽³⁾**Annual Bonus.** For the 2023 financial year, the annual bonus plan was based on the achievement of three financial performance goals, management EBITA (adjusted earnings before interest, taxation and amortization) performance, 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) and revenue, measured against the annual budget.

Summary of the annual bonus potential as a percentage of base salary for the Executive Directors for 2023:

| | Maximum Annual bonus (number of points available and % of salary) ⁽¹⁾ | Sliding scale between threshold, target and stretch | | | Bonus outcome 2023 |
|--------------|--|---|--------------------------------|------------------------|--------------------|
| | | Management EBITA ⁽²⁾ | Cash Conversion ⁽³⁾ | Revenue ⁽⁴⁾ | |
| Andy Butcher | 200% | 0.0% - 100.0% | 0.0% - 70.0% | 0.0% - 30.0% | 0.0% |

⁽¹⁾ In 2023, Luxfer achieved levels of EBITA, cash conversion and revenue that resulted in a bonus opportunity of 0% out of 200% being assessed.

⁽²⁾ Management EBITA (earnings before interest, taxation and amortization) 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, amortization of finance costs, amortization 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.

⁽⁴⁾ Revenue is defined as continuing revenue (as reported under U.S. GAAP).

In 2023, the Company generated a management EBITA of \$26.9 million, a cash conversion ratio of approximately 117% and a continuing revenue figure of \$405.0 million. Management EBITA and continuing revenue being below the agreed threshold level. Cash conversion does not exceed the agreed threshold level if management EBITA threshold is not met.

The Board has considered whether to include in this report the targets which applied to the bonus arrangements for the Executive Directors in 2023 but has determined that these amounts are commercially sensitive.

⁽⁴⁾The Long-Term Incentive Awards. The 2023 Single Figure:

In 2023, 40% of the total target award communicated by the Remuneration Committee was in the form of time-based restricted stock units granted on March 20, 2023. The value of these awards for Andy Butcher was \$426,608 based on the closing share price on the day of grant of \$15.65 per share and deducting the nominal cost value of \$1.00 each share. Throughout 2023, Andy Butcher has also accrued dividend awards on his restricted stock units, the value of these were \$22,120.

In addition, the Remuneration Committee's 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 65. The levels achieved in 2023 resulted in the below time-based awards being granted in 2024:

| | Number of Awards | | | Value of Awards \$ |
|--------------|------------------|---------------------------|-----------------------------------|-----------------------|
| | Possible Awards | Awards to be made in 2024 | % of possible awards made in 2023 | |
| Andy Butcher | 6,480 | — | —% | — |

The LTIP share award disclosure in the Proxy Statement filed with the SEC (Form DEF 14A) for executive compensation for the year ended December 31, 2023 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.

⁽⁵⁾ For details of pension arrangements see page 68.

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 |
|------------------------|-------------|-------------------------|--|----------------|
| Patrick Mullen | 2023 | 115,000 | 112,337 | 227,337 |
| | 2022 | 106,750 | 178,185 | 284,935 |
| David Landless | 2023 | — | — | — |
| | 2022 | 49,250 | 1,280 | 50,530 |
| Clive Snowdon | 2023 | 82,000 | 79,303 | 161,303 |
| | 2022 | 82,000 | 79,082 | 161,082 |
| Richard Hipple | 2023 | 82,000 | 79,303 | 161,303 |
| | 2022 | 82,000 | 79,082 | 161,082 |
| Lisa Trimberger | 2023 | 82,000 | 79,303 | 161,303 |
| | 2022 | 82,000 | 79,082 | 161,082 |
| Sylvia Stein | 2023 | 82,000 | 144,381 | 226,381 |
| | 2022 | 34,167 | — | 34,167 |

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⁾ Patrick Mullen was appointed Chair of the Board of Directors, effective March 11, 2022. His base fee in 2022 reflects the change in role from this date to December 31, 2022.

The Non-Executive Directors' fees of Clive Snowdon, Richard Hipple, Lisa Trimberger, Sylvia Stein and Patrick Mullen 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 in 2022 aggregated to £37,860. The base fee for the first three months of 2022 includes the supplementary fee for being Chair of the Board.

⁽²⁾ 2023 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 up to 100% of base fees at the date of the award. Awards were made immediately after the 2023 AGM and vest immediately before the 2024 AGM. The number of RSUs was calculated using the closing share price on the NYSE (\$16.52) the day 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 65.
- 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 2023 and vested immediately before the 2023 AGM or will vest immediately before the 2024 AGM. The value of the awards themselves were included in the Single Figure for 2023 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 \$17.10, \$15.06, \$12.43 and \$8.40 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 \$ |
|------------------------|---------------------------|---|
| Patrick Mullen | 350 | 4,302 |
| Clive Snowdon | 197 | 2,277 |
| Richard Hipple | 197 | 2,277 |
| Lisa Trimberger | 197 | 2,277 |
| Sylvia Stein | 214 | 1,938 |

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”). 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 Company. 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, performance-based nominal cost options and market value options to other senior U.K. employees and time-based and performance restricted stock units to the Executive Directors, U.S. managers and managers from other countries in which the Company operate. The maximum value of awards under the rules of the LTIP that can be granted to the Chief Executive Officer is defined in the Remuneration Policy.

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 100% of the base fee of a Non-Executive Director. These awards are made the day of 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 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 2023, the Remuneration Committee awarded long-term incentive compensation under the LTIP. 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 2023 was capped at 300% of their base salary, on achievement of stretch performance. Achievement of target performance would result in a share award opportunity capped equivalent to 180% of base salary being available and threshold performance at 125% of base salary.

Based on the target level of Andy Butcher's share awards available (capped at 180% of base salary), 40% of this award was granted in 2023 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 29,120 time-based restricted stock units being awarded Andy Butcher. The remaining 60% of the target award allocation was split 40% available based on the delivery of a certain adjusted diluted EPS targets for the years ending December 31, 2023, December 31, 2024 and December 31, 2025 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 thirty three companies on December 31, 2022 against December 31, 2025. Based on the relative level of shareholder return and adjusted diluted EPS achieved, awards would vest in March 2026. For the adjusted diluted EPS it is possible to achieve a threshold, target and stretch level of award grants, and for total shareholder return, payout based on the decile the Company is ranked.

In 2020, the Remuneration Committee set performance targets based upon the achievement of relative total shareholder return to be measured at threshold, target and stretch levels. The performance of the Company meant threshold level being achieved which resulted in Andy Butcher earning 50% of the available awards respectively. 50% of these vested in 2023 with the remaining 50% vesting in 2024. The number, and details of the terms, of the grants are set out in the table in *Outstanding Share Awards During 2023* and the accompanying notes, on pages 66 to 67.

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

| 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 ⁽¹⁾ | Face Value of Award \$ | Issue Price per share & in Aggregate \$ | Vesting Date | % of Shares Granted That Vest |
|-------------------------------------|---------------|--|---------------------------------|-----------------------|--------------------------------------|------------------------|---|---------------------|-------------------------------|
| Patrick Mullen⁽¹⁾ | June 7, 2023 | 100% of annual fee for 2023 | 16.52 | Restricted Stock Unit | 6,961 | 114,996 | \$1.00 each share | Day before 2024 AGM | On vesting date 100% |
| Clive Snowdon | June 7, 2023 | 100% of annual fee for 2023 | 16.52 | Restricted Stock Unit | 4,963 | 81,989 | \$1.00 each share | Day before 2024 AGM | On vesting date 100% |
| Richard Hipple | June 7, 2023 | 100% of annual fee for 2023 | 16.52 | Restricted Stock Unit | 4,963 | 81,989 | \$1.00 each share | Day before 2024 AGM | On vesting date 100% |
| Lisa Trimberger | June 7, 2023 | 100% of annual fee for 2023 | 16.52 | Restricted Stock Unit | 4,963 | 81,989 | \$1.00 each share | Day before 2024 AGM | On vesting date 100% |
| Sylvia Stein⁽¹⁾ | June 7, 2023 | 100% of annual fee for 2023 and 83% for 2022 | 16.52 | Restricted Stock Unit | 9,178 | 151,621 | \$1.00 each share | Day before 2024 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.

OUTSTANDING SHARE AWARDS DURING 2023

Executive and Non-Executive Directors

Awards granted in 2023 in respect to 2022 Company financial performance to the Executive Director have been included in the table below. The awards shown exclude dividends accumulated.

| Awards | Awards | | | | |
|--------------------------------|-----------------------------|---------------------------|---------------------------|--------------------------|------------------------------|
| | Available Jan 1, 2023 | Granted During Year | Settled During Year | Lapsed During Year | Available Dec 31, 2023 |
| Andy Butcher | | | | | |
| LTIP 2019 ⁽²⁾ | 1,100 | — | (1,100) | — | — |
| LTIP 2020 ⁽³⁾ | 3,870 | — | (1,935) | — | 1,935 |
| LTIP 2021 ⁽⁴⁾ | 3,600 | — | (1,200) | — | 2,400 |
| LTIP 2022 ⁽⁵⁾⁽⁶⁾⁽⁷⁾ | 12,750 | — | (4,410) | — | 8,340 |
| LTIP 2022 ⁽¹⁾ | 19,200 | — | (4,800) | — | 14,400 |
| LTIP 2023 ⁽¹⁰⁾⁽¹¹⁾ | — | 32,605 | (1,742) | — | 30,863 |
| Totals | 40,520 | 32,605 | (15,187) | — | 57,938 |
| Patrick Mullen | | | | | |
| EIP 2022 ⁽⁸⁾ | 11,334 | — | (11,334) | — | — |
| EIP 2023 ⁽⁹⁾ | — | 6,961 | — | — | 6,961 |
| Totals | 11,334 | 6,961 | (11,334) | — | 6,961 |
| Clive Snowdon | | | | | |
| EIP 2022 ⁽⁸⁾ | 4,981 | — | (4,981) | — | — |
| EIP 2023 ⁽⁹⁾ | — | 4,963 | — | — | 4,963 |
| Totals | 4,981 | 4,963 | (4,981) | — | 4,963 |
| Richard Hipple | | | | | |
| EIP 2022 ⁽⁸⁾ | 4,981 | — | (4,981) | — | — |
| EIP 2023 ⁽⁹⁾ | — | 4,963 | — | — | 4,963 |
| Totals | 4,981 | 4,963 | (4,981) | — | 4,963 |
| Lisa Trimberger | | | | | |
| EIP 2022 ⁽⁸⁾ | 4,981 | — | (4,981) | — | — |
| EIP 2023 ⁽⁹⁾ | — | 4,963 | — | — | 4,963 |
| Totals | 4,981 | 4,963 | (4,981) | — | 4,963 |
| Sylvia Stein | | | | | |
| EIP 2023 ⁽⁹⁾ | — | 9,178 | — | — | 9,178 |

Key to table:

| Award | Award Scheme, Type & Grant | Grant Date | Exercise Price / Nominal Cost Each Award | Remaining Vesting/ Settlement Dates | Vesting Period |
|-------|--|-------------|--|-------------------------------------|----------------------|
| (1) | LTIP 2022 – Time-Based Restricted Stock Units ⁽ⁱ⁾ | May 6, '22 | \$1.00 | Mar 14, 2024, 2025, 2026 | To Mar 14, 2026 |
| (2) | LTIP 2019 – Time-Based Restricted Stock Units ⁽ⁱⁱ⁾ | Mar 14, '19 | \$1.00 | All vested | No longer applicable |
| (3) | LTIP 2020 – Time-Based Restricted Stock Units ⁽ⁱⁱⁱ⁾ | Mar 13, '20 | \$1.00 | Mar 13, 2024 | To Mar 13, 2024 |
| (4) | LTIP 2021 – Time-Based Restricted Stock Units ^(iv) | Mar 15, '21 | \$1.00 | Mar 15, 2024, 2025 | To Mar 15, 2025 |
| (5) | LTIP 2022 - Performance-Based - TSR targets ^(v) | Mar 14, '22 | \$1.00 | All vested | No longer applicable |
| (6) | LTIP 2022 - Performance-Based - EPS targets ^(vi) | Mar 14, '22 | \$1.00 | Mar 14, 2024, 2025 | To Mar 14, 2025 |
| (7) | LTIP 2022 – Time-Based Restricted Stock Units ^(vii) | Mar 14, '22 | \$1.00 | Mar 14, 2024, 2025, 2026 | To Mar 14, 2026 |
| (8) | EIP 2022—Time-Based Restricted Stock Units ^(viii) | June 8, '22 | \$1.00 | All vested | No longer applicable |
| (9) | EIP 2023—Time-Based Restricted Stock Units ^(viii) | June 7, '23 | \$1.00 | Day before 2024 AGM | Day before 2024 AGM |
| (10) | LTIP 2023 – Time-Based Restricted Stock Units ^(ix) | Mar 20, '23 | \$1.00 | Mar 20, 2024, 2025, 2026, 2027 | To Mar 20, 2027 |
| (11) | LTIP 2023 - Performance-Based - TSR targets ^(x) | Mar 13, '23 | \$1.00 | Mar 13, 2024 | To Mar 13, 2024 |

- (i) LTIP 2022: Time based awards granted on May 6, 2022 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.
- (ii) 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.
- (iii) 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.
- (iv) LTIP 2021: Time based awards granted on March 15, 2021 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.
- (v) LTIP 2022: Awards made on attainment of 2021 TSR performance goals and include “holding period” and “claw back” provisions, to vest immediately upon grant.
- (vi) LTIP 2022: Awards made on attainment of 2021 EPS performance goals and include “holding period” and “claw back” provisions, to vest immediately upon grant.
- (vii) LTIP 2022: Time based awards granted on March 14, 2022 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) EIP 2022 and EIP 2023 annual awards are settled immediately on vesting, together with dividends which have been accumulated during the vesting period. The 2022 awards were settled in 2023 net of payroll taxes.
- (ix) LTIP 2023: Time based awards granted on March 20, 2023 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.
- (x) LTIP 2023: Awards made on attainment of 2022 TSR performance goals and include “holding period” and “claw back” provisions, to vest immediately upon grant.

PENSION ARRANGEMENTS

Details of the payments made to the defined contribution arrangement and salary supplement during years 2023 and 2022 for the Executive Director are set forth in the tables below.

Directors' Remuneration and Benefits for the Year Ended December 31, 2023 and 2022

U.S.\$

| Executive Director | Year | Funded Defined Contribution ⁽¹⁾ | Cash Supplement | Total |
|--------------------|------|--|-----------------|--------|
| Andy Butcher | 2023 | 19,800 | — | 19,800 |
| | 2022 | 12,200 | — | 12,200 |
| Alok Maskara | 2023 | — | — | — |
| | 2022 | 7,625 | 69,042 | 76,667 |

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

Implementation of the Remuneration Policy for the Year Ending December 31, 2024

(Information from this section of page 68 through to page 77 is not subject to audit unless otherwise stated)

The Committee intends to operate the Directors' Remuneration Policy, as set out on pages 46 through 59 of this Remuneration Report, for a period of three years from its approval at the 2024 Annual General Meeting, to be held on 6th June 2024. The paragraphs below set out how the Remuneration Committee intends to apply the Directors' Remuneration Policy in the year ending 31st December 2024.

Executive Director Remuneration

Base Salary. Mr. Butcher, the Company's Chief Executive Officer and sole Executive Director, received an approximate 2.4% salary increase for the year ending 31st December 2024, resulting in a base salary of \$644,500 per annum (2023: \$628,800; 2022: \$615,000).

Perquisites and Benefits. There was no change in the implementation of the Directors' Remuneration Policy with respect to perquisites and benefits for the year ending 31st December 2024. Mr. Butcher's annual perquisite allowance of \$40,000 per annum remains unchanged. Additionally, he remains eligible and participates in the Company's benefit plans, including medical, dental, and vision insurance, life insurance, and life and accidental death and dismemberment insurance. Luxfer provides Andy Butcher, a \$1 million life insurance policy in accordance with the terms of a historical employment agreement. His vacation and other paid holiday entitlement remain the same year-over-year.

Retirement Benefits. No change in the implementation of the Remuneration Policy with respect to retirement benefits is expected for the year ending 31st December 2024, although the amounts contributed by the Company to the 401(k) savings plan may change, as individual contributions are subject to the Director's election and the IRS-qualified plan compensation limits and highly compensated employee thresholds. The 100% match on up to 6% of eligible pay saved is not subject to change.

Annual Cash Incentive. In accordance with the Remuneration Policy, the maximum annual cash incentive opportunity for Andy Butcher, as Chief Executive Officer and the sole Executive Director, is capped at 200% of his base salary, with his 2024 target cash incentive opportunity being equal to 100% of base salary. The annual cash incentive is awarded on achievement of specific financial measures and targets set by the Remuneration Committee. At the start of each year, the Remuneration Committee determines the annual cash incentive opportunity (as a percentage of base salary), selects the financial performance measures applicable to cash incentive, and sets respective Threshold, Target, and Maximum levels. The financial performance measures and levels are designed to align with the strategic goals of the Company. For 2024, the Committee has selected Management EBITA (60%), Cash Conversion (20%), and Revenue (20%) as the financial performance measures applicable to the annual cash incentive. The annual cash incentive is earned on a sliding scale basis.

**Split; Sliding Scale between Threshold,
Target and Maximum**

| Annual Cash Incentive Opportunity | Management EBITA | Cash Conversion | Revenue |
|-----------------------------------|------------------|-----------------|----------|
| Andy Butcher | 0% - 120% | 0% - 40% | 0% - 40% |

Notably, for 2024, the performance measures are no longer tied to achievement of Threshold Management EBITA. Accordingly, a cash incentive may still be earned upon the achievement of Revenue and Cash Conversion targets. However, in the event that Threshold EBITA is not obtained, any payout with respect to Revenue and Cash Conversion will be capped at Target level, even if actual performance exceeds Budget.

Equity Awards As in prior years, the Executive Director is eligible to receive equity awards granted pursuant to the LTIP. On an annual basis, the Remuneration Committee sets a target equity award opportunity for the Chief Executive Officer, which is calculated as a percentage of base salary. In accordance with the Remuneration Policy, the maximum value of awards that can be made to the Chief Executive Officer in any one year is capped at 300% of base salary, with Mr. Butcher's 2024 target award opportunity being 234% of his base salary. Approximately 30% of Mr. Butcher's 2024 target equity award is comprised of time-based Restricted Stock Units, which were awarded on 18th March 2024 and vest evenly in four equal annual installments, beginning on 18th March 2025. Approximately 28% of Mr. Butcher's 2024 target equity award is comprised of performance-based Restricted Stock Units dependent on the annualized percentage increase in the Company's earnings per share (EPS) over the 2024-2025 period. Approximately 42% of Mr. Butcher's 2024 target equity award is comprised of performance-based Restricted Stock Units dependent on the Company's relative Total Shareholder (TSR) performance over the 2024-2025 period.

The 2024 EPS awards will be measured on a 2-year annualized increase basis, with 100% of the awards vesting in March 2026 upon attainment of the annualized percentage increase target. EPS Increase will be measured as of 31st December 2025, using full-year 2023 adjusted diluted EPS as the baseline. No partial "banking" of any EPS increase for full year 2024 will occur. Awards will be granted on a sliding scale basis (0-250%) depending on the annualized EPS increase achieved.

For purposes of 2024 TSR awards, Luxfer's TSR performance on 31st December 2025 versus its performance on 31st December 2023 will be compared against the TSR performance of the selected peer group, being companies within Luxfer's GICS code. The payout percentage of 0% to 200% will be determined based on the ranking of Luxfer's TSR performance versus the specified peer group. Luxfer's and the peer companies' TSR will be measured using the average share price for the 90 days prior to and including 31st December 2023 and 31st December 2025, respectively. Based on the relative level of shareholder return achieved, awards would be granted on March 18, 2026 and vest immediately.

Employee Share Plans. No change in the implementation of the Remuneration Policy with respect to employee share plans is expected for the year ending 31st December 2024, although the number of shares purchased by Mr. Butcher under the US Employee Stock Purchase Plan may change, as individual payroll contributions are subject to the Director's election, subject to limits imposed by the Plan.

Non-Executive Director Remuneration

Annual Retainer Fee. No change in the implementation of the Remuneration Policy with respect to annual retainer fees paid to Non-Executive Directors is anticipated for the year ending 31st December 2024. In 2023, the annual retainer payable to Non-Executive Directors, not including the Board Chair, for service on Luxfer's Board of Directors and its committees was \$82,000. The annual retainer payable to the Board Chair for service on Luxfer's Board of Directors and its committees was \$115,000. Following the Remuneration Committee's compensation review, the Board did not implement an increase to the annual retainers paid to Non-Executive Directors for service in 2024.

Equity Awards. The 2024 Remuneration Policy, which is subject to shareholder approval at the 2024 AGM, proposes an increase in the maximum amount of equity awards that may be awarded to Non-Executive Directors, from 100% of the Non-Executive Director's annual retainer fee to 150%. Subject to shareholder approval of the 2024 Remuneration Policy and the Second Amended and Restated Equity Incentive Plan at the 2024 AGM, the Company intends to grant each Non-Executive Director who is acting as a Non-Executive Director of the Company and who has been acting as a Director of the Company for at least six (6) months, a non-discretionary grant of RSUs equal to approximately 125% of their annual cash retainer on the date of the 2024 Annual General Meeting. The total estimated value of these awards is \$543,000, which includes (i) non-discretionary grants to four Non-Executive Directors with an individual award value of \$102,000, representing a \$20,000 increase from 100% of said Non-Executive Directors' annual cash retainer fee of \$82,000; and (ii) one non-discretionary grant to the Board Chair with an individual award value of \$135,000, representing a \$20,000 increase from 100% of said Non-Executive Director's annual cash retainer fee of \$115,000.

Directors' Interests in Shares in the Company (audited)

| | Number of Ordinary Shares Held at Dec 31, 2023 | Number of Ordinary Shares Held at Jan 1, 2023 |
|--------------------------------|---|--|
| Patrick Mullen ⁽¹⁾ | 25,264 | 7,450 |
| Andy Butcher ⁽²⁾ | 124,534 | 110,130 |
| Clive Snowdon ⁽³⁾ | 14,214 | 11,516 |
| Richard Hipple ⁽⁴⁾ | 18,779 | 16,070 |
| Lisa Trimberger ⁽⁵⁾ | 18,152 | 15,443 |
| Sylvia Stein | — | — |

- (1) Patrick Mullen acquired 6,079 shares throughout 2023 as a result of the vesting of 11,736 time-based Restricted Stock Units. 11,352 Restricted Stock Units were awarded in 2022 under the EIP and, together with an accrued dividend of 384 shares, fully vested on June 7, 2023. Of those 11,736 shares, 5,657 shares were used as payment of exercise price or tax liability. In October 2023, Patrick Mullen purchased an additional 11,735 shares on market. Further details on these awards can be found in the notes to Single Figure-Non-Executive Directors' Remuneration on page 63.
- (2) Andy Butcher acquired 7,193 shares throughout 2023 as a result of the vesting of 15,761 time-based Restricted Stock Units. 15,187 Restricted Stock Units were awarded under the LTIP and, together with accrued dividends of 574 shares, fully vested in March, 2023 as detailed in the table titled Outstanding Share Awards During 2023 on pages 66 and 67. Of those 15,761 shares, 8,568 shares were used as payment of exercise price or tax liability. In 2023, Andy Butcher purchased an additional 7,211 shares on market.
- (3) Clive Snowdon acquired 2,698 shares throughout 2023 as a result of the vesting of 5,149 time-based Restricted Stock Units. 4,981 Restricted Stock Units were awarded in 2022 under the EIP and, together with an accrued dividend of 168 shares, fully vested on June 7, 2023. Of those 5,149 shares, 2,451 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 page 63.
- (4) Richard Hipple acquired 2,709 shares throughout 2023 as a result of the vesting of 5,149 time-based Restricted Stock Units. 4,981 Restricted Stock Units were awarded in 2022 under the EIP and, together with an accrued dividend of 168 shares, fully vested on June 7, 2023. Of those 5,149 shares, 2,440 shares were used as payment of exercise price or tax liability. Further details on these awards can be found in the notes to Single Figure-Non-Executive Directors' Remuneration on page 63.
- (5) Lisa Trimberger acquired 2,709 shares throughout 2023 as a result of the vesting of 5,149 time-based Restricted Stock Units. 4,981 Restricted Stock Units were awarded in 2022 under the EIP and, together with an accrued dividend of 168 shares, fully vested on June 7, 2023. Of those 5,149 shares, 2,440 shares were used as payment of exercise price or tax liability. All of these shares are owned by a trust of which Lisa Trimberger is the sole beneficiary and her spouse is the trustee. Further details on these awards can be found in the notes to Single Figure-Non-Executive Director's Remuneration on page 63.

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 2023

| | Shares Owned Beneficially | Restricted Stock Units Not Yet Vested (assuming will be settled in Shares not Cash) |
|------------------------|---------------------------|---|
| Andy Butcher | 124,534 | 57,938 |
| <i>Non-Executive</i> | | |
| Patrick Mullen | 25,264 | 6,961 |
| Clive Snowdon | 14,214 | 4,963 |
| Richard Hipple | 18,779 | 4,963 |
| Lisa Trimberger | 18,152 | 4,963 |
| Sylvia Stein | — | 9,178 |

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. 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 December 2013, 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 | 2017 ⁽²⁾ | 2018 | 2019 ⁽³⁾ | 2020 | 2021 | 2022 ⁽⁴⁾ | 2023 |
|--|---------------------|-----------|---------------------|-----------|-----------|---------------------|------------------|
| Total remuneration | 3,396,615 | 5,971,101 | 1,834,401 | 2,063,680 | 3,515,009 | 2,804,246 | 1,151,891 |
| Annual bonus % ⁽¹⁾ | 124 % | 200 % | 60 % | 51 % | 186 % | 63 % | — % |
| Share awards vesting % ⁽¹⁾ | 37 % | 84 % | 584 % | 146 % | 264 % | 124 % | 35 % |
| % change in total remuneration | 306 % | 76 % | (69)% | 12 % | 70 % | (20)% | (59)% |

The average increase in the CEO's total remuneration over the past seven years is a 45% increase, although this is heavily impacted by the 306% increase in 2017. The CAGR over the same period was a 2% 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%.

(4) The 2022 figures include Andy Butcher's remuneration as Chief Executive Officer for 8 months of 2022 and Alok Maskara's remuneration as Chief Executive Officer for 5 months of 2022.

History of Total Remuneration Figure for Chief Executive Officer

We have included the total remuneration figure for the Non-Executive Directors since 2020 as required by legislation.

U.S.\$

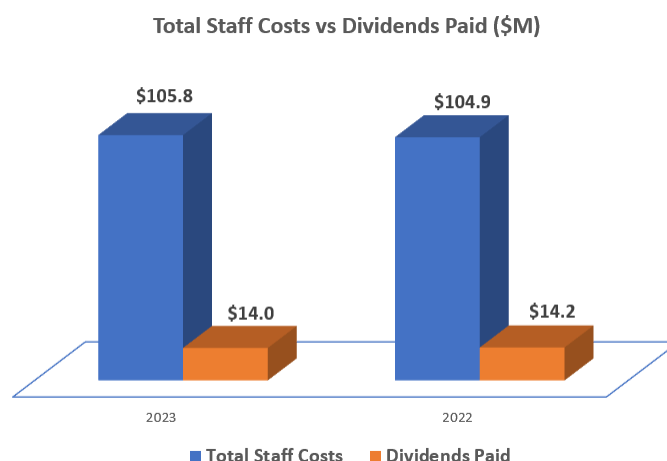
| Year ended December 31 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|---------|---------|---------|----------------|
| Patrick Mullen | | | | |
| Total remuneration | — | 27,333 | 284,935 | 227,337 |
| Share awards vesting % ⁽¹⁾ | — | — | 167 % | 98 % |
| % change in total remuneration | — | — | 942 % | (20)% |
| David Landless | | | | |
| Total remuneration | 175,462 | 226,693 | 50,530 | — |
| Share awards vesting % ⁽¹⁾ | 53 % | 97 % | 3 % | — % |
| % change in total remuneration | 10 % | 29 % | (78)% | (100)% |
| Clive Snowdon | | | | |
| Total remuneration | 125,152 | 161,643 | 161,082 | 161,303 |
| Share awards vesting % ⁽¹⁾ | 53 % | 97 % | 96 % | 97 % |
| % change in total remuneration | (1)% | 29 % | — % | — % |
| Richard Hipple | | | | |
| Total remuneration | 190,563 | 162,794 | 161,082 | 161,303 |
| Share awards vesting % ⁽¹⁾ | 132 % | 99 % | 96 % | 97 % |
| % change in total remuneration | 132 % | (15)% | (1)% | — % |
| Lisa Trimberger | | | | |
| Total remuneration | 157,063 | 162,200 | 161,082 | 161,303 |
| Share awards vesting % ⁽¹⁾ | 92 % | 98 % | 96 % | 97 % |
| % change in total remuneration | 475 % | 3 % | (1)% | — % |
| Sylvia Stein | | | | |
| Total remuneration | — | — | 34,167 | 226,381 |
| Share awards vesting % ⁽¹⁾ | — | — | — | 176 % |
| % change in total remuneration | — | — | — | 563 % |

(1) Percentage of salary.

(2) Sylvia Stein was appointed Non-Executive Director, effective August 1, 2022. 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. Her total remuneration in 2022 reflects four months salary to December 31, 2022. In 2023 her total remuneration reflects twelve months salary to December 31, 2023 and EIP awards earned from August 1, 2022.

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 2023, 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 2022.

| U.S.\$ | 2023 | 2022 | % change |
|-------------------------|---------|---------|----------|
| Salary | | | |
| Chief Executive Officer | 628,800 | 716,667 | (12.3)% |
| Employee average | 60,437 | 55,773 | 8.4 % |
| Benefits | | | |
| Chief Executive Officer | 54,563 | 57,871 | (5.7)% |
| Employee average | 11,680 | 10,742 | 8.7 % |
| Annual Bonus | | | |
| Chief Executive Officer | — | 452,217 | (100.0)% |
| Employee average | 1,103 | 2,538 | (56.5)% |

Pay Ratio

For 2023, 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.

| U.S.D.\$ | | | | |
|----------|--------|--------------------------------|--------------------------------|--------------------------------|
| Year | Method | 25th percentile pay / ratio | 50th percentile pay / ratio | 75th percentile pay / ratio |
| 2023 | A | 48,073 | 60,628 | 81,316 |
| | | 14.6 : 1 | 11.6: 1 | 8.6 : 1 |
| 2022 | A | 47,158 | 69,053 | 80,878 |
| | | 27.9 : 1 | 19.1: 1 | 16.3 : 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 2022. For the average U.S. person, 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 decreased year on year, with the decrease predominantly a result of the decrease in the annual bonus awarded. The percentile pay for U.S. employee's has remained relatively stable.

Statement of voting at AGM

The Annual Remuneration Implementation Report and Remuneration Policy was put to an advisory vote at the 2023 AGM.

| | Votes for (and percentage of votes cast) | Votes against (and percentage of votes cast) | Proportion of share capital voting |
|--|--|--|------------------------------------|
| Annual Remuneration Implementation Report | 21,262,033 | 1,049,784 | 89.63 % |
| | 85.41 % | 4.22 % | |

The vote received in favour of the Remuneration Report was 85.41%, 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.

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 English 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.

If the Executive Director's employment is terminated in connection with a Change in Control (other than for Cause) and they do not receive an offer of employment for an equivalent position with a Successor, then the Executive Director will be entitled to receive a redundancy payment equal to two times their base salary. 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 apply the principles of mitigation to ensure that it is paying a fair amount. 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:

A handwritten signature in black ink, appearing to read 'RJH', with a long horizontal stroke extending to the right.

Richard J. Hipple

CHAIR OF THE REMUNERATION COMMITTEE

April 25, 2024

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 financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.



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 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 four significant reporting units within the group, and additional procedures over selected financial statement line items in seven other trading and corporate reporting units.
- We also performed audit procedures over the consolidation adjustments for selected financial statement line items.
- The audit work performed represented 70% of consolidated revenue from continuing operations.

Key audit matters

- Valuation of pension benefit obligations (group and parent)

Materiality

- Overall group materiality: US\$1,600,000 (2022: US\$2,000,000) based on 5% of three-year average profit on operations before taxation, adjusted for other operating expenses (2022: profit on operations before taxation, adjusted for other operating expenses).
- Overall company materiality: US\$1,440,000 (2022: US\$1,800,000) based on 1% of total assets restricted to 90% of group materiality.
- Performance materiality: US\$1,200,000 (2022: US\$1,500,000) (group) and US\$1,080,000 (2022: US\$1,350,000) (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.

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.

The key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p><i>Valuation of pension benefit obligations (group and parent)</i></p> <p>As described in Notes 1 and 30 to the consolidated financial statements, and Note 45 of the company financial statements, the group had pension benefit obligations of US\$234 million as of 31 December 2023. The pension benefit obligations principally relate to pension scheme operated in the United Kingdom. The amounts in the consolidated and company financial statements related to the pension benefit obligations are determined from actuarial valuations.</p> <p>The valuation of the pension benefit obligations requires estimation in determining appropriate assumptions including: (i) discount rates; (ii) inflation rates; (iii) pension increases; and (iv) life expectancy. Differences in actual experience or changes in these assumptions can have a material impact on the determination of the liabilities in the group's pension schemes.</p> <p>The pension benefit obligations, and the associated changes compared to the prior year balances, are significant in the context of the balance sheet and the results of the group. The significant judgments and assumptions made by management when determining the pension benefit obligations, resulted in a high degree of auditor judgment, subjectivity and effort to evaluate them, including the use of professionals with specialized skill and knowledge.</p> | <p>Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the pension benefit obligations.</p> <p>These procedures also included, among others, testing the completeness, accuracy and relevance of the underlying data used in the valuation of the pension benefit obligations.</p> <p>Professionals with specialized skill and knowledge were used to assist in (i) testing management's process for estimating the pension benefit obligations, (ii) evaluating the reasonableness of the assumptions used in calculating the pension benefit obligations, including the discount rates, inflation rates, pension increases, and life expectancy assumptions; and (iii) assessing the appropriateness of management's methodology in line with the requirements of IAS 19 - Employee Benefits.</p> |

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 three main reporting segments being Gas Cylinders, Elektron and Graphic Arts. These are further split into four operating segments being Luxfer Gas Cylinders, Luxfer MEL Technologies, Luxfer Graphic Arts and Luxfer Magtech. Discontinued operations are also presented, representing the Luxfer Superform business unit only.

Each operating segment 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 the group's management reporting units and its centralized functions.

The management reporting units vary in size and we identified four 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 seven reporting units, including corporate reporting units, from across two countries which required an audit of specific financial statement line items to be performed. In total, these eleven reporting units accounted for 70% of the group's consolidated revenue from continuing operations. The group engagement team performed the audit procedures across these reporting units.

The parent company's financial statements comprise one reporting unit which was subject to a full scope audit.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

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 |
|--|--|---|
| <i>Overall materiality</i> | US\$1,600,000 (2022: US\$2,000,000). | US\$1,440,000 (2022: US\$1,800,000). |
| <i>How we determined it</i> | 5% of three-year average profit on operations before taxation, adjusted for other operating expenses (2022: profit on operations before taxation, adjusted for other operating expenses) | 1% of total assets restricted to 90% of group materiality |
| <i>Rationale for benchmark applied</i> | 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. We consider using an average of three years to better reflect 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 accepted 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 between US\$240,000 to US\$1,200,000. 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% (2022: 75%) of overall materiality, amounting to US\$1,200,000 (2022: US\$1,500,000) for the group financial statements and US\$1,080,000 (2022: US\$1,350,000) 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 at the upper end 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 US\$160,000 (group audit) (2022: US\$200,000) and US\$144,000 (company audit) (2022: US\$200,000) 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:

- evaluating and assessing the process by which the directors' future cash flow forecasts were prepared;
- reviewing the arithmetical accuracy of the directors' forecasts;
- evaluating and assessing the directors' key assumptions in the going concern assessment over the period to June 2025, which included consideration of the likelihood of a change in the forecast that would be considered significant for the purposes of the directors' going concern assessment;
- obtaining the terms of the group's financing facility and the covenants in place in relation to this facility, and determining that the directors' forecast 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; and
- 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 2023 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, ISO standards and environmental legislation in the countries where the group has more significant operations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as local and international tax legislation and 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 adjusted earnings before interest, tax and amortisation, and management bias in accounting estimates. Audit procedures performed by the engagement team 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 impairment of non-financial assets and assessment of pension obligations;
- reviewing internal audit reports;
- incorporating an element of unpredictability into our audit procedures; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting financial results, revenue recognition and adjusted earnings before interest, tax and amortisation.

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.

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.

A handwritten signature in black ink that reads "Gregory Briggs". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
25 April 2024

LUXFER HOLDINGS PLC
CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER, 2023

All amounts in millions, except share and per share data

| | Note | 2023 \$M | 2022 \$M |
|--|------|--------------|-------------|
| REVENUE | 2 | 405.0 | 423.4 |
| Cost of sales | | (320.5) | (316.3) |
| GROSS PROFIT | | 84.5 | 107.1 |
| Distribution costs | | (7.1) | (11.3) |
| Administrative expenses | | (52.8) | (47.3) |
| Other operating expenses | 6 | (19.1) | (2.7) |
| OPERATING PROFIT | 4 | 5.5 | 45.8 |
| Finance costs | 8 | (6.9) | (6.9) |
| (LOSS) / PROFIT ON OPERATIONS BEFORE TAXATION | | (1.4) | 38.9 |
| Income tax credit / (expense) | 9 | 2.5 | (6.6) |
| PROFIT FROM CONTINUING OPERATIONS | | 1.1 | 32.3 |
| Net profit / (loss) from discontinued operations | 11 | 0.7 | (5.1) |
| PROFIT FOR THE YEAR | | 1.8 | 27.2 |
| Attributable to: | | | |
| Equity shareholders from continuing operations | | 1.1 | 32.3 |
| Equity shareholders from discontinuing operations | | 0.7 | (5.1) |
| | | 1.8 | 27.2 |
| Earnings per share: | | \$ | \$ |
| Basic from continuing operations | | 0.04 | 1.18 |
| Basic from profit for the year | | 0.07 | 1.00 |
| Diluted from continuing operations | | 0.04 | 1.17 |
| Diluted from profit for the year | | 0.07 | 0.99 |
| Weighted average number of ordinary shares outstanding: | | | |
| For basic earnings per share | | 26,897,556 | 27,304,847 |
| Dilutive effect of potential common stock | | 123,403 | 236,355 |
| For diluted earnings per share | | 27,020,959 | 27,541,202 |

LUXFER HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER, 2023

| | Note | 2023 \$M | 2022 \$M |
|--|------|--------------------|--------------------|
| Net income for the year | | <u>1.8</u> | <u>27.2</u> |
| Other comprehensive income / (loss) | | | |
| Items that may be reclassified to the consolidated income statement: | | | |
| Exchange differences on translation of foreign operations | | 6.8 | (15.2) |
| Items that will not be reclassified to the consolidated income statement: | | | |
| Remeasurement of defined benefit retirement plans | 30 | 10.9 | 15.3 |
| Deferred income taxes on retirement benefits remeasurements | 24 | <u>(3.1)</u> | <u>(4.1)</u> |
| Retirement benefits changes | | <u>7.8</u> | <u>11.2</u> |
| Total other comprehensive income / (loss) for the year | | <u>14.6</u> | <u>(4.0)</u> |
| Total comprehensive income for the year | | <u><u>16.4</u></u> | <u><u>23.2</u></u> |
| Attributed to: | | | |
| Total comprehensive income from continuing operations | | 15.7 | 28.3 |
| Total comprehensive income / (loss) from discontinued operations | | <u>0.7</u> | <u>(5.1)</u> |
| Equity shareholders | | <u><u>16.4</u></u> | <u><u>23.2</u></u> |

LUXFER HOLDINGS PLC
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2023

| | Note | December 31, 2023 \$M | December 31, 2022 \$M |
|-------------------------------------|------|--------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 63.8 | 77.7 |
| Right-of-use assets | 26 | 15.4 | 19.8 |
| Intangible assets | 13 | 68.8 | 67.7 |
| Investments | 15 | 0.4 | 0.4 |
| Deferred tax assets | 24 | 3.4 | 3.0 |
| Post employment benefit assets | 30 | 40.3 | 27.0 |
| | | <u>192.1</u> | <u>195.6</u> |
| Current assets | | | |
| Inventories | 16 | 95.9 | 111.1 |
| Trade and other receivables | 17 | 61.5 | 67.8 |
| Cash and cash equivalents | 19 | 2.6 | 12.9 |
| Held-for-sale assets | 18 | 8.9 | 9.3 |
| Total current assets | | <u>168.9</u> | <u>201.1</u> |
| TOTAL ASSETS | | <u><u>361.0</u></u> | <u><u>396.7</u></u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Ordinary share capital | 20 | 26.5 | 26.5 |
| Share premium account | 20 | 232.1 | 231.3 |
| Treasury shares | 20 | (22.9) | (20.4) |
| Retained earnings | | 367.1 | 371.5 |
| Own shares held by ESOP | 20 | (0.9) | (1.0) |
| Share based compensation reserve | | (9.9) | (11.2) |
| Translation reserve | | (58.2) | (65.0) |
| Merger reserve | | (333.8) | (333.8) |
| | | <u>200.0</u> | <u>197.9</u> |
| Non-current liabilities | | | |
| Bank and other loans | 22 | 67.6 | 56.2 |
| Post employment benefit liabilities | 30 | 0.1 | 1.6 |
| Lease liability | 26 | 15.1 | 18.2 |
| Deferred tax liabilities | 24 | 10.2 | 10.9 |
| Provisions | 23 | 2.8 | 2.5 |
| Trade and other payables | 25 | — | 0.2 |
| | | <u>95.8</u> | <u>89.6</u> |
| Current liabilities | | | |
| Bank and other loans | 22 | — | 25.0 |
| Trade and other payables | 25 | 48.4 | 68.8 |
| Current tax liabilities | | 0.2 | 2.0 |
| Lease liability | 26 | 4.7 | 4.7 |
| Provisions | 23 | 3.4 | 3.7 |
| Overdrafts | 22 | 4.6 | — |
| Held-for-sale liabilities | 18 | 3.9 | 5.0 |
| | | <u>65.2</u> | <u>109.2</u> |
| Total liabilities | | <u>161.0</u> | <u>198.8</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>361.0</u></u> | <u><u>396.7</u></u> |

THE FINANCIAL STATEMENTS ON PAGES 86 TO 151 WERE APPROVED BY THE BOARD ON APRIL 25, 2024 AND SIGNED ON ITS BEHALF:



Andy Butcher,
April 25, 2024
Company Registration no. 03690830

LUXFER HOLDINGS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER, 2023

The amounts below include both continuing and discontinued operations.

| | Note | 2023 \$M | 2022 \$M |
|--|------|---------------|--------------|
| RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the year | | 1.8 | 27.2 |
| Adjustments to reconcile net income for the year to net cash flows from continuing operating activities: | | | |
| Income taxes | 9 | (2.5) | 6.6 |
| Depreciation and amortization | 4 | 12.7 | 13.6 |
| Amortization of debt issue costs | | 0.4 | 0.5 |
| Lease right-of-use asset depreciation | 26 | 3.3 | 4.4 |
| Lease right-of-use asset impairment | 26 | 1.6 | 2.6 |
| Property, plant and equipment impairment | 12 | 11.1 | — |
| Share based compensation charges net of cash settlement | | 2.4 | 1.1 |
| Net interest costs | 8 | 7.1 | 4.8 |
| Non-cash restructuring charges: | | | |
| Property, plant and equipment impairment | 12 | 2.2 | — |
| Inventory impairment | 6 | 1.0 | — |
| IAS 19R retirement benefits finance charge | 8 | (1.1) | 1.6 |
| Loss on disposal of business | 11 | — | 1.0 |
| Changes in operating assets and liabilities: | | | |
| Movement in receivables | | 15.3 | (27.8) |
| Movement in inventories | | 16.6 | (25.0) |
| Movement in payables | | (29.2) | 20.0 |
| Movement in retirement benefits obligations | | (2.5) | (0.4) |
| Movement in provisions | | — | (7.0) |
| Income taxes paid | | (3.3) | (0.6) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING | | 36.9 | 22.6 |
| Net cash flows from operating activities - discontinued | | 0.1 | 0.1 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 37.0 | 22.7 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property, plant and equipment | | (9.4) | (8.3) |
| Receipts from sales of property, plant and equipment | | — | 3.7 |
| Settlements from sale of businesses | | — | (1.0) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES - CONTINUING | | (9.4) | (5.6) |
| Net cash flows used in investing activities - discontinued | | (0.1) | (0.1) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (9.5) | (5.7) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Interest and similar finance costs paid on banking facilities | | (4.5) | (1.5) |
| Interest paid on Loan Notes | | (1.9) | (2.5) |
| Repayment of loan notes | | (25.0) | — |
| Net drawdown of long-term borrowings | | 10.2 | 24.8 |
| Debt issue costs | | (0.2) | — |
| Payments in respect of leases - Capital | 26 | (3.8) | (3.3) |
| Payments in respect of leases - Interest | 8 | (0.9) | (0.9) |
| Dividends paid | 21 | (14.0) | (14.2) |
| Deferred share buyback | | — | (0.1) |
| Share buyback | | (2.7) | (11.1) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | (42.8) | (8.8) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | (15.3) | 8.2 |
| Net foreign exchange differences | | 0.4 | (1.7) |
| Cash and cash equivalents at January 1 | | 12.9 | 6.4 |
| Cash and cash equivalents at December 31 | | (2.0) | 12.9 |

LUXFER HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER, 2023

| | Equity attributable to the equity shareholders of the parent | | | | | | | | |
|--|--|------------------------------|------------------------------|-----------------------------|--------------------|----------------------|----------------------------------|--------------------------|-----------------|
| | Note | Ordinary share capital | Deferred share capital | Share premium account | Treasury shares | Retained earnings | Own shares held by ESOP | Other Reserves (1) | Total equity |
| | | \$M | \$M | \$M | \$M | \$M | \$M | \$M | \$M |
| At January 1, 2022 | | 26.5 | 149.9 | 79.7 | (9.6) | 347.3 | (1.1) | (393.7) | 199.0 |
| Net income for the year | | — | — | — | — | 27.2 | — | — | 27.2 |
| Currency translation differences | | — | — | — | — | — | — | (15.2) | (15.2) |
| Remeasurement of defined benefit retirement plans | | — | — | — | — | 15.3 | — | — | 15.3 |
| Deferred income taxes on items taken to other comprehensive income | 24 | — | — | — | — | (4.1) | — | — | (4.1) |
| Total comprehensive income for the year | | — | — | — | — | 38.4 | — | (15.2) | 23.2 |
| Equity dividends | 21 | — | — | — | — | (14.2) | — | — | (14.2) |
| Equity settled share based compensation charges | | — | — | — | — | — | — | 2.5 | 2.5 |
| Utilization of treasury shares | 20 | — | — | 0.1 | 0.3 | — | — | (0.8) | (0.4) |
| Utilization of shares from ESOP | 20 | — | — | 1.7 | — | — | 0.1 | (2.8) | (1.0) |
| Repurchase of own shares | 20 | — | — | — | (11.1) | — | — | — | (11.1) |
| Cancellation of deferred shares | 20 | — | (149.9) | 149.8 | — | — | — | — | (0.1) |
| Other changes in equity in the year | | — | (149.9) | 151.6 | (10.8) | (14.2) | 0.1 | (1.1) | (24.3) |
| At December 31, 2022 | | 26.5 | — | 231.3 | (20.4) | 371.5 | (1.0) | (410.0) | 197.9 |
| Net income for the year | | — | — | — | — | 1.8 | — | — | 1.8 |
| Currency translation differences | | — | — | — | — | — | — | 6.8 | 6.8 |
| Remeasurement of defined benefit retirement plans | | — | — | — | — | 10.9 | — | — | 10.9 |
| Deferred income taxes on items taken to other comprehensive income | 24 | — | — | — | — | (3.1) | — | — | (3.1) |
| Total comprehensive income for the year | | — | — | — | — | 9.6 | — | 6.8 | 16.4 |
| Equity dividends | 21 | — | — | — | — | (14.0) | — | — | (14.0) |
| Equity settled share based compensation charges | | — | — | — | — | — | — | 2.8 | 2.8 |
| Utilization of treasury shares | 20 | — | — | — | 0.2 | — | — | (0.3) | (0.1) |
| Utilization of shares from ESOP | 20 | — | — | 0.8 | — | — | 0.1 | (1.2) | (0.3) |
| Repurchase of own shares | 20 | — | — | — | (2.7) | — | — | — | (2.7) |
| Other changes in equity in the year | | — | — | 0.8 | (2.5) | (14.0) | 0.1 | 1.3 | (14.3) |
| At December 31, 2023 | | 26.5 | — | 232.1 | (22.9) | 367.1 | (0.9) | (401.9) | 200.0 |

- (1) Other reserves include, a translation reserve of \$58.2 million deficit (2022: deficit of \$65.0 million), a merger reserve of \$333.8 million deficit (2022: \$333.8 million deficit) and a share based compensation reserve of \$9.9 million deficit (2022: \$11.2 million deficit).

LUXFER HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts in millions, except share and per share data

1. Material accounting policies***Basis of preparation and statement of compliance with IFRS***

The consolidated financial statements have been prepared in accordance with UK-adopted 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, 2023. The consolidated financial statements have been prepared on a historical cost basis, except where IFRS requires or permits fair value measurement.

The financial statements of Luxfer Holdings PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 2025. There is sufficient headroom in our covenant compliance which would enable the Group to drawdown on the Revolving Credit Facility ("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 25, 2024, which is the date the consolidated financial statements were authorized by the Board. The consolidated financial statements were issued on April 25, 2024.

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. These financial statements present the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity, for the year ending December 31, 2023, along with prior year comparatives for the year ending December 31, 2022. 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 material accounting policies which follow, set out those policies which apply in preparing the consolidated financial statements for the years ended December 31, 2022 and December 31, 2023.

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, 2023, they are exempt from audit.

Parent Company Guarantee (continued)

| Name of Company | Company registered number |
|---|----------------------------------|
| 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 Overseas Holdings Limited | 3081726 |

Presentational and functional 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 is USD. The functional currency of UK subsidiaries is GBP.

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 least 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.

Other intangible assets (continued)

| | |
|--------------------------------|---------------|
| Trading and technology related | 14 – 25 years |
| Customer related | 15 - 25 years |
| Development costs | 5 – 10 years |
| Software | 4 – 7 years |

Amortisation expense is recognised within administrative expenses in the income statement.

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 Company'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, or other related obligations in the Company's contracts.

Payment terms and conditions vary by contract type and may include a requirement of payment in advance. In general, our payment terms are 30 to 60 days. 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 are 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 realised or realisable and has been earned. Revenue is recognised when the following are met: (i) persuasive evidence of an arrangement exists; (ii) shipment or delivery has occurred (depending on the terms of the sale), which is when the transfer of product or control occurs; (iii) our price to the buyer is fixed or determinable; and (iv) the ability to collect is reasonably assured. Transaction prices are determined depending on terms agreed with customers, revenue is recognized in line with the amount invoiced to customers.

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 and Capital Work in Progress are not depreciated.

Property, plant and equipment (continued)

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.

During the Company's recently commenced strategic review, in December 2023, the Company determined that the Graphic Arts business no longer aligns with the overall Luxfer strategy and have initiated a process to divest the Graphic Arts business in 2024. As a result of such decision and its impact on the Company's hold period, a \$12.7 million impairment charge has been recognized in 2023, disclosed as other operating expenses in the consolidated income statement, relating to right of use assets, \$1.6 million, and property, plant and equipment, \$11.1 million, in our Graphic Arts segment.

An item of property, plant and equipment is derecognised 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 derecognised.

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. These are measured at the lower of their carrying value and fair value less costs to sell except for assets such as deferred tax assets and assets arising from employee benefits and classified as held-for-sale on the face of the consolidated balance sheet. Impairments recognized on the assets and liabilities will be taken to the income statement and presented within other operating expenses.

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.

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.

Foreign currencies (continued)

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 recognised 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.

Leases (continued)

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. At December 31, 2023 the UK pension plan was in a surplus position and the non-U.K. plans were in a deficit position.. Management have assessed that it is appropriate to recognise the UK surplus in line the requirements of IFRIC 14 and IAS 19.

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

Provisions

Provisions are recognised 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.

Earnings per share

Basic earnings per share are computed by dividing net income for the period by the weighted-average number of ordinary shares outstanding, net of Treasury shares and shares held in ESOP. Diluted earnings per share are computed by dividing net income for the period by the weighted average number of ordinary shares outstanding and the dilutive ordinary share equivalents.

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 within other operating expenses, on the face of the Consolidated 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 to net realisable 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. Management believes that the use of separate disclosures, 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, short-term deposits with an original maturity date of three months or less, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. 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.

Trade and other receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional. 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 expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the 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.

Bank and other loan interest

Finance costs related to bank and other loans are charged to the income statement when incurred.

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. Gains and losses arising from derivative financial instruments are recognized directly in the consolidated income statement.

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. 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 material 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.

Pensions

The present value of future obligations of pensions are determined from actuarial valuations. Inherent in these valuations are assumptions, including: (i) discount rates; (ii) inflation rates; (iii) pension increases; and (iv) life expectancy. 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 net pension assets at December 31, 2023 are \$40.2 million (2022: \$25.4 million). Further details are given in Note 30.

(i) Discount rate

The discount rate used represents the annualized yield based on a cash flow matched methodology with reference to an AA corporate bond spot curve and having regard to the duration of the Plan's liabilities. This yield produced a weighted-average discount rate for our U.K. plans of 4.50% in 2023 and 4.80% in 2022. The discount rate on our U.S. plans was 5.10% in 2022 and not applicable for 2023 since the plan was sold. There are no known or anticipated changes in our discount rate assumption that will impact our pension expense in 2023. To indicate the sensitivity of results to this assumption, a 0.1% per annum increase in the discount rate for our U.K. plans would reduce the value of the liabilities and therefore increase the pension surplus by approximately \$2.0 million and increase the projected 2023 income statement credit by approximately \$0.2 million.

Critical accounting judgments and key sources of estimation uncertainty (continued)*Pensions (continued)**(ii) Inflation rate*

In September 2019, the UK Statistics Authority announced plans to reform the RPI inflation index. On November 25, 2020, the government and UK Statistics Authority confirmed these plans to reform the RPI index to bring it into line with the CPIH index from 2030, with no compensation for the holders of index-linked gilts. Inflation measured by the CPIH is consistently significantly lower than that measured by RPI, and therefore, these plans imply a significant expected reduction in RPI inflation from 2030 onwards. As a result we have taken a stepped approach and used different inflation rates pre and post 2030. To indicate the sensitivity of results to the CPI assumption, a 0.1% per annum decrease in all CPI-linked assumptions, (including pension increases) for our U.K. plan, would reduce the value of the liabilities and therefore increase the pension surplus at December 31, 2022 by approximately \$1.0 million.

(iii) Pension increases

The pension increase assumptions have been set with reference to the corresponding CPI inflation assumption and take account of the caps and floors applicable to the various components of pension indexation. Life expectancy The life expectancies of male and female members aged 65 on 31 December 2023 are assumed to be 21.2 and 23.1 years, respectively, with the life expectancies of male and female members aged 65 on 31 December 2042 assumed to be 22.5 and 24.6 years, respectively. To indicate the sensitivity of results to the life expectancy assumption, a one year increase in assumed life expectancy on the U.K. plan could increase the value of the liabilities and therefore decrease the pension surplus at December 31, 2023 by approximately \$8.0 million.

Provisions

Accruals are recorded for various contingencies, including legal proceedings, self-insurance and other claims that arise in the normal course of business. The accruals are based on judgment, the probability of losses and, where applicable, the consideration of opinions of internal and/or external legal counsel and actuarial determined estimates. Additionally, we record receivables from third party insurers when recovery has been determined to be virtually certain. Our critical judgment revolves around the recognition of litigation and environmental liabilities in relation to the closure of our French site. We have recognized a provision of \$3.0 million, for which we have engaged with external experts to assist with the valuation of these liabilities.

Goodwill and other identifiable intangible assets

Business combinations are accounted for using the purchase 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 measurement of non-controlling interest is at fair value and is determined on a transaction by transaction basis. Acquisition costs are expensed as incurred.

Goodwill represents the excess of the cost of acquired businesses over the net of the fair value of identifiable tangible net assets, identifiable intangible assets purchased, and liabilities assumed.

Goodwill is tested at least annually for impairment and is tested for impairment more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is tested for impairment by assessing the recoverable amount of each cash-generating unit, or group of cash generating units, to which the goodwill relates. For all other non-financial assets (including other intangible assets, property, plant and equipment, right of use assets and investment property) the Group performs impairment testing where there are indicators of impairment.

The recoverable amount is the higher of fair value less costs of disposal, and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised immediately in the Group income statement.

Critical accounting judgments and key sources of estimation uncertainty (continued)*Goodwill and other identifiable intangible assets (continued)*

Management completed a quantitative goodwill impairment evaluation on the last day of the third quarter of 2023. No impairment was identified as a result of this assessment.

The recoverable amount of each of the cash-generating units (“CGU”) holding goodwill was 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 2.1%. The 3-year business plans were driven by detailed sales forecasts by product type and a best estimate of future demand by end market, using current margins. The cash flows included allowances for capital maintenance costs, along with working capital requirements based on the projected level of sales. A pre-tax discount rate of between 10.0% and 10.2% was used for the individual 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 at current levels, but the exchange rates used were USD:GBP of \$1.25 and USD:EUR of \$1.16.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use of each CGU was determined by management using a discounted cash flow analysis. Projecting discounted future cash flows required management 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.

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.

Impact of global conflicts

The Russian invasion of Ukraine and ongoing military conflict which commenced on February 24, 2022, has resulted in massive displacement of the Ukrainian population and huge disruption to its economy. Wide ranging sanctions have been imposed on the Russian Federation by the international community, targeting individuals, banks, businesses, funds transfers and imports and exports and are having a significant impact on Russia's economy as well as on international businesses active in the region. The impact on Luxfer in 2022 and 2023 was not significant as we have no direct operations in the region, and our sales to Russia and Ukraine combined typically represent less than one percent of total revenue by destination. Furthermore, neither country is a critical supplier of our raw material needs, and whilst we continue to source magnesium from Russia, a major global exporter, we are also able to source the metal from various alternative locations, including China, Israel, Turkey and the United States. This is also evident in the current war in the Middle East that is causing macro-economic disruption which could affect the Company and/or our supply chain, business partners or customers, although the current impact on Luxfer is not significant.

Changes in material accounting policies

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

New standards and amendments to standards not applied

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 January 2023. These either have been, or are expected to be, endorsed by the UK Endorsement Board and are not expected to have a material impact on the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current, effective from 1 January 2024;
- Amendments to IAS 1: Non-current Liabilities with Covenants, effective from 1 January 2024;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, effective from 1 January 2024;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture; and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective from 1 January 2024.

2. Revenue

Disaggregated revenue disclosures for the fiscal years ended December 31, 2023 and December 31, 2022 are presented below.

| <i>In millions</i> | Net sales by end-market | | | |
|--------------------------------------|-------------------------|--------------|--------------|--------------|
| | 2023 | | | |
| | Gas Cylinders | Elektron | Graphic Arts | Total |
| General industrial | 32.0 | 54.9 | 31.5 | 118.4 |
| Transportation | 70.6 | 48.7 | — | 119.3 |
| Defense, First Response & Healthcare | 83.8 | 83.5 | — | 167.3 |
| Total | 186.4 | 187.1 | 31.5 | 405.0 |

| | 2022 | | | |
|--------------------------------------|---------------|--------------|--------------|--------------|
| | Gas Cylinders | Elektron | Graphic Arts | Total |
| General industrial | 34.0 | 82.8 | 38.7 | 155.5 |
| Transportation | 77.8 | 55.1 | — | 132.9 |
| Defense, First Response & Healthcare | 71.9 | 63.1 | — | 135.0 |
| Total | 183.7 | 201.0 | 38.7 | 423.4 |

| | Net Sales ⁽¹⁾ | | | |
|---------------------------|--------------------------|---------------|--------------|---------------|
| | 2023 | | 2022 | |
| | \$M | Percent | \$M | Percent |
| United States | 243.1 | 60.0 % | 243.2 | 57.5 % |
| U.K. | 19.7 | 4.9 % | 20.7 | 4.9 % |
| Japan | 19.3 | 4.8 % | 18.2 | 4.3 % |
| Germany | 19.2 | 4.7 % | 19.2 | 4.5 % |
| Canada | 11.2 | 2.8 % | 12.8 | 3.0 % |
| Top five countries | 312.5 | 77.2 % | 314.1 | 74.2 % |
| Rest of Europe | 47.5 | 11.7 % | 49.4 | 11.7 % |
| Asia Pacific | 28.0 | 6.9 % | 39.1 | 9.2 % |
| Other ⁽²⁾ | 17.0 | 4.2 % | 20.8 | 4.9 % |
| Total | 405.0 | | 423.4 | |

⁽¹⁾ Net sales are based on the geographic destination of sale.

⁽²⁾ Other includes South America, Latin America and Brazil.

The Company's performance obligations are satisfied at a point in time. With the classification of our Superform business as discontinued operations, none of the Company's continuing revenue is satisfied over time. As a result, the Company's contract receivables, contract assets and contract liabilities at December 31, 2023 and December 31, 2022, are disclosed within current assets and liabilities held-for-sale.

3. Segmental Information

We classify our operations into business segments, 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 Company has five identified business units, which aggregate into three reportable segments within continuing operations, and one within discontinued operations. Luxfer Gas Cylinders forms the Gas Cylinders segment, and Luxfer MEL Technologies and Luxfer Magtech aggregate into the Elektron segment. As of December 31, 2023, it was determined that the Luxfer Graphic Arts reporting segment no longer met the criteria, specifically, similar economic characteristics, to be aggregated within the Elektron segment for 2023. As a result, Luxfer Graphic Arts has been disaggregated from the Elektron segment and is being reported separately as the Graphic Arts segment. The Elektron segment's results for 2022 and 2021 have been adjusted to exclude Graphic Arts' results. Our Superform business unit used to aggregate into the

Gas Cylinders segment but is now recognized within discontinued operations. A summary of the operations of the segments within continuing operations is provided below:

Gas Cylinders segment

Our Gas Cylinders segment manufactures and markets specialized highly-engineered cylinders, using composites and aluminum alloys, 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 applications.

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; and highperformance zirconium-based materials and oxides used as catalysts and in the manufacture of advanced ceramics, fiber-optic fuel cells, and many other performance products.

Graphic Arts segment

Our Graphic Arts segment provides a full range of pre-sensitized magnesium, copper and zinc plates, along with associated chemicals, for the production of foil-stamping and embossing dies. In addition, non-sensitized polished brass and magnesium plates are also manufactured for computer numerical control ('CNC') engraving. The segment also advises on turnkey engraving operations, complete with etching machines, computer-to-plate ('CtP') machines, exposure units and film setters.

Other

Other, as used below, 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, the CEO, who is responsible for allocating resources and assessing performance of the operating segments, using adjusted EBITA⁽¹⁾ and adjusted EBITDA⁽²⁾, which is defined as segment income, and is based on operating income adjusted for share-based compensation charges; restructuring charges; impairment charges; other charges; acquisitions and disposals costs; and depreciation and amortization.

Unallocated assets and liabilities include those which are held on behalf of the Company 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.

3. Segmental Information (continued)

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

| <i>In millions</i> | Net Sales | | Adjusted EBITDA ⁽²⁾ | |
|-----------------------|-----------|----------|--------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Gas Cylinders segment | \$ 186.4 | \$ 183.7 | \$ 16.7 | \$ 12.8 |
| Elektron segment | 187.1 | 201.0 | 26.6 | 42.5 |
| Graphic Arts segment | 31.5 | 38.7 | (4.5) | 7.8 |
| Consolidated | \$ 405.0 | \$ 423.4 | \$ 38.8 | \$ 63.1 |

During 2023 there were \$0.7 million sales made between our Elektron segment and Graphic Arts segment (2022: \$0.4 million).

| <i>In millions</i> | Depreciation and amortization | | Other operating expenses | |
|-----------------------|-------------------------------|---------|--------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Gas Cylinders segment | \$ 4.1 | \$ 4.8 | \$ 5.9 | \$ 2.0 |
| Elektron segment | 6.6 | 6.6 | 0.5 | 0.7 |
| Graphic Arts segment | 2.0 | 2.2 | 12.7 | — |
| Consolidated | \$ 12.7 | \$ 13.6 | \$ 19.1 | \$ 2.7 |

| <i>In millions</i> | Capital expenditure | |
|-------------------------|---------------------|--------|
| | 2023 | 2022 |
| Gas Cylinders segment | \$ 2.1 | \$ 1.2 |
| Elektron segment | 6.1 | 6.7 |
| Graphic Arts segment | 1.0 | 0.7 |
| Discontinued operations | \$ 0.1 | \$ — |
| Consolidated | \$ 9.3 | \$ 8.6 |

| <i>In millions</i> | Total assets | | Total liabilities | |
|-------------------------|--------------|----------|-------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Gas Cylinders segment | \$ 124.4 | \$ 128.5 | \$ 46.7 | \$ 47.3 |
| Elektron segment | 160.0 | 169.7 | 26.2 | 43.2 |
| Graphic Arts segment | 19.6 | 43.9 | 3.2 | 6.0 |
| Unallocated | 49.2 | 46.5 | 81.1 | 97.3 |
| Discontinued operations | \$ 7.8 | \$ 8.1 | \$ 3.8 | \$ 5.0 |
| Consolidated | \$ 361.0 | \$ 396.7 | \$ 161.0 | \$ 198.8 |

| <i>In millions</i> | Non-current assets | |
|--------------------|--------------------|----------|
| | 2023 | 2022 |
| United States | \$ 82.5 | \$ 110.1 |
| United Kingdom | 89.3 | 76.7 |
| Rest of Europe | 1.0 | 1.0 |
| Canada | 18.8 | 7.3 |
| Asia Pacific | \$ 0.5 | \$ 0.5 |
| | \$ 192.1 | \$ 195.6 |

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

⁽²⁾ 2023 and 2022 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 27/02/2024.

4. Operating profit

Operating profit for continuing activities is stated after charging / (crediting):

| | 2023 | 2022 |
|---|--------------|--------------|
| | \$M | \$M |
| Research and development expenditure charged to the consolidated income statement | 4.6 | 4.9 |
| Depreciation of property, plant and equipment (Note 12) | 12.0 | 12.6 |
| Right-of-use asset depreciation (Note 26) | 3.3 | 4.4 |
| Amortization of intangible assets (Note 13) | 0.7 | 1.0 |
| Other operating expenses (Note 6) | 19.1 | 2.7 |
| Net foreign exchange losses / (gains) | 1.3 | (2.0) |
| Staff costs (Note 7) | 106.9 | 103.3 |
| Cost of inventories recognized as expense (Note 16) | <u>194.7</u> | <u>197.1</u> |

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, 2023 and December 31, 2022 is analyzed below.

| | 2023 | 2022 |
|---|------------|------------|
| | \$M | \$M |
| Fees payable to auditors for audit services: | | |
| Fees payable to auditors for the audit of the consolidated financial statements and the financial statements of certain of the Company's subsidiaries | 1.7 | 1.5 |
| Fees payable to auditors for non-audit services: | | |
| Other audit related services | 0.1 | — |
| Total fees payable | <u>1.8</u> | <u>1.5</u> |

The audit fee for the company financial statements of Luxfer Holdings PLC was \$0.1 million (2022: \$0.1 million).

6. Other operating expenses

| | 2023 | 2022 |
|---|-------------|------------|
| | \$M | \$M |
| (a) Restructuring and other expense | | |
| Charged to operating profit: | | |
| Rationalization of operations | 6.4 | 1.9 |
| Asset impairments | 12.7 | — |
| Environmental remediation costs | — | 0.5 |
| | <u>19.1</u> | <u>2.4</u> |
| (b) Net loss on acquisitions and disposals | | |
| Charged to operating profit: | | |
| Merger and acquisition costs | — | 0.3 |

Rationalization of operations

During 2023 and 2022 we initiated and continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business.

In 2023, the \$6.4 million rationalization of operations includes:

- \$3.0 million of asset impairments and \$2.3 million asset relocation, restructuring and other costs in relation to the rationalization of our North American Gas Cylinders businesses to reduce our fixed cost base;
- An additional \$0.4 million in relation to the closure of Luxfer Gas Cylinders France;
- \$0.2 million of further redundancies within our Gas Cylinders division;
- \$0.5 million of waste clean up costs and \$0.2 million of asset impairments in the Elektron division in relation to the consolidation of production facilities in the Magnesium Powders operations; and
- \$0.2 million credit in relation to the closure of our Elektron Division's Canadian facility.

In 2022, the \$1.9 million rationalization of operations includes:

- An additional \$1.7 million of costs in relation to the closure of Luxfer Gas Cylinders' French site, which was largely legal and professional fees; and
- \$0.2 million of costs relating to one-time employee termination benefits, in the Elektron division, in relation to the consolidation of production facilities in the Magnesium Powders operations.

Asset impairments

The \$12.7 million impairment charges incurred in 2023 arose from fully writing down property, plant and equipment, \$11.1 million, and right of use assets, \$1.6 million, from operating leases within our Graphic Arts division as a result of our annual impairment and strategic review.

Environmental remediation costs

In 2022, the Company recognized \$0.5 million, in other charges on the consolidated income statement relating environmental clean-up costs resulting from historical business activity.

Net loss on acquisitions and disposals

In March 2021, the Company completed the acquisition of the Structural Composites Industries LLC ("SCI") business of Worthington Industries, Inc., based in Pomona, California.

Acquisition-related costs of \$0.3 million in 2022, represent transitional costs and professional fees incurred in relation to the above SCI acquisition.

7. Staff Costs

Staff costs from continuing operations were as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$M | \$M |
| Wages and salaries | 93.3 | 90.0 |
| Social security costs | 6.8 | 6.6 |
| Retirement benefits costs | 4.0 | 4.2 |
| IAS 19 Retirement benefits finance (credit) / charge | (1.1) | 1.6 |
| Share based compensation charges (Note 32) | 2.8 | 2.5 |
| | <u>105.8</u> | <u>104.9</u> |

The average number of employees during the year was made up as follows:

| | 2023 | 2022 |
|-----------------------------|--------------|--------------|
| | No. | No. |
| Production and distribution | 1,226 | 1,159 |
| Sales and administration | 192 | 188 |
| Research and development | 49 | 39 |
| | <u>1,467</u> | <u>1,386</u> |

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

| | 2023 | 2022 |
|---|------------|------------|
| | \$M | \$M |
| Remuneration (short-term benefits) | 1.1 | 1.8 |
| Social security costs | 0.1 | 0.1 |
| Post-retirement benefits | — | 0.1 |
| Total short-term and post-retirement benefits | <u>1.2</u> | <u>2.0</u> |

In 2023, compensation of key management personnel for the period they served on the Executive Leadership Team, (including directors) was \$4.8 million (2022: \$6.9 million) in total which includes; \$2.5 million (2022: \$2.8 million) for short-term employee benefits, \$1.9 million (2022: \$3.8 million) for long-term incentive plans and \$0.2 million (2022: \$0.2 million) for post-employment benefits. Social security costs were incurred of \$0.2 million (2022: \$0.1 million).

Details of the share awards granted are included in the Remuneration Report in Outstanding Share Awards During 2023, are on pages 66 to 67 of the Remuneration Report.

Further details of directors' remuneration are included in the Remuneration Report on pages 38 to 77. The Remuneration Report includes information in relation to the highest paid Director.

During 2023, one director (2022: two directors) 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 33 for related party transactions.

8. Finance costs

Finance costs from continuing operations was as follows:

| | 2023 | 2022 |
|---|------------|------------|
| | \$M | \$M |
| Bank and other loan interest payable | 6.7 | 3.9 |
| Amortization of issue costs | 0.4 | 0.5 |
| Lease interest payable | 0.9 | 0.9 |
| IAS 19R retirement benefits finance (credit) / charge | (1.1) | 1.6 |
| Total finance costs | 6.9 | 6.9 |

9. Income tax (credit) / expense**(a) Analysis of taxation (credit) / charge for the year**

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$M | \$M |
| Current income taxes: | | |
| U.K. corporation tax | — | 0.3 |
| Adjustments in respect of previous years | 0.4 | (3.9) |
| | 0.4 | (3.6) |
| Non-U.K. tax | 1.3 | 5.1 |
| Adjustments in respect of previous years | (0.4) | (2.7) |
| Total current tax charge / (credit) | 1.3 | (1.2) |
| Deferred income taxes: | | |
| Origination and reversal of temporary differences | (3.4) | 4.2 |
| Adjustments in respect of previous years | (0.4) | 3.6 |
| Total deferred income taxes (credit) / charge | (3.8) | 7.8 |
| Tax (credit) / charge on profit on operations | (2.5) | 6.6 |

The income tax (credit) / charges relate to continuing activities.

9. Income tax (credit) / expense (continued)

(b) Factors affecting the taxation (credit) / charge for the year

The tax assessed for the year differs (2022: differs) from the standard rate of 23.5% (2022: 19%) for corporation tax in the U.K.

The differences are explained below:

| | 2023 \$M | 2022 \$M |
|---|-------------|-------------|
| (Loss) / profit on operations before taxation | (1.4) | 38.9 |
| (Loss) / profit on operations at 2023 standard rate of corporation tax in the U.K. of 23.5% (2022: 19%) | (0.3) | 7.4 |
| Effects of: | | |
| Non-deductible expenses | (1.3) | 0.7 |
| Movement in unprovided deferred income taxes | (0.2) | 0.6 |
| Foreign tax rate differences | 0.6 | 1.5 |
| Effect of changes in tax rates | 0.1 | (0.1) |
| Adjustment in respect of previous years | (0.4) | (3.0) |
| Other | (1.0) | (0.5) |
| Tax (credit) / expense | (2.5) | 6.6 |

(c) Factors that may affect future taxation charge

At December 31, 2023, the Company had carried forward tax losses and tax credits of \$74.1 million (U.K.: \$16.5 million, non-U.K.: \$57.6 million). Carried forward tax losses and tax credits for 2022 were \$74.8 million (U.K.: \$15.6 million, non-U.K.: \$59.2 million). To the extent that these losses are not already recognized as deferred income taxes assets and are 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. A valuation allowance of \$17.0 million (2022: \$16.5 million, 2021: \$18.0 million) exists for deferred tax benefits related to the tax loss and tax credit carry forwards and other benefits that may not be realized. The apportionment of the valuation allowance between the U.K. and non-U.K. jurisdictions is U.K.: \$3.9 million, non-U.K.: \$13.1 million (2022: U.K.: \$3.5 million, non-U.K.: \$13.0 million; 2021: U.K.: \$4.1 million, non-U.K.: \$13.9 million). The non-U.K. valuation allowances relates to tax losses in France and Germany.

Of the carried forward tax losses and tax credits as at December 31, 2023, \$8.0 million expire between 2024 and 2034, and \$66.1 million are available for indefinite carry-forward.

In March 2021 an increase in the U.K. corporation tax rate from 19% to 25% was announced, effective from April 1, 2023. Deferred tax liabilities and assets which are expected to unwind after April 1, 2023 have been valued at 25%.

10. Acquisitions and disposals

In March 2021, the Company completed the acquisition of the Structural Composites Industries LLC ("SCI") business of Worthington Industries, Inc., based in Pomona, California, for \$19.3 million cash consideration. The fair value of assets and liabilities acquired were equal to the cash consideration paid.

There were acquisition-related costs of \$0.3 million in 2022. These represented transitional costs and professional fees incurred in relation to the above SCI acquisition.

11. Discontinued Operations

Our Superform aluminum superplastic forming business, which operated 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. We expect our Superform U.S. business to be sold within the next twelve months.

Our U.S. aluminum gas cylinder business was sold in March 2021 for \$20.2 million, net of working capital adjustments. The Company recognized a gain on disposition, net of tax, of \$7.1 million.

In September 2021, our Superform U.K. business was sold for \$4.0 million, net of working capital adjustments. The Company recognized a loss on disposition, net of tax, of \$0.5 million.

In 2022, the Company recognized impairment and disposal-related costs of \$2.6 million and \$2.0 million respectively, in relation to the previous dispositions which occurred in 2021.

In 2023, the Company recognized a disposal-related credit of \$0.2 million, in relation to a previously impaired asset from the previous dispositions which occurred 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 Sheets at December 31, 2023, and December 31, 2022. In 2021, the Company recognized a \$1.5 million impairment charge relating to plant and equipment held in our Superform U.S. business reflecting updated expectations of fair market value.

Results of discontinued operations were as follows:

| | 2023 | 2022 |
|--|------------|--------------|
| | \$M | \$M |
| REVENUE | 8.2 | 7.7 |
| Cost of Sales | (6.4) | (6.9) |
| Gross profit | 1.8 | 0.8 |
| Distribution costs | — | (0.2) |
| Administrative expenses | (1.7) | (0.7) |
| Acquisition and disposal costs | 0.2 | (2.0) |
| Other operating expenses | (0.2) | (2.9) |
| OPERATING PROFIT / (LOSS) | 0.1 | (5.0) |
| Net finance costs | — | — |
| PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX | 0.1 | (5.0) |
| Income tax | 0.6 | (0.1) |
| NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS | 0.7 | (5.1) |

The discontinued cash flow statement is presented below:

| | 2023 | 2022 |
|--|----------|----------|
| | \$M | \$M |
| Cash flow from operating activities | 0.1 | 0.1 |
| Cash flow from investing activities | (0.1) | (0.1) |
| Cash flow from financing activities | — | — |
| Net change in cash and cash equivalents | — | — |

Depreciation of \$0.1m (2022: \$0.1m) and impairments of \$1.6m (2022: \$2.6m) were incurred in respect of discontinued operations. There were no other significant non-cash items relating to discontinued operations.

12. Property, plant and equipment

| | Freehold \$M | Long leasehold \$M | Short leasehold \$M | Plant and equipment \$M | Capital Work in Progress \$M | Total \$M |
|---|-----------------|--------------------------|---------------------------|-------------------------------|---------------------------------------|--------------|
| Cost: | | | | | | |
| At January 1, 2022 | 44.8 | 9.4 | 10.5 | 264.3 | 8.2 | 337.2 |
| Additions | — | — | — | 1.2 | 7.4 | 8.6 |
| Disposals | — | — | — | (1.0) | — | (1.0) |
| Transfers - Held for sale | (4.3) | — | — | — | — | (4.3) |
| Transfers | 1.1 | — | — | 4.1 | (5.2) | — |
| Exchange difference | (1.6) | (0.9) | (0.1) | (15.5) | (0.7) | (18.8) |
| At December 31, 2022 | 40.0 | 8.5 | 10.4 | 253.1 | 9.7 | 321.7 |
| Additions | 0.2 | — | — | 0.2 | 8.9 | 9.3 |
| Transfers | 0.7 | 0.1 | 1.1 | 3.7 | (5.6) | — |
| Exchange difference | 0.8 | 0.4 | — | 7.6 | 0.5 | 9.3 |
| At December 31, 2023 | 41.7 | 9.0 | 11.5 | 264.6 | 13.5 | 340.3 |
| Accumulated depreciation and impairment: | | | | | | |
| At January 1, 2022 | 30.8 | 6.5 | 7.5 | 205.1 | — | 249.9 |
| Provided during the year | 1.2 | 0.4 | 0.4 | 10.6 | — | 12.6 |
| Disposals | — | — | — | (0.8) | — | (0.8) |
| Transfers - Held for sale | (3.1) | — | — | — | — | (3.1) |
| Exchange difference | (1.1) | (0.6) | — | (12.9) | — | (14.6) |
| At December 31, 2022 | 27.8 | 6.3 | 7.9 | 202.0 | — | 244.0 |
| Provided during the year | 1.1 | 0.4 | 0.5 | 10.0 | — | 12.0 |
| Impairment | — | — | 3.1 | 9.8 | 0.4 | 13.3 |
| Exchange difference | 0.6 | 0.3 | — | 6.3 | — | 7.2 |
| At December 31, 2023 | 29.5 | 7.0 | 11.5 | 228.1 | 0.4 | 276.5 |
| Net book values: | | | | | | |
| At December 31, 2023 | 12.2 | 2.0 | — | 36.5 | 13.1 | 63.8 |
| At December 31, 2022 | 12.2 | 2.2 | 2.5 | 51.1 | 9.7 | 77.7 |
| At January 1, 2022 | 14.0 | 2.9 | 3.0 | 59.2 | 8.2 | 87.3 |

13. Intangible assets

| | Goodwill | Customer related | Technology and trading related | Development costs | Software | Total |
|---|----------|------------------|--------------------------------|-------------------|----------|-------|
| | \$M | \$M | \$M | \$M | \$M | \$M |
| Cost: | | | | | | |
| At January 1, 2022 | 79.4 | 15.2 | 8.7 | 4.0 | 1.8 | 109.1 |
| Exchange difference | (5.1) | — | (0.8) | — | (0.2) | (6.1) |
| At December 31, 2022 | 74.3 | 15.2 | 7.9 | 4.0 | 1.6 | 103.0 |
| Exchange difference | 2.4 | — | 0.4 | — | 0.1 | 2.9 |
| At December 31, 2023 | 76.7 | 15.2 | 8.3 | 4.0 | 1.7 | 105.9 |
| Accumulated amortization and impairment: | | | | | | |
| At January 1, 2022 | 20.9 | 5.6 | 4.5 | 4.0 | 1.6 | 36.6 |
| Provided during the year | — | 0.5 | 0.3 | — | 0.2 | 1.0 |
| Exchange difference | (1.8) | — | (0.3) | — | (0.2) | (2.3) |
| At December 31, 2022 | 19.1 | 6.1 | 4.5 | 4.0 | 1.6 | 35.3 |
| Provided during the year | — | 0.4 | 0.3 | — | — | 0.7 |
| Exchange difference | 0.8 | — | 0.2 | — | 0.1 | 1.1 |
| At December 31, 2023 | 19.9 | 6.5 | 5.0 | 4.0 | 1.7 | 37.1 |
| Net book values: | | | | | | |
| At December 31, 2023 | 56.8 | 8.7 | 3.3 | — | — | 68.8 |
| At December 31, 2022 | 55.2 | 9.1 | 3.4 | — | — | 67.7 |
| At December 31, 2021 | 58.5 | 9.6 | 4.2 | — | 0.2 | 72.5 |

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

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 three defined reportable segments: Gas Cylinders Segment, Elektron Segment and Graphic Arts 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 | Graphic Arts Segment | Total |
|----------------------|--------------------------|---------------------|-------------------------|-------|
| | \$M | \$M | \$M | \$M |
| At January 1, 2022 | 19.6 | 38.9 | — | 58.5 |
| Exchange difference | (2.1) | (1.2) | — | (3.3) |
| At December 31, 2022 | 17.5 | 37.7 | — | 55.2 |
| Exchange difference | 0.9 | 0.7 | — | 1.6 |
| At December 31, 2023 | 18.4 | 38.4 | — | 56.8 |

The Gas Cylinders Segment goodwill of \$18.4 million (2022: \$17.5 million) relates wholly to the goodwill attributable to our Luxfer Gas Cylinders operations. The Elektron Segment goodwill of \$38.4 million (2022: \$37.7 million) included goodwill attributable to our Luxfer MEL Technologies operations of \$28.4 million (2022: \$27.8 million) and goodwill attributable to our Luxfer Magtech operations of \$10.0 million (2022: \$9.9 million); no goodwill is allocated to Luxfer Graphic Arts.

During 2022, management reviewed the reporting structure and as a result a strategic decision was taken for a portion of the Luxfer Magtech CGU to be integrated into Luxfer MEL Technologies. As a result, in accordance with IAS 36, \$23.6 million of Luxfer Magtech's goodwill was transferred to Luxfer MEL Technologies, representing the fair allocation of elements transferring to Luxfer MEL Technologies from Luxfer Magtech, therefore facilitating tracking of goodwill and subsequent impairment testing.

Management completed a quantitative goodwill impairment evaluation on the last day of the third quarter of 2023. No impairment was identified as a result of this assessment.

The recoverable amount of each of the cash-generating units ("CGU") holding goodwill was 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 2.1%. The 3-year business plans were driven by detailed sales forecasts by product type and a best estimate of future demand by end market, using current margins. The cash flows included allowances for capital maintenance costs, along with working capital requirements based on the projected level of sales. A pre-tax discount rate of between 10.0% and 10.2% was used for the individual 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 at current levels, but the exchange rates used were USD:GBP of \$1.25 and USD:EUR of \$1.16.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use of each CGU was determined by management using a discounted cash flow analysis. Projecting discounted future cash flows required management 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.

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, 2022 | 0.4 |
| Exchange difference | — |
| At December 31, 2022 | 0.4 |
| Exchange difference | — |
| At December 31, 2023 | <u>0.4</u> |

Investment in joint ventures and associates

At December 31, 2023, the Group had the following joint venture which affects 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 Company Limited | Japan | Ordinary shares | 50.0 % | Joint venture | Distribution |

The above ownership percentage remains consistent with 2022.

The share of results of the joint venture in 2023 and 2022 was less than \$100k, with no items recognised in other comprehensive income in 2023 or 2022.

The Group has looked in detail at the ownership agreement of its joint venture in order to determine the level of control that it has. The Group has determined that it has joint control of its joint venture, mainly based upon the number of members on the company board of directors and their associated voting rights.

Related party transactions with the joint venture have been disclosed in Note 33 to the Group's consolidated financial statements.

16. Inventories

| | December 31, 2023 \$M | December 31, 2022 \$M |
|-------------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | 34.7 | 42.7 |
| Work in progress | 34.8 | 44.0 |
| Finished goods and goods for resale | 26.4 | 24.4 |
| | <u>95.9</u> | <u>111.1</u> |

Inventories above are disclosed net of any provisions for obsolete and excess inventories. The provision against obsolete and excess inventories at December 31, 2023 was \$8.2 million (2022: \$8.3 million). The cost of inventories recognized as an expense in continuing operations during the year was \$194.7 million (2022: \$197.1 million). The cost of inventories written-off during 2023 was \$nil (2022: \$0.2 million).

17. Trade and other receivables

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|----------------------|----------------------|
| | \$M | \$M |
| Current Assets | | |
| Trade receivables | 52.5 | 56.5 |
| Income tax receivable | 1.2 | — |
| Other receivables | 1.5 | 4.0 |
| Prepayments and accrued income | 5.9 | 6.6 |
| Derivative financial instruments | 0.4 | 0.7 |
| | <u>61.5</u> | <u>67.8</u> |

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

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 \$0.7 million due to credit risk. The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at December 31, 2023 based on aging profile:

| | Default rate ⁽¹⁾ | Gross carrying amount | Lifetime expected credit loss |
|------------------------|-----------------------------|-----------------------------|-------------------------------------|
| Trade receivables | % | \$M | \$M |
| Current (not past due) | — % | 43.4 | — |
| 1-30 days past due | — % | 7.1 | — |
| 31-60 days past due | — % | 0.9 | — |
| 61-90 days past due | — % | 0.1 | — |
| 91-120 days past due | — % | 0.5 | — |
| > 120 days past due | 60.0 % | 1.2 | 0.7 |
| | | <u>53.2</u> | <u>0.7</u> |

⁽¹⁾ Default rate is applied to uninsured trade receivables.

At December 31, 2023, trade receivables with a nominal value of \$0.7 million (2022: \$0.6 million) were impaired and fully provided for. Movements in the impairment of trade receivables were as follows:

| | 2023 | 2022 |
|---------------------------------------|------------|------------|
| | \$M | \$M |
| At January 1 | 0.6 | 0.7 |
| Charge in the year | 0.1 | 0.1 |
| Recoveries for expected credit losses | — | (0.2) |
| At December 31 | <u>0.7</u> | <u>0.6</u> |

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*. We expect our Superform U.S. business to be sold within the next twelve months. The criteria required by IFRS 5 continues to be met and therefore the Superform business continues to be classified as held-for-sale.

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.

| | December 31, 2023 | December 31, 2022 |
|---|------------------------------|------------------------------|
| | \$M | \$M |
| Reclassified to held-for-sale assets and liabilities | | |
| Property, plant and equipment | 1.2 | 1.2 |
| Right-of-use assets | 2.1 | 2.7 |
| Inventories | 3.3 | 2.7 |
| Trade and other receivables | 2.3 | 2.7 |
| Held-for-sale assets | 8.9 | 9.3 |
| Reclassified to held-for-sale liabilities | | |
| Trade and other payables | 1.5 | 2.0 |
| Lease liability | 2.4 | 3.0 |
| Held-for-sale liabilities | 3.9 | 5.0 |

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

19. Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|--------------------------|----------------------|----------------------|
| | \$M | \$M |
| Cash at bank and in hand | 2.6 | 12.9 |
| | <u>2.6</u> | <u>12.9</u> |

Included within the cash at bank and in hand balance is \$0.3 million (2022: \$0.3 million) cash held in escrow, as restricted cash.

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows as follows:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| | \$M | \$M |
| Cash at bank and in hand | 2.6 | 12.9 |
| Overdraft (see note 22) | (4.6) | — |
| Balance per consolidated statement of cash flows | <u>(2.0)</u> | <u>12.9</u> |

20. Share capital

(a) Ordinary share capital

| | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | No. | No. | \$M | \$M |
| Authorized: | | | | |
| Ordinary shares of £0.50 each | 40,000,000 | 40,000,000 | 35.7 (1) | 35.7 (1) |
| | <u>40,000,000</u> | <u>40,000,000</u> | <u>35.7 (1)</u> | <u>35.7 (1)</u> |
| Allotted, called up and fully paid: | | | | |
| Ordinary shares of £0.50 each | 28,944,000 | 28,944,000 | 26.5 (1) | 26.5 (1) |
| | <u>28,944,000</u> | <u>28,944,000</u> | <u>26.5 (1)</u> | <u>26.5 (1)</u> |

(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, 2023, there were 26,834,628 (2022: 26,934,973) ordinary shares of Luxfer Holdings PLC listed on the New York Stock Exchange (NYSE).

20. Share capital (continued)**(b) Share premium account**

| | \$M |
|---------------------------------|--------------|
| At January 1, 2022 | 79.7 |
| Cancellation of treasury shares | 0.1 |
| Utilization of ESOP shares | 1.7 |
| Cancellation of ordinary shares | 149.8 |
| At December 31, 2022 | 231.3 |
| Utilization of ESOP shares | 0.8 |
| At December 31, 2023 | 232.1 |

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, 2022 | (9.6) |
| Purchase of treasury shares | (11.1) |
| Utilisation of treasury shares | 0.3 |
| At December 31, 2022 | (20.4) |
| Purchase of treasury shares | (2.7) |
| Utilisation of treasury shares | 0.2 |
| At December 31, 2023 | (22.9) |

In 2023, the Company purchased 210,000 ordinary shares for a total cost of \$2.7 million. 14,195 of these shares were utilized at \$0.2 million, with the remaining 185,805 retained within Treasury shares.

In 2022, the Company purchased 711,572 ordinary shares for a total cost of \$11.1 million. 9,424 of these shares were utilized at \$0.3 million, with the remaining 702,148 retained within Treasury shares.

At December 31, 2023, there were 1,473,571 (2022: 1,277,766) treasury shares held at a cost of \$22.9 million (2022: \$20.4 million).

(d) Own shares held by ESOP

| | \$M |
|----------------------------|--------------|
| At January 1, 2022 | (1.1) |
| Utilisation of ESOP shares | 0.1 |
| At December 31, 2022 | (1.0) |
| Utilisation of ESOP shares | 0.1 |
| At December 31, 2023 | (0.9) |

At December 31, 2023, there were 635,801 ordinary shares of £0.50 each (2022: 721,261 ordinary shares of £0.50 each) held by The Luxfer Group Employee Share Ownership Plan (the "ESOP").

21. Dividends paid and proposed

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$M | \$M |
| Dividends declared and paid during the year: | | |
| Interim dividend paid February 2, 2022 (\$0.125 per ordinary share) | — | 3.4 |
| Interim dividend paid May 4, 2022 (\$0.130 per ordinary share) | — | 3.6 |
| Interim dividend paid August 3, 2022 (\$0.130 per ordinary share) | — | 3.6 |
| Interim dividend paid November 2, 2022 (\$0.130 per ordinary share) | — | 3.6 |
| Interim dividend paid February 1, 2023 (\$0.130 per ordinary share) | 3.5 | — |
| Interim dividend paid May 3, 2023 (\$0.130 per ordinary share) | 3.5 | — |
| Interim dividend paid August 2, 2023 (\$0.130 per ordinary share) | 3.5 | — |
| Interim dividend paid November 1, 2023 (\$0.130 per ordinary share) | 3.5 | — |
| | <u>14.0</u> | <u>14.2</u> |
| | 2023 | 2022 |
| | \$M | \$M |
| Dividends declared and paid after December 31 (not recognized as a liability at December 31): | | |
| Interim dividend paid February 1, 2023: (\$0.130 per ordinary share) | — | 3.6 |
| Interim dividend paid February 7, 2024: (\$0.130 per ordinary share) | 3.5 | — |
| | <u>3.5</u> | <u>3.6</u> |

22. Bank and other loans

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|----------------------|----------------------|
| | \$M | \$M |
| Overdraft | 4.6 | — |
| Loan Notes due 2023—gross | — | 25.0 |
| Unamortized finance costs | — | — |
| Loan Notes due 2023—net | — | 25.0 |
| Loan Notes due 2026—gross | 25.0 | 25.0 |
| Unamortized finance costs | (0.1) | (0.2) |
| Loan Notes due 2026—net | 24.9 | 24.8 |
| Revolving credit facility—gross | 43.1 | 31.9 |
| Unamortized finance costs | (0.4) | (0.5) |
| Revolving credit facility—net | 42.7 | 31.4 |
| | <u>72.2</u> | <u>81.2</u> |
| Included in current liabilities | 4.6 | 25.0 |
| Included in non-current liabilities | 67.6 | 56.2 |
| | <u>72.2</u> | <u>81.2</u> |

In October 2021, the Company completed a refinancing of its existing Revolving Credit Facility, ("RCF"), extending its tenure to October 2026, while providing increased flexibility to incur additional indebtedness outside of this agreement if required and reducing the covenant burden.

At December 31, 2023, \$125 million (December 31, 2022, \$100 million) of committed debt facilities in the form of a multi-currency (GBP sterling, U.S. dollars or euros) RCF was available to the Company. In 2023, the Company increased the capacity from \$100 million to \$125 million and the RCF was used to fund the \$25 million Loan Notes repayment in June 2023. In addition, \$25 million of uncommitted facility capacity remains available through an accordion increase clause.

22. Bank and other loans (continued)

The RCF bears interest equal to an applicable margin, based upon the Company's leverage, plus either EURIBOR, in the case of amounts drawn in euros, SONIA (Sterling Overnight Index Average), in the case of amounts drawn in GBP sterling, or SOFR (Secured Overnight Financing Rate) in the case of amounts drawn in U.S. dollars. The weighted-average interest rate on the RCF was 7.70% and 3.80% in 2023 and 2022, respectively.

The bank overdraft is an uncommitted facility with no expiration date, this is reviewed annually and can be cancelled by either the bank or the Company on demand.

23. Provisions

| | Rationalization and redundancy | Employee benefits | Environmental provisions | Total |
|---|---|------------------------------|-------------------------------------|--------------|
| | \$M | \$M | \$M | \$M |
| At January 1, 2022 | 11.5 | 1.6 | 0.8 | 13.9 |
| Charged / (credited) to consolidated income statement | 1.9 | (0.4) | 0.5 | 2.0 |
| Cash payments | (9.0) | — | — | (9.0) |
| Translation | (0.7) | — | — | (0.7) |
| At December 31, 2022 | 3.7 | 1.2 | 1.3 | 6.2 |
| Charged to consolidated income statement | 3.2 | 0.3 | — | 3.5 |
| Cash payments | (3.2) | — | — | (3.2) |
| Translation | (0.3) | — | — | (0.3) |
| At December 31, 2023 | 3.4 | 1.5 | 1.3 | 6.2 |
| At December 31, 2023 | | | | |
| Included in current liabilities | 3.4 | — | — | 3.4 |
| Included in non-current liabilities | — | 1.5 | 1.3 | 2.8 |
| | 3.4 | 1.5 | 1.3 | 6.2 |
| At December 31, 2022 | | | | |
| Included in current liabilities | 3.7 | — | — | 3.7 |
| Included in non-current liabilities | — | 1.2 | 1.3 | 2.5 |
| | 3.7 | 1.2 | 1.3 | 6.2 |

Rationalization and redundancy

At December 31, 2023, the Group had \$3.4 million of provisions relating to redundancy and the rationalization of its operations (2022: \$3.7 million).

Employee benefits

At December 31, 2023, the Group had \$1.5 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. (2022: \$1.2 million).

Environmental provisions

At December 31, 2023, the Group had environmental provisions totaling \$1.3 million relating to environmental clean-up costs (2022: \$1.3 million).

24. Deferred income taxes

| | Accelerated tax depreciation | Other temporary differences | Tax losses | Excess interest capacity | Retirement benefit obligations | Total |
|---|------------------------------------|-----------------------------------|---------------|--------------------------------|--------------------------------------|-------|
| | \$M | \$M | \$M | \$M | \$M | \$M |
| At January 1, 2022 | (3.7) | 1.4 | 10.3 | — | (3.6) | 4.4 |
| (Charged) / credited to consolidated income statement | (0.6) | (3.0) | (7.8) | — | 3.6 | (7.8) |
| Charged to other comprehensive income | — | — | — | — | (4.1) | (4.1) |
| Exchange difference | — | 0.1 | (0.1) | — | (0.4) | (0.4) |
| At December 31, 2022 | (4.3) | (1.5) | 2.4 | — | (4.5) | (7.9) |
| Credited / (charged) to consolidated income statement | 3.4 | 0.7 | (0.8) | 2.0 | (1.5) | 3.8 |
| Charged to other comprehensive income | — | — | — | — | (3.1) | (3.1) |
| Exchange difference | 0.6 | (0.3) | 0.4 | — | (0.3) | 0.4 |
| At December 31, 2023 | (0.3) | (1.1) | 2.0 | 2.0 | (9.4) | (6.8) |

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, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| | \$M | \$M |
| Deferred income tax liabilities | (10.2) | (10.9) |
| Deferred income tax assets | 3.4 | 3.0 |
| Net deferred income tax (liabilities) / assets | (6.8) | (7.9) |

In March 2021 an increase in the U.K. corporation tax rate from 19% to 25% was announced, effective from April 1, 2023. Deferred tax liabilities and assets which are expected to unwind after April 1, 2023 have been valued at 25%.

25. Trade and other payables

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|----------------------|----------------------|
| | \$M | \$M |
| Non-current Liabilities | | |
| Accruals and deferred income | — | 0.2 |
| | — | 0.2 |
| Current Liabilities | | |
| Trade payables | 25.6 | 38.1 |
| Other taxation and social security | 0.2 | 0.3 |
| Accruals and deferred income | 21.9 | 30.0 |
| Interest payable | 0.7 | 0.4 |
| | 48.4 | 68.8 |

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

26. Leases

| Right-of-use assets | Land and buildings \$M | Motor vehicles \$M | Equipment \$M | Total \$M |
|----------------------------------|------------------------------|-----------------------|------------------|--------------|
| Cost: | | | | |
| At January 1, 2022 | 18.5 | 0.1 | 2.3 | 20.9 |
| Additions | 14.0 | — | 0.2 | 14.2 |
| At December 31, 2022 | 32.5 | 0.1 | 2.5 | 35.1 |
| Additions | — | — | 0.5 | 0.5 |
| At December 31, 2023 | 32.5 | 0.1 | 3.0 | 35.6 |
| Accumulated depreciation: | | | | |
| At January 1, 2022 | 7.1 | 0.1 | 1.1 | 8.3 |
| Charge for the year | 4.1 | — | 0.3 | 4.4 |
| Impairment | 2.6 | — | — | 2.6 |
| At December 31, 2022 | 13.8 | 0.1 | 1.4 | 15.3 |
| Charge for the year | 3.1 | — | 0.2 | 3.3 |
| Impairment | 1.6 | — | — | 1.6 |
| At December 31, 2023 | 18.5 | 0.1 | 1.6 | 20.2 |
| Net book values: | | | | |
| At December 31, 2023 | 14.0 | — | 1.4 | 15.4 |
| At December 31, 2022 | 18.7 | — | 1.1 | 19.8 |

| Lease liability | December 31, 2023 \$M | December 31, 2022 \$M |
|--|-----------------------------|-----------------------------|
| The present value of lease liabilities is as follows: | | |
| Within 12 months | \$ 4.7 | 4.7 |
| 1 - 5 years | 10.5 | 13.5 |
| > 5 years | 4.6 | 4.7 |
| Total | \$ 19.8 | 22.9 |

The total cash outflow for leases in 2023 was \$4.7 million (2022: \$4.2 million) and total expense was \$3.7 million (2022: \$4.2 million).

| Supplemental balance sheet information | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Weighted average remaining lease terms (years) | 11.9 | 12.0 |
| Weighted average discount rate | 4.48 % | 4.48 % |

27. Commitments and contingencies

Capital commitments

At December 31, 2023, the Company had capital expenditure commitments of \$2.3 million (2022: \$1.4 million and 2021: \$1.5 million) for the acquisition of new plant and equipment.

Committed banking facilities

The Company had committed banking facilities of \$125 million at December 31, 2023 and \$100 million at December 31, 2022. Of these committed facilities, \$43.1 million was drawn at December 31, 2023 and \$31.9 million at December 31, 2022. The Company also had an additional \$25.0 million of uncommitted facilities through an accordion provision at December 31, 2023 and \$50.0 million at December 31, 2022.

| In millions | Uncommitted Facilities | | | |
|---------------------|------------------------|---------------|-------------------|------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Facility | Drawn | Facility | Drawn |
| Bond and Guarantees | \$ 0.6 | \$ 0.2 | \$ 0.6 | \$ 0.2 |
| Letters of Credit | 4.0 | 2.2 | 2.2 | 1.8 |
| Overdraft | 7.8 | 4.6 | 4.0 | — |
| | \$ 12.4 | \$ 7.0 | \$ 6.8 | 2.0 |

Additionally, the Company has various uncommitted transitional banking and foreign exchange lines available for day-to-day operational purposes.

Contingencies

In November 2018, an alleged explosion occurred at a third-party waste disposal and treatment site in Grand View, Idaho, reportedly causing property damage, personal injury, and one fatality. The Company 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. The Company believes this service company, in turn, 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. The three lawsuits were administratively consolidated and, to date, two lawsuits remain ongoing. The Company believes that we are not liable for the incident, have asserted such, and, in conjunction with our insurers, continue to fully defend the Company against these lawsuits. Therefore, we do not currently expect any eventual outcome in these matters to have a material impact on the Company's financial position or results of operations.

In December 2023, it was established that any potential liability arising from the lawsuits and reasonable defense costs related thereto are covered by insurance. Negotiations as to recovery of historic defense costs are ongoing, and therefore the Company has not recognized any asset with respect to said recovery as of December 31, 2023.

28. 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.

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.

28. Financial risk management objectives and policies (continued)

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

As of December 31, 2023, we had both fixed rate and variable rate debt outstanding on our consolidated balance sheet. As a result of this exposure, we have in the past hedged interest payable under our floating rate indebtedness based on a combination of forward rate agreements, interest rate caps and swaps. There were no fixed or variable rate interest hedge agreements in place as of December 31, 2023, and December 31, 2022.

Luxfer has exposure to variable interest rates when it draws down on the revolving credit facilities. As a result of this exposure, we 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

The Group has fixed rate exposure on \$25.0 million debt (2022: \$50.0 million) and variable rate exposure on \$47.7 million debt (2022: \$31.9 million). Based on an increase in the variable rate of 100 basis points, on the current variable rate debt levels, this would lead to an increase in the Group's finance costs of \$0.2 million.

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 paid 2023 and due 2026 and the banking facilities throughout all of the quarterly measurement dates.

The maturity of the Group's liabilities are 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, 2023 | | | | December 31, 2022 | | | |
|------------------------------|------------------------|--------------|--------------|--------------|------------------------|--------------|--------------|--------------|
| | 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 2023 | — | — | — | — | 25.0 | — | — | 25.0 |
| Loan Notes due 2026 | — | 25.0 | — | 25.0 | — | 25.0 | — | 25.0 |
| Revolving credit facility | — | 43.1 | — | 43.1 | — | 31.9 | — | 31.9 |
| Lease liability | 4.7 | 10.5 | 4.6 | 19.8 | 4.7 | 13.5 | 4.7 | 22.9 |
| Trade payables | 25.6 | — | — | 25.6 | 38.1 | — | — | 38.1 |
| Accruals and deferred income | 21.9 | — | — | 21.9 | 30.0 | 0.2 | — | 30.2 |
| Interest payable | 0.7 | — | — | 0.7 | 0.4 | — | — | 0.4 |
| | 52.9 | 78.6 | 4.6 | 136.1 | 98.2 | 70.6 | 4.7 | 173.5 |

28. Financial risk management objectives and policies (continued)

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, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| | \$M | \$M |
| Undiscounted contractual maturity of financial liabilities: | | |
| Amounts payable: | | |
| Within 12 months | 57.9 | 102.9 |
| 1-5 years | 87.0 | 81.5 |
| > 5 years | 8.7 | 9.4 |
| | <u>153.6</u> | <u>193.8</u> |
| Less: future finance charges | (17.5) | (20.3) |
| | <u>136.1</u> | <u>173.5</u> |

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 27/02/2024.

External net debt reconciliation

| | Cash at bank and in hand | Bank and other loans | Finance costs | Total |
|--------------------------------------|-----------------------------|-------------------------|---------------|-------------|
| | \$M | \$M | \$M | \$M |
| Net debt at January 1, 2022 | (6.4) | 60.5 | (1.2) | 52.9 |
| Cash flows | (8.2) | 24.8 | — | 16.6 |
| Other non-cash movements | 1.7 | (3.4) | 0.5 | (1.2) |
| Net debt at December 31, 2022 | (12.9) | 81.9 | (0.7) | 68.3 |
| Cash flows | 15.3 | (14.8) | (0.2) | 0.3 |
| Other non-cash movements | (0.4) | 1.0 | 0.4 | 1.0 |
| Net debt at December 31, 2023 | <u>2.0</u> | <u>68.1</u> | <u>(0.5)</u> | <u>69.6</u> |

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. At December 31, 2023, the Group has a provision for bad and doubtful debtors of \$0.7 million (2022: \$0.6 million) and \$0.1 million (2022: \$0.1 million) has been charged to the consolidated income statement in relation to bad debts recognized in 2023.

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 2023 represented 39% (2022: 31%) of total revenue. There were no customers in 2023 or 2022 that represented over 10% of total revenue.

28. Financial risk management objectives and policies (continued)

Exchange rate risks

The largest risk is from our operations in the U.K., which in 2023 generated sales revenue of \$158.9 million (2022: \$176.0m). 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 2023, movements in the average U.S. dollar exchange rate had a positive impact on revenue of \$2.8 million; in 2022, movements in the average U.S. dollar exchange rate had a negative impact on revenue of \$15.6 million. Changes in translation exchange rates increased net assets by \$7.3 million in 2023, compared to an decrease of \$13.2 million in 2022.

Based on the 2023 level of revenue and income, a weakening in GBP sterling leading to a £0.05 increase in the USD/GBP sterling exchange rate would result in a decrease of \$7.9 million in revenue and a decrease of \$0.7 million in operating net income.

Commodity price risks

We are exposed to commodity price risks in relation to the purchases of our raw materials.

There is no financial market to hedge magnesium, zirconium raw materials or carbon fiber, and prices for these raw materials have been volatile in recent years, with substantial increases in the second half of 2021 and throughout 2022, with price fluctuations throughout 2023. To help mitigate these risks, we have a number of fixed-price supply contracts for a portion of these raw materials, which limits our exposure to price volatility over a calendar year. However, we remain exposed over time to rising prices in these markets, and therefore rely on the ability to pass on any major price increases to our customers in order to maintain our levels of profitability especially for carbon fiber wrapped composite cylinders, zirconium, and magnesium-based products. We have also in the last few years, when we felt it was appropriate, made additional physical purchases of magnesium and some rare earth chemicals to delay the impact of higher prices, but this has had a cash flow impact on occasion, thereby leading to greater utilization of our revolving credit bank facilities.

Primary aluminum is a global commodity, with its principal trading market on the LME. In the normal course of business, we are exposed to aluminum price volatility to the extent that the costs of aluminum purchases are more closely related to the LME price than the sales prices of certain of our products. Our Gas Cylinders Segment will buy various aluminum alloys, in log, sheet, or tube form, and the contractual price will usually include an LME-linked base price plus a premium for a particular type of alloy, as well as the cost of casting, rolling or extruding. The price of high-grade aluminum, which is actively traded on the LME, has fluctuated significantly in recent years, for example in 2023 the lowest price in US\$ per tonne was \$2,086 and the highest price in US\$ per tonne was \$2,603. A variation of approximately 25%.

29. Financial instruments

(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:

| | Book value December 31, 2023 \$M | Fair value December 31, 2023 \$M | Book value December 31, 2022 \$M | Fair value December 31, 2022 \$M |
|---|---|---|---|---|
| Financial instruments - measured at amortized cost | | | | |
| Financial assets: | | | | |
| Cash at bank and in hand | 2.6 | 2.6 | 12.9 | 12.9 |
| Financial liabilities⁽¹⁾: | | | | |
| Loan Notes due 2023 ⁽²⁾ | — | — | 25.0 | 25.0 |
| Loan Notes due 2026 ⁽²⁾ | 25.0 | 25.0 | 25.0 | 25.0 |
| Revolving credit facility | 43.1 | 43.1 | 31.9 | 31.9 |
| Overdrafts | 4.6 | 4.6 | — | — |

(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.

29. Financial instruments (continued)

All financial assets mature within one year. The maturity of the financial liabilities is disclosed in Note 28.

At December 31, 2023, the amount drawn in bank and other loans was \$72.7 million (2022: \$81.9 million), of which \$49.0 million was denominated in U.S. dollars (2022: \$65.0 million) with the remainder being denominated in GBP sterling.

| Derivative financial instruments - measured at fair value through profit or loss | Book value | Fair value | Book value | Fair value |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2023 | December 31, 2023 | December 31, 2022 | December 31, 2022 |
| | \$M | \$M | \$M | \$M |
| Held to hedge purchases and sales by trading businesses: | | | | |
| Forward foreign currency exchange rate contracts | 0.4 | 0.4 | 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, 2023, bank and other loans of \$72.7 million (2022: \$81.9 million) were outstanding. At December 31, 2023, bank and other loans are shown net of issue costs of \$0.5 million (2022: \$0.7 million) and these issue costs are to be amortized to the expected maturity of the facilities. At December 31, 2023, \$47.7 million (2022: \$31.9 million) of the total \$72.7 million (2022: \$81.9 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.

Fair value hierarchy

At December 31, 2023 and December 31, 2022, 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, 2023 | Level 1 | Level 2 | Level 3 |
|--|----------------------|---------|---------|---------|
| | \$M | \$M | \$M | \$M |
| Net derivative financial (assets) / liabilities at fair value through profit or loss: | | | | |
| Forward foreign currency exchange rate contracts | 0.4 | — | 0.4 | — |
| Interest bearing loans and borrowings: | | | | |
| Loan Notes due 2026 | 25.0 | — | 25.0 | — |
| Revolving credit facility | 43.1 | — | 43.1 | — |
| Other financial liabilities: | | | | |
| Overdrafts | 4.6 | — | 4.6 | — |

29. Financial instruments (continued)

| | December 31, 2022 | Level 1 | Level 2 | Level 3 |
|--|----------------------|---------|---------|---------|
| | \$M | \$M | \$M | \$M |
| Net derivative financial assets at fair value through profit or loss: | | | | |
| Forward foreign currency exchange rate contracts | 0.3 | — | 0.3 | — |
| Interest bearing loans and borrowings: | | | | |
| Loan Notes due 2023 | 25.0 | — | 25.0 | — |
| Loan Notes due 2026 | 25.0 | — | 25.0 | — |
| Revolving credit facility | 31.9 | — | 31.9 | — |

During the year ended December 31, 2023 and December 31, 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

(b) Financial instruments of the Group***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.

| | December 31, 2023 | December 31, 2022 |
|--------------------------|----------------------|----------------------|
| | \$M | \$M |
| Cash by currency: | | |
| U.S. dollar | (0.4) | (1.2) |
| GBP sterling | 0.1 | 11.3 |
| Euro | 0.1 | 0.2 |
| Chinese renminbi | 1.2 | 1.6 |
| Canadian dollar | 1.6 | 1.0 |
| | <u>2.6</u> | <u>12.9</u> |

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 SONIA 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.

29. Financial instruments (continued)

| | December 31, 2023 | | | | December 31, 2022 | | | |
|---|------------------------|--------------|--------------|-------------|------------------------|--------------|--------------|-------------|
| | 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 |
| Floating interest rate risk: | | | | | | | | |
| Revolving credit facility (including interest payments) | — | 43.1 | — | 43.1 | — | 31.9 | — | 31.9 |
| Overdraft (including interest payments) | 4.6 | — | — | 4.6 | — | — | — | — |
| Fixed interest rate risk: | | | | | | | | |
| Loan Notes due 2023 (including interest payments) | — | — | — | — | 25.6 | — | — | 25.6 |
| Loan Notes due 2026 (including interest payments) | 1.3 | 26.9 | — | 28.2 | 1.3 | 28.1 | — | 29.4 |
| | 5.9 | 70.0 | — | 75.9 | 26.9 | 60.0 | — | 86.9 |

Hedging activities**Forward foreign currency exchange contracts**

The Company incurs currency transaction risk whenever one of the Company's operating subsidiaries enters into either a purchase or sales transaction in a currency other than its functional currency. Currency transaction risk is reduced by matching sales and expenses in the same currency. The Company's U.S. operations have little currency exposure as most purchases, costs and sales are conducted in U.S. dollars. The Company's U.K. operations are exposed to exchange transaction risks, mainly because these operations sell goods priced in U.S. dollars and purchase raw materials priced in U.S. dollars.

At December 31, 2023 and 2022, the Company held various forward foreign currency exchange contracts in respect of forward sales for U.S. dollars, euros, Canadian dollars and Japanese yen for the receipt of GBP sterling. The Company also held forward foreign currency exchange contracts 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, range of maturity dates and range of exchange rates are disclosed overleaf, with the value denominated in GBP sterling, given that it is the currency the all of the contracts are held in.

| December 31, 2023 | | | | | |
|--------------------|----------------------|--------------------|------------------|------------------------|--|
| Sales hedges | U.S. dollars | Euros | Canadian Dollars | Japanese Yen | |
| Contract totals/£m | 23.5 | 3.4 | 0.3 | 0.2 | |
| Maturity dates | 01/24 to 02/24 | 01/24 to 03/24 | 01/24 to 02/24 | 01/24 to 02/24 | |
| Exchange rates | \$1.2159 to \$1.2760 | €1.1432 to €1.1494 | \$1.6843 | ¥179.3673 to ¥185.6455 | |

| Purchase hedges | U.S. dollars | Euros | Canadian dollars | Australian dollars | Chinese yuan |
|--------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| Contract totals/£m | 0.4 | 0.8 | 11.0 | 0.9 | 1.4 |
| Maturity dates | 02/24 to 03/24 | 01/24 | 01/24 to 02/24 | 01/24 | 01/24 |
| Exchange rates | \$1.2155 to \$1.2614 | €1.1577 to €1.1535 | \$1.7199 to \$1.6840 | \$1.8719 | ¥9.0433 to ¥9.0440 |

29. Financial instruments (continued)

December 31, 2022

| Sales hedges | U.S. dollars | Euros | Canadian dollars | | |
|---------------------|----------------------|--------------------|-------------------------|--|--|
| Contract totals/£m | 13.4 | 12.8 | 0.1 | | |
| Maturity dates | 01/23 to 03/23 | 01/23 to 03/23 | 01/23 | | |
| Exchange rates | \$1.1207 to \$1.2083 | €1.1234 to €1.1468 | \$1.6320 | | |

| Purchase hedges | U.S. dollars | Euros | Canadian dollars | Australian dollars | Chinese yuan |
|------------------------|----------------------|--------------------|-------------------------|---------------------------|---------------------|
| Contract totals/£m | 9.2 | 2.6 | 9.5 | 1.0 | 1.6 |
| Maturity dates | 01/23 to 04/23 | 01/23 to 04/23 | 01/23 | 01/23 | 01/23 to 03/23 |
| Exchange rates | \$1.1040 to \$1.2084 | €1.1437 to €1.2240 | \$1.6796 to \$1.6239 | \$1.7787 | ¥8.3906 to ¥8.4126 |

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 2023, a gain of \$6.8 million (2022: loss of \$15.2 million) was recognized in translation reserves.

(c) Undrawn committed facilities

The Company had committed banking facilities of \$125.0 million at December 31, 2023 and \$100.0 million at December 31, 2022. Of these committed facilities, \$43.1 million was drawn at December 31, 2023 and \$31.9 million at December 31, 2022. The Company also had an additional \$25.0 million of uncommitted facilities through an accordion provision at December 31, 2023 and \$50.0 million at December 31, 2022.

30. Retirement Benefits

The Group operates funded defined benefit pension plans in the U.K., the U.S. and France. The levels of funding are determined by periodic actuarial valuations that take into account changes in actuarial assumptions, including discount rates and expected returns on plan assets. 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 consolidated 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 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 Group. A one-off cash contribution was paid in December 2021 of £9.6 million in addition to the £4.1 million annual payment. While there is an expectation that no further contributions will be required until at least after the next valuation in 2024, there is no guarantee that this will be the case. The Trustees can request additional contributions, and the U.K. Pensions Regulator (TPR) has the power to order further funding in the current three-year window should increasingly stringent regulation require it.

The Group's other arrangements are less significant than the Luxfer Group Pension Plan, the Group completed a buyout of the U.S. BA Holdings, Inc. Pension Plan in the first quarter of 2023.

The total charge to the Group's consolidated income statement for 2023 for retirement benefits was a cost of \$4.0 million (2022: cost of \$5.1 million).

The movement in the pension surplus is shown below:

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$M | \$M |
| Net retirement benefit surplus at January 1 | (25.4) | (14.5) |
| Charged / (credited) to the consolidated income statement: | | |
| Curtailed charge | 0.2 | 0.5 |
| Net interest on net surplus | (1.3) | (0.2) |
| Administrative costs | 1.4 | 1.1 |
| Cash contributions | (2.3) | (0.4) |
| Credited to the consolidated statement of comprehensive income | (10.9) | (15.3) |
| Exchange difference | (1.9) | 3.4 |
| Net retirement benefit surplus at December 31 | <u>(40.2)</u> | <u>(25.4)</u> |

30. Retirement Benefits (continued)

The financial assumptions used in the calculations were:

| | Projected Unit Credit Valuation | | | |
|--|---------------------------------|------|--------------------|--------------|
| | U.K. | | Non-U.K. | |
| | 2023 | 2022 | 2023 | 2022 |
| | % | % | % | % |
| Discount rate | 4.50 | 4.80 | n/a | 5.10 |
| Inflation related assumptions: | | | | |
| Pre-2030 | | | | |
| Retail Price Inflation | 3.10 | 3.20 | n/a | n/a |
| Consumer Price Inflation | 2.00 | 2.10 | n/a | n/a |
| Pension increases—pre 6 April 1997 | 1.80 | 1.90 | n/a | n/a |
| —1997 - 2005 | 2.10 | 2.10 | n/a | n/a |
| —post 5 April 2005 | 1.60 | 1.70 | n/a | n/a |
| Post-2030 | | | | |
| Retail Price Inflation | 3.10 | 3.20 | n/a | n/a |
| Consumer Price Inflation | 3.00 | 3.10 | n/a | n/a |
| Pension increases—pre 6 April 1997 | 2.30 | 2.40 | n/a | n/a |
| —1997 - 2005 | 2.90 | 3.00 | n/a | n/a |
| —post 5 April 2005 | 2.00 | 2.20 | n/a | n/a |
| | | | 2023 | 2022 |
| Other principal actuarial assumptions: | | | Years | Years |
| Life expectancy of male / female in the U.K. aged 65 at accounting date | | | 21.2 / 23.1 | 21.2 / 23.0 |
| Life expectancy of male / female in the U.K. aged 65 at 20 years after accounting date | | | 22.5 / 24.6 | 22.5 / 24.5 |

Investment strategies

For the principal defined benefit plan in the Company and the U.K., the Luxfer Group Pension Plan, (the "Plan," as defined above), 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 of the Plan have formulated a de-risking strategy to help control the short-term risk 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.

Risk exposures

The U.K. plan currently has a long-term strategic target to hold 20 percent 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 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 any of these events occurred, it would be expected to lead to an increase in the Company's future cash contributions.

Special events

In 2021, the Company decided to terminate its U.S. Pension Plan. The Company completed the buyout of the U.S. plan in the first quarter of 2023. As a result, a final premium totaling \$29.3 million was paid to settle the liabilities. Assets of \$27.2 million were sold from the plan, resulting in a \$2.1 million contribution from the Company to extinguish the liabilities from the plan in full.

30. Retirement Benefits (continued)

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

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|--|-------|----------|-------|-------|----------|-------|
| | U.K. | Non-U.K. | Total | U.K. | Non-U.K. | Total |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| <i>In respect of defined benefit plans:</i> | | | | | | |
| Net interest on net surplus | (1.5) | 0.2 | (1.3) | (0.2) | — | (0.2) |
| Administrative expenses | 1.1 | 0.3 | 1.4 | 0.6 | 0.5 | 1.1 |
| Past service cost | — | — | — | — | — | — |
| Losses on curtailments and settlements | — | 0.2 | 0.2 | — | 0.5 | 0.5 |
| Total charge for defined benefit plans | (0.4) | 0.7 | 0.3 | 0.4 | 1.0 | 1.4 |
| <i>In respect of defined contribution plans:</i> | | | | | | |
| Total charge for defined contribution plans | 2.1 | 1.6 | 3.7 | 2.0 | 1.7 | 3.7 |
| Total charge for pension plans | 1.7 | 2.3 | 4.0 | 2.4 | 2.7 | 5.1 |

Of the total charge for the year, charges of \$3.7 million and \$1.4 million (2022: \$3.7 million and \$1.1 million) have been included in cost of sales and administrative costs, respectively and a credit of \$1.1 million. (2022: charge of \$1.6 million) has been included in finance costs.

For the year, the amount of gain recognized in the Consolidated Statement of Comprehensive Income is \$10.9m (2022: gain of \$15.3m).

The actual return of the plans assets was a gain of \$20.5 million (2022: loss of \$80.5 million).

The value of the plans assets and liabilities were:

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|---|---------|----------|---------|---------|----------|---------|
| | U.K. | Non-U.K. | Total | U.K. | Non-U.K. | Total |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| Assets in active markets: | | | | | | |
| Equities and growth funds | 65.8 | — | 65.8 | 78.3 | — | 78.3 |
| Government bonds | 69.6 | — | 69.6 | 65.7 | — | 65.7 |
| Corporate bonds | 135.7 | — | 135.7 | 106.1 | 27.5 | 133.6 |
| Cash | 3.1 | — | 3.1 | 2.5 | 0.6 | 3.1 |
| Total market value of assets | 274.2 | — | 274.2 | 252.6 | 28.1 | 280.7 |
| Present value of plan liabilities | (233.9) | (0.1) | (234.0) | (225.6) | (29.7) | (255.3) |
| Surplus / (deficit) in the plans | 40.3 | (0.1) | 40.2 | 27.0 | (1.6) | 25.4 |
| Related deferred income tax (liability) / asset | (9.4) | — | (9.4) | (4.9) | 0.4 | (4.5) |
| Net pension asset / (liability) | 30.9 | (0.1) | 30.8 | 22.1 | (1.2) | 20.9 |

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

The scheme rules provides the Group with an right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Based on these rights, any net surplus in the UK scheme is recognized in full.

30. Retirement Benefits (continued)

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

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|---|--------|----------|--------|---------|----------|---------|
| | U.K. | Non-U.K. | Total | U.K. | Non-U.K. | Total |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| At January 1 | 225.6 | 29.7 | 255.3 | 363.0 | 45.9 | 408.9 |
| Interest on obligation | 11.0 | 0.2 | 11.2 | 6.2 | 1.3 | 7.5 |
| Actuarial losses / (gains) on financial assumptions | 5.0 | — | 5.0 | (104.2) | (10.3) | (114.5) |
| Actuarial gains on demographic assumptions | (0.1) | — | (0.1) | — | — | — |
| Actuarial (gains) / losses on plan experience | (7.7) | — | (7.7) | 10.5 | 0.5 | 11.0 |
| Exchange difference | 12.7 | — | 12.7 | (37.1) | — | (37.1) |
| Benefits paid | (12.6) | (0.9) | (13.5) | (12.8) | (2.4) | (15.2) |
| Curtailed settlement | — | (28.9) | (28.9) | — | (5.3) | (5.3) |
| At December 31 | 233.9 | 0.1 | 234.0 | 225.6 | 29.7 | 255.3 |

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 1% |
| CPI inflation (and related increases) | Increase/decrease by 0.1% | Increase/decrease by 1% |
| 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:

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|-----------------------------|--------|----------|--------|--------|----------|--------|
| | U.K. | Non-U.K. | Total | U.K. | Non-U.K. | Total |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| At January 1 | 252.6 | 28.1 | 280.7 | 376.6 | 46.8 | 423.4 |
| Interest on plan assets | 12.5 | — | 12.5 | 6.3 | 1.2 | 7.5 |
| Actuarial gains | 8.0 | — | 8.0 | (76.8) | (11.2) | (88.0) |
| Exchange difference | 14.6 | — | 14.6 | (40.5) | — | (40.5) |
| Contributions from employer | 0.2 | 2.1 | 2.3 | 0.4 | — | 0.4 |
| Administrative expenses | (1.1) | (0.3) | (1.4) | (0.6) | (0.5) | (1.1) |
| Benefits paid | (12.6) | (0.9) | (13.5) | (12.8) | (2.4) | (15.2) |
| Curtailed settlement | — | (29.0) | (29.0) | — | (5.8) | (5.8) |
| At December 31 | 274.2 | — | 274.2 | 252.6 | 28.1 | 280.7 |

The estimated amount of employer contributions expected to be paid to the defined benefit pension plans for the year ending December 31, 2024 is \$0.4 million (2023: \$2.3 million actual employer contributions) reflecting the PPF levy contribution required.

31. 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 |
| At January 1, 2023 | 721,261 |
| Shares utilized during the year | (85,460) |
| At December 31, 2023 | 635,801 |

At December 31, 2023, the loan outstanding from the ESOP was \$0.5 million (2022: \$0.5 million).

The market value of each £0.50 ordinary share held by the ESOP at December 31, 2023 was \$8.94 (2022: \$13.72).

32. 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 Company adopted the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan (the "LTIP") for the Company'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 Company. The Remuneration Committee administers the LTIP and has the power to determine to whom the awards will be granted, the amount, type and other terms. Awards granted under the LTIP generally vest onequarter each year over a four-year period, subject to continuous employment and certain other conditions, with the exercise period expiring six years after grant date. Awards granted under the Director EIP are nondiscretionary, are purely time-based and vest over one year, with settlement occurring immediately on vesting.

32. Share based compensation (continued)**Share option and restricted stock awards**

In March 2023, a combined 127,000 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over a period of four years and expiring two years later. Also in March 2023, a maximum 157,000 awards were granted based on the achievement of shareholder return targets. In June 2023, a combined 31,000 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 March 2022, a combined 130,000 of Restricted Stock Units and Options over ordinary shares were granted under the LTIP, which were all time-based awards vesting over a period between three and four years and expiring two years later. Also throughout 2022, a maximum 280,000 awards were granted based on the achievement of shareholder return targets. In May 2022, 19,000 additional awards were granted under the LTIP, which were all time-based awards vesting over four years and an additional 15,000 awards were granted under the LTIP, which vested immediately. In June 2022, a combined 26,000 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.

Total share-based compensation expense for 2023 and 2022 was as follows:

| | 2023 | 2022 |
|----------------------------------|-------------|-------------|
| | \$M | \$M |
| Share based compensation charges | <u>2.8</u> | <u>2.5</u> |

There were no cancellations or modifications to the awards in 2023 or 2022.

The actual tax benefit realized for the tax deductions from option exercises totaled \$0.4 million and \$0.8 million in 2023 and 2022 respectively.

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

| | 2023 | 2023 | 2022 | 2022 |
|---|----------------|--|----------------|--|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| At January 1 | 579,153 | \$1.00 | 547,522 | \$0.99 |
| Granted during the year | 314,828 | \$1.00 | 472,695 | \$1.00 |
| Exercised during the year | (116,148) | \$1 | (173,017) | \$0.98 |
| Accrued dividend awards | 10,902 | \$1.00 | 8,829 | \$1 |
| Lapsed during the year | (75,638) | \$1.00 | (276,876) | \$0.96 |
| At December 31 | <u>713,097</u> | <u>\$1.00</u> | <u>579,153</u> | <u>\$0.99</u> |
| Options exercisable at December 31, | 16,423 | \$1.00 | 9,862 | \$1.00 |
| Options expected to vest as of December 31, | 387,123 | \$1.00 | 270,055 | \$1.00 |

The weighted average fair value of options granted in 2023 and 2022 was estimated to be \$14.73 and \$16.45 per share, respectively. The total intrinsic value of options that were exercised during 2023 and 2022 was \$1.7 million and \$2.9 million, respectively. At December 31, 2023, the total unrecognized compensation cost related to share options was \$2.8 million (2022: \$3.1 million). This cost is expected to be recognized over a weighted average period of 2.4 years (2022: 2.7 years).

32. Share based compensation (continued)

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

| | 2023 | 2022 |
|--|--|--------------------------------|
| Dividend yield (%) | 3.15 - 3.32 | 2.75 - 3.41 |
| Expected volatility range (%) | 31.54 - 43.49 | 36.11 - 49.43 |
| Risk-free interest rate (%) | 3.67 - 5.16 | 1.28 - 2.99 |
| Expected life of share options range (years) | 1.00 - 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 may look to implement plans in other geographic regions.

33. Related party transactions

Joint venture in which the Company is a venturer

During 2023, the Group maintained its 50% investment in the equity of the joint venture, Nikkei-MEL Company Limited. During 2023, the Elektron segment made \$0.5 million of sales to the joint venture (2022: \$0.6 million). At December 31, 2023, the gross and net amounts receivable from the joint venture amounted to \$0.1 million (2022: \$0.1 million).

Transactions with other related parties

At December 31, 2023, the directors and key management comprising the members of the Executive Leadership Team, owned 289,036 £0.50 ordinary shares (2022: 233,724 £0.50 ordinary shares) and held awards over a further 271,003 £0.50 ordinary shares (2022: 231,668 £0.50 ordinary shares).

During the years ended December 31, 2023 and 2022, 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 38 to 63.

Other than the transactions with the joint ventures, associates and key management personnel disclosed above, no other related party transactions have been identified.

34. Post Balance Sheet Events

No material subsequent events.

COMPANY BALANCE SHEET AT DECEMBER 31, 2023

All amounts in millions

| | | At December 31, 2023 | At December 31, 2022 |
|--|------|-------------------------|-------------------------|
| | Note | \$M | \$M |
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 37 | 374.0 | 371.2 |
| Retirement benefits | 45 | 40.3 | 27.0 |
| | | <u>414.3</u> | <u>398.2</u> |
| Current assets | | | |
| Trade and other receivables | 39 | — | 6.3 |
| | | | |
| Total assets | | <u>414.3</u> | <u>404.5</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Ordinary share capital | 41 | 26.5 | 26.5 |
| Share premium account | 41 | 232.1 | 231.3 |
| Treasury shares | 41 | (22.9) | (20.4) |
| Retained earnings | | 194.5 | 195.9 |
| Translation reserve | | (23.1) | (23.1) |
| Own shares held by ESOP | 41 | (0.9) | (1.0) |
| Share based compensation reserve | | (8.6) | (9.9) |
| Capital and reserves attributable to the Company's equity shareholders | | <u>397.6</u> | <u>399.3</u> |
| Total equity | | 397.6 | 399.3 |
| Non-current liabilities | | | |
| Deferred income taxes | 38 | 9.2 | 5.1 |
| Total non-current liabilities | | <u>9.2</u> | <u>5.1</u> |
| Current liabilities | | | |
| Trade and other payables | 42 | 7.5 | 0.1 |
| | | | |
| Total liabilities | | <u>16.7</u> | <u>5.2</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>414.3</u> | <u>404.5</u> |

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 / (loss) for the year was \$3.2 million (2022: (\$34 million))

THE FINANCIAL STATEMENTS ON PAGES 138 TO 151 WERE APPROVED BY THE BOARD ON APRIL 25, 2024 AND SIGNED ON ITS BEHALF:



Andy Butcher,
April 25, 2024

Company Registration no. 03690830

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER, 2023

All amounts in millions

| Equity attributable to the equity shareholders of the parent | | | | | | | | | | |
|--|-------------------------------|-------------------------------|------------------------------|------------------------|--------------------------|----------------------------|--------------------------------|---|---------------------|--|
| Note | Ordinary share capital \$M | Deferred share capital \$M | Share premium account \$M | Treasury shares \$M | Retained earnings \$M | Translation reserve \$M | Own shares held by ESOP \$M | Share based compensation reserve \$M | Total equity \$M | |
| At January 1, 2022 | 26.5 | 149.9 | 79.7 | (9.6) | 168.1 | (23.1) | (1.1) | (8.8) | 381.6 | |
| Net loss for the year | — | — | — | — | 34.0 | — | — | — | 34.0 | |
| Remeasurement of defined benefit retirement plan | — | — | — | — | 13.3 | — | — | — | 13.3 | |
| Deferred income taxes on items taken to other comprehensive income | — | — | — | — | (5.3) | — | — | — | (5.3) | |
| Translation reserve | — | — | — | — | — | — | — | — | — | |
| Total comprehensive income for the year | — | — | — | — | 42.0 | — | — | — | 42.0 | |
| Equity dividends paid | — | — | — | — | (14.2) | — | — | — | (14.2) | |
| Equity settled share based compensation charges | — | — | — | — | — | — | — | 2.5 | 2.5 | |
| Utilization of treasury shares | 41 | — | 0.1 | 0.3 | — | — | — | (0.8) | (0.4) | |
| Utilization of ESOP shares | 41 | — | 1.7 | — | — | — | 0.1 | (2.8) | (1.0) | |
| Repurchase of ordinary shares | — | — | — | (11.1) | — | — | — | — | (11.1) | |
| Cancellation of ordinary shares | — | (149.9) | 149.8 | — | — | — | — | — | (0.1) | |
| Other changes in equity in the year | — | (149.9) | 151.6 | (10.8) | (14.2) | — | 0.1 | (1.1) | (24.3) | |
| At December 31, 2022 | 26.5 | 0.0 | 231.3 | (20.4) | 195.9 | (23.1) | (1.0) | (9.9) | 399.3 | |
| Net profit for the year | — | — | — | — | 3.2 | — | — | — | 3.2 | |
| Remeasurement of defined benefit retirement plan | — | — | — | — | 12.7 | — | — | — | 12.7 | |
| Deferred income taxes on items taken to other comprehensive income | — | — | — | — | (3.3) | — | — | — | (3.3) | |
| Total comprehensive income for the year | — | — | — | — | 12.6 | — | — | — | 12.6 | |
| Equity dividends paid | — | — | — | — | (14.0) | — | — | — | (14.0) | |
| Equity settled share based compensation charges | — | — | — | — | — | — | — | 2.8 | 2.8 | |
| Utilization of treasury shares | — | — | — | 0.2 | — | — | — | (0.3) | (0.1) | |
| Utilization of ESOP shares | 41 | — | 0.8 | — | — | — | 0.1 | (1.2) | (0.3) | |
| Repurchase of ordinary shares | — | — | — | (2.7) | — | — | — | — | (2.7) | |
| Other changes in equity in the year | — | — | 0.8 | (2.5) | (14.0) | — | 0.1 | 1.3 | (14.3) | |
| At December 31, 2023 | 26.5 | 0.0 | 232.1 | (22.9) | 194.5 | (23.1) | (0.9) | (8.6) | 397.6 | |

35. Material accounting policies

Authorization of financial statements

The Company financial statements for the year ended December 31, 2023 were authorized for issue by the Board of Directors on April 25, 2024 and the balance sheet was signed on the Board's behalf by A. Butcher. Luxfer Holdings PLC is a company incorporated and domiciled in England and Wales.

Basis of preparation

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The material accounting policies set out in this note to the financial statements have been applied in preparing these financial statements and comparative information.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International accounting standards in conformity with the requirements of the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101. The material accounting policies set out in this note to the financial statements have been consistently applied in preparing these financial statements and comparative information from 1 January 2020.

The key disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRSs);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Company 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 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 2025. 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.

Other material accounting policies

As applicable, the material 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 pensions, set out in Note 1 to the consolidated financial statements and impairment of non-financial assets.

Impairment of non-financial assets

In 2023, management identified the need to assess the value of investments for potential impairment due to the fall in the Company's share price. Management completed a quantitative impairment evaluation on the last day of the third quarter of 2023. No impairment was identified as a result of this assessment

The recoverable amount of the Company's investments were 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 for the legal entities. The results of these plans were then extrapolated to give a terminal value based on a growth rate of 2.1%. 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 allowances for capital maintenance costs, along with working capital requirements based on the projected level of sales. A pre-tax discount rate of between 10.0% and 10.2% was used for the individual legal entities, which was considered a best estimate for the risk-adjusted cost of capital. The long-term projections assumed product prices and costs were at current levels, but the exchange rates used were USD:GBP of \$1.25 and USD:EUR of \$1.16.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use was determined by management using a discounted cash flow analysis. Projecting discounted future cash flows required management 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.

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

36. 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 38 to 63 and form part of these financial statements.

37. Investments

| | Investments in subsidiary undertakings \$M | Loans to subsidiary undertakings \$M | Capital contributions \$M | Total \$M |
|---------------------------------|---|---|------------------------------|--------------|
| Cost and net book value: | | | | |
| At January 1, 2022 | 297.7 | 51.4 | 19.6 | 368.7 |
| Additions | — | — | 2.5 | 2.5 |
| At December 31, 2022 | 297.7 | 51.4 | 22.1 | 371.2 |
| Additions | — | — | 2.8 | 2.8 |
| At December 31, 2023 | 297.7 | 51.4 | 24.9 | 374.0 |

Details of the investments in which the Group or the Company holds share capital at December 31, 2023, 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 |
| 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 | 100% | Manufacturing |
| Structural Composites Industries LLC *# | U.S. ¹⁴ | Common stock | 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 |
| GTM Technologies, LLC * | U.S. ¹² | Capital Interest | 100% | Engineering |
| Other Investments | | | | |
| Nikkei-MEL Company Limited * | Japan ¹³ | Ordinary shares | 50% | Distribution |

All shareholdings stated are valid for both 2023 and 2022 except where indicated.

In 2023, management identified the need to assess the value of investments for potential impairment due to the fall in the Company's share price. Management completed a quantitative impairment evaluation on the last day of the third quarter of 2023. No impairment was identified as a result of this assessment

The recoverable amount of the Company's investments were 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 for the legal entities. The results of these plans were then extrapolated to give a terminal value based on a growth rate of 2.1%. 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 allowances for capital maintenance costs, along with working capital requirements based on the projected level of sales. A pre-tax discount rate of between 10.0% and 10.2% was used for the individual legal entities, which was considered a best estimate for the risk-adjusted cost of capital. The long-term projections assumed product prices and costs were at current levels, but the exchange rates used were USD:GBP of \$1.25 and USD:EUR of \$1.16.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use was determined by management using a discounted cash flow analysis. Projecting discounted future cash flows required management 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.

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

Subsidiary undertakings are all held directly by the Company unless indicated.

* Held by a subsidiary undertaking.

Registered in 2021

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

¹⁴ Registered address: 336 Enterprise Pl, Pomona, CA 91768, United States

38. Deferred income taxes

| | Tax losses and other timing differences \$M | Retirement benefit obligations \$M | Total \$M |
|---|--|---------------------------------------|--------------|
| At January 1, 2022 | 3.4 | (3.4) | 0.0 |
| (Charged) / credited to income statement | (2.1) | 2.3 | 0.2 |
| Charged to other comprehensive income | — | (4.2) | (4.2) |
| Transfer of Group relief to Group undertaking | (1.1) | — | (1.1) |
| At December 31, 2022 | 0.2 | (5.3) | (5.1) |
| Charged to income statement | — | (1.3) | (1.3) |
| Charged to other comprehensive income | — | (2.8) | (2.8) |
| At December 31, 2023 | 0.2 | (9.4) | (9.2) |

At the balance sheet date, the Company has no unrecognised deferred income tax assets relating to losses (2022: nil). A deferred tax asset of \$0.2 million (2022: \$0.2 million) has been recognised 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. A deferred tax liability of \$9.4 million (2022: \$5.3 million) has been recognized in respect of the pension plan surplus.

39. Trade and other receivables

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|----------------------|----------------------|
| | \$M | \$M |
| Amounts owed by Group undertakings | — | 6.3 |
| | — | 6.3 |

The amounts owed by Group undertakings are interest bearing, unsecured and repayable on demand. The interest rates are based on external indices plus an agreed margin.

40. 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.

41. Share capital and Reserves

(a) Ordinary share capital

| | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|----------------------------|----------------------------|
| | No. | No. | \$M | \$M |
| Authorized: | | | | |
| Ordinary shares of £0.50 each | 40,000,000 | 40,000,000 | 35.7 ⁽¹⁾ | 35.7 ⁽¹⁾ |
| | 40,000,000 | 40,000,000 | 35.7 ⁽¹⁾ | 35.7 ⁽¹⁾ |
| Allotted, called up and fully paid: | | | | |
| Ordinary shares of £0.50 each | 28,944,000 | 28,944,000 | 26.5 ⁽¹⁾ | 26.5 ⁽¹⁾ |
| | 28,944,000 | 28,944,000 | 26.5 ⁽¹⁾ | 26.5 ⁽¹⁾ |

⁽¹⁾ The Company's ordinary share capital is 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 Company's share award and share incentive plans.

(b) Share premium account

| | \$M |
|---------------------------------|--------------|
| At January 1, 2022 | 79.7 |
| Utilisation of treasury shares | 0.1 |
| Utilisation of ESOP shares | 1.7 |
| Cancellation of deferred shares | 149.8 |
| At December 31, 2022 | 231.3 |
| Utilisation of ESOP shares | 0.8 |
| At December 31, 2023 | 232.1 |

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.

41. Share capital and Reserves (continued)**(c) Treasury shares**

| | \$M |
|-----------------------------------|---------------|
| At January 1, 2022 | (9.6) |
| Purchase of treasury shares | (11.1) |
| Utilization of treasury shares | 0.3 |
| At December 31, 2022 | (20.4) |
| Purchase of treasury shares | (2.7) |
| At Utilization of treasury shares | 0.2 |
| At December 31, 2023 | (22.9) |

In 2023, the Company purchased 210,000 ordinary shares for a total cost of \$2.7 million. 14,195 of these shares were utilized at \$0.2 million, with the remaining 185,805 retained within Treasury shares.

In 2022, the Company purchased 711,572 ordinary shares for a total cost of \$11.1 million. 9,424 of these shares were utilized at \$0.3 million, with the remaining 702,148 retained within Treasury shares.

At December 31, 2023, there were 1,473,571 (2022: 1,277,766) treasury shares held at a cost of \$22.9 million (2022: \$20.4 million).

(d) Own shares held by ESOP

| | \$M |
|----------------------------|--------------|
| At January 1, 2022 | (1.1) |
| Utilization of ESOP shares | 0.1 |
| At December 31, 2022 | (1.0) |
| Utilisation of ESOP shares | 0.1 |
| At December 31, 2023 | (0.9) |

At December 31, 2023, there were 635,801 ordinary shares at £0.50 each (2022: 721,261 ordinary shares of £0.50 each) held by The Luxfer Group Employee Share Ownership Plan (the "ESOP").

42. Trade and other payables

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|------------------------------|------------------------------|
| | \$M | \$M |
| Amounts owed to Group undertakings | 7.5 | 0.1 |

The amounts owed to Group undertakings are interest bearing, unsecured and repayable on demand. The interest rates are based on external indices plus an agreed margin.

43. 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:

43. Financial instruments (continued)

| | Book value December 31, 2023 \$M | Fair value December 31, 2023 \$M | Book value December 31, 2022 \$M | Fair value December 31, 2022 \$M |
|---|---|---|---|---|
| Financial instruments⁽¹⁾: | | | | |
| Financial assets: | | | | |
| Loans to subsidiary undertakings | 51.4 | 51.4 | 51.4 | 51.4 |

(1) The financial instruments 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.

Loans to subsidiary undertakings bear interest of between 7.5% and 8%, payable on a quarterly basis. Loans are repayable on demand, however there is currently no intention to seek repayment of these loans. The maturity of the financial liabilities is disclosed in Note 28 in the consolidated financial statements.

The fair value calculations were performed on the following basis:

Loans to subsidiary undertakings

The carrying value approximates to the fair value.

(b) Interest rate risks***Interest rate risk profile on financial assets***

As the Company holds no cash or external loans at December 31, 2023, the interest rate risk is negligible.

(c) Undrawn committed facilities

At December 31, 2023, the Group had committed banking facilities of \$125.0 million with an additional \$25.0 million of uncommitted facilities through an accordion provision. Of these committed facilities, \$43.1 million was drawn at December 31, 2023 by subsidiary undertakings.

At December 31, 2022, the Group had committed banking facilities of \$100.0 million with an additional \$50.0 million of uncommitted facilities through an accordion provision. Of these committed facilities, \$31.9 million was drawn at December 31, 2022 by subsidiary undertakings.

44. Financial risk management objectives and policies

The Company's financial instruments comprise 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 only on the defined benefit pension plan, which is measured in GBP and translated to USD. As the functional currency of the Company changed to USD from January 1, 2021, there is minimal translation risk on other transactions.

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 \$51.4 million.

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.

45. 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 amount recognised 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. In the year an asset ceiling was applied to limit the impact of the surplus on the scheme.

The full amounts relating to the Plan have been included in the Company statement of financial position. This is because there is no allocation of the values 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 total credit to the Company’s income statement for 2023 for retirement benefits was \$0.4 (2022: charge of \$0.4).

The movement in the pension liabilities is shown below:

| | 2023 \$M | 2022 \$M |
|--|---------------|---------------|
| Net retirement benefit surplus at January 1 | (27.0) | (13.7) |
| Credited to the income statement | | |
| Net interest on net surplus | (1.5) | (0.2) |
| Administrative costs | 1.1 | 0.6 |
| Cash contributions | (0.2) | (0.4) |
| Credited to the consolidated statement of comprehensive income | (10.8) | (16.7) |
| Exchange difference | (1.9) | 3.4 |
| Net retirement benefit surplus at December 31 | <u>(40.3)</u> | <u>(27.0)</u> |

45. Retirement benefits (continued)

The financial assumptions used in the calculations were:

| | 2023 % | 2022 % |
|---|-------------|-------------|
| Discount rate | 4.50 | 4.80 |
| Inflation related assumptions: | | |
| Pre-2030 | | |
| Retail Price Inflation | 3.10 | 3.20 |
| Consumer Price Inflation | 2.00 | 2.10 |
| Pension increases—pre 6 April 1997 | 1.80 | 1.90 |
| —1997 - 2005 | 2.10 | 2.10 |
| —post 5 April 2005 | 1.60 | 1.70 |
| Post-2030 | | |
| Retail Price Inflation | 3.10 | 3.20 |
| Consumer Price Inflation | 3.00 | 3.10 |
| Pension increases—pre 6 April 1997 | 2.30 | 2.40 |
| —1997 - 2005 | 2.90 | 3.00 |
| —post 5 April 2005 | 2.00 | 2.20 |
| Other principal actuarial assumptions: | | |
| Life expectancy of male in the U.K. aged 65 at accounting date | 21.2 / 23.1 | 21.2 / 23.0 |
| Life expectancy of male in the U.K. aged 65 at 20 years after accounting date | 22.5 / 24.6 | 22.5 / 24.5 |

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 U.K. plan currently has a long-term strategic target to hold 20 percent 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 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 any of these events occurred, it would be expected to lead to an increase in the Company's future cash contributions.

The amounts recognised in the income statement in respect of the pension plan were as follows:

| | 2023 \$M | 2022 \$M |
|--|-------------|-------------|
| In respect of defined benefit plan: | | |
| Net interest on net liability | (1.5) | (0.2) |
| Administrative expenses | 1.1 | 0.6 |
| Past service cost | — | — |
| Total (credit) / charge for defined benefit plan | (0.4) | 0.4 |

For the year, the amount recognised in the Statement of Comprehensive Income is \$12.7 million (2022: 13.3 million).

The actual return on the plan assets was a gain of \$20.5 million (2022: loss of \$70.5 million).

45. Retirement benefits (continued)

The value of the plan assets and liabilities were:

| | 2023 \$M | 2022 \$M |
|---|-------------|-------------|
| Assets in active markets: | | |
| Equities and growth funds | 65.8 | 78.3 |
| Government bonds | 69.6 | 65.7 |
| Corporate bonds | 135.7 | 106.1 |
| Cash | 3.1 | 2.5 |
| Total market value of assets | 274.2 | 252.6 |
| Present value of plan liabilities | (233.9) | (225.6) |
| Surplus in the scheme | 40.3 | 27.0 |
| Related deferred income tax liabilities | (9.4) | (5.3) |
| Net pension asset | 30.9 | 21.7 |

The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

The scheme rules provides the Company with an right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Based on these rights, any net surplus in the UK scheme is recognised in full.

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

| | 2023 \$M | 2022 \$M |
|------------------------|-------------|-------------|
| At January 1 | 225.6 | 362.9 |
| Service cost | — | — |
| Interest on obligation | 11.0 | 6.2 |
| Actuarial gains | (2.8) | (93.7) |
| Exchange difference | 12.7 | (37.0) |
| Benefits paid | (12.6) | (12.8) |
| At December 31 | 233.9 | 225.6 |

45. Retirement benefits (continued)

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 1% |
| 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:

| | 2023 \$M | 2022 \$M |
|------------------------------|-------------|-------------|
| At January 1 | 252.6 | 376.6 |
| Interest on plan assets | 12.5 | 6.3 |
| Actuarial gains and (losses) | 8.0 | (76.8) |
| Contributions from employers | 0.2 | 0.4 |
| Administrative expenses | (1.1) | (0.6) |
| Exchange differences | 14.6 | (40.5) |
| Benefits paid | (12.6) | (12.8) |
| At December 31 | 274.2 | 252.6 |

The estimated amount of employer contributions expected to be paid to the defined benefit pension plans for the year ending December 31, 2023 is \$0.4 million (2022: \$0.4 million actual employer contributions) reflecting the PPF levy contribution required.

46. Related party transactions

During 2023, the Company has made the following transactions and has the following outstanding balances at December 31, 2023 with related parties:

| Name of related party | Income | Expense | Expenditure | Balances outstanding | | |
|-----------------------|-----------------|-----------------|--------------------------------|----------------------|------------------------------------|---------------------------------------|
| | Interest \$M | Interest \$M | Management recharges \$M | Investments \$M | Trade and other payables \$M | Trade and other receivables \$M |
| Luxfer Group Limited | — | 0.1 | (0.7) | — | 7.5 | — |
| BA Holdings, Inc. | 0.8 | — | — | 10.0 | — | — |
| Luxfer Magtech Inc. | 3.3 | — | — | 41.4 | — | 0.1 |

Of the balances outstanding held within investments, these balances are all interest bearing and are based on market rates of interest.

46. Related party transactions (continued)

During 2022, the Company has made the following transactions and has the following outstanding balances at December 31, 2022 with related parties:

| Name of related party | Income | Expenditure | Balances outstanding | | |
|-----------------------|-----------------|--------------------------------|----------------------|---------------------------------------|------------------------------------|
| | Interest \$M | Management recharges \$M | Investments \$M | Trade and other receivables \$M | Trade and other payables \$M |
| Luxfer Group Limited | 0.1 | (0.6) | — | 6.1 | — |
| BA Holdings, Inc. | 0.8 | — | 10.0 | 0.2 | — |
| Luxfer Magtech Inc. | 3.3 | — | 41.4 | 0.8 | — |

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, and Luxfer Magtech Inc. for \$0.3 million, \$0.2 million, \$0.2 million, \$1.1 million, \$0.6 million, \$0.1 million, \$0.1 million and \$0.1 million respectively (2022: Luxfer, Inc., Luxfer Gas Cylinders Limited, Luxfer Group Limited, BA Holdings, Inc., Magnesium Elektron Limited, Magnesium Elektron North America Inc, MEL Chemicals Inc and Luxfer Magtech Inc. for \$0.2 million, \$0.2 million, \$0.4 million, \$0.7 million, \$0.6 million, \$0.2 million, \$0.1 million and \$0.1 million respectively). These amounts are recognized as capital contributions in the year.

Other than the transactions mentioned above, no other related party transactions have been identified.

47. Post balance sheet events

No post balance sheet events were identified which impact the financial statements.