

Element Six Holdings Limited

**Annual Report and Financial Statements
Year Ended 31 December 2021**

Company Registration Number: 07359334

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DIRECTORS AND OTHER INFORMATION**Board of Directors**

W Hühn
B Cleaver
S Kuijlaars
A Cormack (resigned 31st March 2021)
A Guthrie (resigned 12th October 2021)
E Leathers (appointed 13 April 2022)

Company Secretary and Registered Office

Thomas Johnson
Element Six Holdings Limited
17 Charterhouse Street
London
EC1N 6RA
United Kingdom

Element Six Holdings Limited is a private limited company registered in the United Kingdom.

Registered Number: 07359334

Bankers

BNP Paribas
10 Harewood Avenue
London
NW1 6AA
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

STRATEGIC REPORT

The directors present their strategic report on Element Six Holdings Limited (the "Company") for the year ended 31 December 2021.

Business Review and principal activities

The principal activity of the Company is that of a holding company in other UK or foreign companies, and the control and the management as well as the development of these participations which are mainly involved in the manufacture and sale of industrial diamond and related products.

Principal Risks and Uncertainties

The Company acts as a holding company. Its primary source of income is dividends from subsidiaries. Principal risks and uncertainties are in relation to the subsidiaries being unable to generate sufficient distributable reserves from trading to provide dividend income.

The directors will continue to monitor and manage the company's exposure to risk and are satisfied that current strategies in place will continue to reduce the exposures to risk.

S172 Statement

Element Six Holdings Limited is owned by De Beers plc (100%). The ultimate owners of De Beers plc are Anglo American plc (85%) and the Government of the Republic of Botswana (15%).

Element Six Holdings Limited is a holding company and does not have any employees other than its directors. Directors are remunerated through other group companies within the Group. The Company does not have direct suppliers or customers and its operations do not impact on the community or environment. The directors ensure the company maintains a reputation for high standards of business conduct and acts fairly between members of the company.

Results

The profit after tax for the year is \$6,031,279 (2020: \$3,337,547).

A dividend of \$2,988,921 was received from Element Six Abrasives Holdings Limited on 4 November 2021 (2020: \$2,988,921).

On 24 November 2021, in preparation for liquidation, Element Six N.V. made a return of share capital of \$36,812,074 to Element Six Holdings Limited. This has been treated as a reduction in the value of investment in Element Six N.V.

Financial Position

The net assets as at 31 December 2021 were \$249,655,325 (2020: \$243,624,044).

Financial Risk Management Objectives and Policies

Element Six Holdings Limited is the Holding Company for the Group (the "Group") and the operations of the Group expose it to a variety of financial risks that include the effect of changes in foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to manage the financial exposures of all group companies by monitoring levels of debt finance and the related finance costs. The Group uses derivative financial instruments to mitigate certain currency risk exposures.

Currency risk

Management has set up a policy to require the company to manage its foreign exchange risk against its functional currency through Group treasury. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts, transacted by Group treasury.

Investments risk

The main investment risk is that the subsidiary will not perform as expected and thus the company will have to bear a resulting impairment of the investment.

STRATEGIC REPORT - continued*Interest rate risk*

The company has no significant interest-bearing assets or liabilities apart from intercompany balances. Amounts owed by Group undertakings falling due within one year are interest free. The balance owed by Element Six Treasury Limited which is interest bearing, is payable at a margin of 1 Month USD Libor less 0.10%.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are closely monitored and reviewed at least monthly. The majority of the company's debtors are intercompany with the remainder being VAT refundable. Monthly management accounts are used to monitor and manage debt levels. Intercompany balances are regularly cleared.

Liquidity risk

Liquidity risk is managed through a regular review of cash flow forecasts and an increased focus on working capital efficiency. The primary source of guaranteed liquidity is a \$10m intercompany credit facility provided by lender Anglo American Capital Plc.

KPIs

Element Six Holdings Limited's directors' KPIs include maximising profitability of the company together with determining the dividend policy to ensure shareholders' interests are met. The company's profit for the year was \$6,031,279 (2020: \$3,337,547).

Future developments

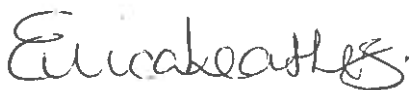
The directors expect the business activities of the company to remain consistent in future years.

Events after the balance sheet date

There have been no significant events since the balance sheet date.

Approval

Approved by the Board and signed on its behalf by:



Erica Leathers
13 April 2022



W Hühn
13 April 2022

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Element Six Holdings Limited (the "Company") for the year ended 31 December 2021.

Under section 414C(11) of the Act, the directors may include in the strategic report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider are of strategic importance to the Company.

The disclosures required by s416(4) which are dealt with in the strategic report in this way are:

- Financial risk management objectives and policies;
- Future developments
- Events which have occurred since the end of the financial year.

Going concern

Element Six Holdings Limited net assets as at 31st December 2021 is \$249,655,325. The Company is a member of an intercompany credit facility provided by Anglo American Capital Plc which is a committed facility of \$10m. Also, as a holding company, which holds a number of investments in subsidiaries, the company has the ability to obtain dividends if required from its subsidiaries to meet its debts as they fall due.

The directors have reviewed the financial position of the group, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Group has adequate resources and funding to continue in operational existence for a period of at least 12 months from the date of issuance of these financial statements.

A severe but plausible downside scenario has been modelled by reducing the performance of the Group by the same level of decline seen from 2019 to 2020, where the Group was impacted by a global economic downturn due to the Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. In this downside scenario, no covenants would be breached and the Group's liquidity is sufficient to absorb the financial impact of the sensitivity analysis for a period of at least 12 months from the day of issuance of the financial statements.

The Board is satisfied that the Group's forecasts and projections, taking account of a severe but plausible downside scenarios in trading performance, show the Group will continue to operate with the levels of its current facilities for the period assessed. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Directors

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

W Hühn
B Cleaver
S Kuijlaars
A Cormack (resigned 31st March 2021)
A Guthrie (resigned 12th October 2021)

Directors' indemnities

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

Results and dividends

The Company's profit for the financial year was \$6,031,279 (2020: \$3,337,547). No dividend was paid during the year (2020: \$Nil). There have been no dividends proposed since year end.

Subsidiary undertakings

The Company has availed of the exemption under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements deal with the results of the Company as a single entity only. The disclosures required under Part 1 and 2 of Schedule 4 to S1 2008/410, in respect of subsidiary undertakings, are provided in note 8 to the financial statements.

DIRECTORS' REPORT - continued**Auditors and disclosure of information to auditors**

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

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

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

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:


Erica Leathers
13 April 2022


W Hüh
13 April 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT SIX HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Element Six Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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

REPORTING ON OTHER INFORMATION

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT SIX HOLDINGS LIMITED
– CONTINUED**

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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**Responsibilities of the directors for the financial statements**

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT SIX HOLDINGS LIMITED
– CONTINUED**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to significant or unusual transactions outside the normal course of business and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry of management regarding actual and potential litigation and claims;
- Review of board meeting minutes for any instances of non-compliance with laws, regulations and fraud;
- Identifying and testing the validity of journal entries, including any journal entries posted with unusual account combinations, unusual words and by unexpected users; and
- Challenging assumptions made by management in its significant accounting estimates, in particular in relation to the carrying value of investments in subsidiaries.

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

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

Use of this report

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEMENT SIX HOLDINGS LIMITED
– CONTINUED****OTHER REQUIRED REPORTING****COMPANIES ACT 2006 EXCEPTION REPORTING**

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

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

We have no exceptions to report arising from this responsibility.



Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2022

PROFIT AND LOSS ACCOUNT
Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Income from shares in Group undertakings	3	<u>2,988,921</u>	<u>2,988,921</u>
Gross Profit		2,988,921	2,988,921
Administrative expenses		<u>(244,281)</u>	<u>(5,297)</u>
Operating profit		2,744,640	2,983,624
Other operating income		933	5,398
Finance Income (Net)	6	<u>3,285,706</u>	<u>348,525</u>
Profit before taxation		6,031,279	3,337,547
Tax on profit	7	<u>-</u>	<u>-</u>
Profit for the financial year		<u>6,031,279</u>	<u>3,337,547</u>

All amounts above relate to continuing operations.

For the year ended 31 December 2021, the company had no income or expense other than those reflected in the profit and loss above, therefore, no separate statement of comprehensive income is presented.

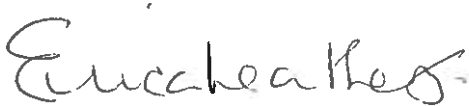
The notes on pages 15 to 25 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2021

	Note	2021 \$	2020 \$
Fixed Assets			
Shares in group undertakings	8	<u>112,201,379</u>	<u>149,013,605</u>
		112,201,379	149,013,605
Current assets			
Debtors	9	137,882,856	94,803,971
Creditors - amounts falling due within one year	10	<u>(428,912)</u>	<u>(193,532)</u>
Net current assets		<u>137,453,944</u>	<u>94,610,439</u>
Total assets less current liabilities		<u>249,655,323</u>	<u>243,624,044</u>
Net Assets		<u>249,655,323</u>	<u>243,624,044</u>
Capital and reserves			
Called up share capital	11	1,900,010	1,900,010
Profit and loss account		<u>247,755,313</u>	<u>241,724,034</u>
Total Shareholders' funds		<u>249,655,323</u>	<u>243,624,044</u>

The notes on pages 15 to 25 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors 13th April 2022 and signed on its behalf by



Erica Leathers
Director
Element Six Holdings Limited
Registered Number: 07359334



W Hühn
Director
Element Six Holdings Limited
Registered Number: 07359334

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Called Up Share Capital	Retained Earnings	Total Shareholder's funds
	\$	\$	\$
As at 1 January 2021	1,900,010	241,724,034	243,624,044
Profit for the financial year and total comprehensive income	-	6,031,279	6,031,279
As at 31 December 2021	1,900,010	247,755,313	249,655,323
	Called Up Share Capital	Retained Earnings	Total Shareholder's funds
	\$	\$	\$
As at 1 January 2020	1,900,010	238,386,487	240,286,497
Profit for the financial year and total comprehensive income	-	3,337,547	3,337,547
As at 31 December 2020	1,900,010	241,724,034	243,624,044

The notes on pages 15 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

The address of the registered office is given on page 2.

Basis of preparation

Element Six Holdings Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England.

Element Six Holdings Limited is owned by De Beers Investments plc (100%). The ultimate owners of De Beers Investments plc are Anglo American plc (85%) and the Government of the Republic of Botswana (15%).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Accounting policies have been applied consistently.

The functional currency of the Company is considered to be U.S. Dollars because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, Anglo American plc. The Group financial statements of Anglo-American plc are available to the public and can be obtained from the Company Secretary of Anglo-American plc, 17 Charterhouse Street, London EC1N 6RA, United Kingdom or the Anglo-American plc website.

Going Concern

Element Six Holdings Limited net assets as at 31st December 2021 is \$249,655,325. The Company is a member of an intercompany credit facility provided by Anglo American Capital Plc which is a committed facility of \$10m. Also, as a holding company, which holds a number of investments in subsidiaries, the company has the ability to obtain dividends if required from its subsidiaries to meet its debts as they fall due.

The directors have reviewed the financial position of the group, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Group has adequate resources and funding to continue in operational existence for a period of at least 12 months from the date of issuance of these financial statements.

A severe but plausible downside scenario has been modelled by reducing the performance of the Group by the same level of decline seen from 2019 to 2020, where the Group was impacted by a global economic downturn due to the Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. In this downside scenario, no covenants would be breached and the Group's liquidity is sufficient to absorb the financial impact of the sensitivity analysis for a period of at least 12 months from the day of issuance of the financial statements.

The Board is satisfied that the Group's forecasts and projections, taking account of a severe but plausible downside scenarios in trading performance, show the Group will continue to operate with the levels of its current facilities for the period assessed. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Fixed asset investments

Investments in subsidiaries and associates are measured at cost less impairment.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss. For fixed asset investments carried at cost less impairment, the impairment loss is the difference between the asset's

NOTES TO THE FINANCIAL STATEMENTS

carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1 Accounting policies continued

Impairment of assets continued

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Current Debtors

Debtors are recorded at transaction price and are subsequently recorded at amortised cost less any allowances for impairment. The majority of the company's debtors are intercompany with the remainder being VAT refundable. The company assesses and monitors intercompany balances on a regular basis and has not identified any potential credit losses with payment of these balances.

Creditors

Creditors are recorded under the historical cost convention.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Ordinary dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

Foreign currency translation

The financial statements of the Company are expressed in U.S. dollars ("USD"). Transactions in foreign currencies are translated into USD at the rates of exchange which approximate the effective rates prevailing on the dates of the transactions.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains (both realised and unrealised) are recorded in the profit and loss account of the year. The realised exchange losses and realised exchange gains are reflected in the profit and loss account at the moment of their realisation.

Other assets and liabilities denominated in foreign currencies are translated separately into USD at the year-end at the exchange rates effective at the balance sheet date for monetary assets and liabilities. Any unrealised exchange losses are recorded in the profit and loss account.

Financial Instruments

Financial instruments are recognised and measured under IFRS 9. The Company classifies its financial instruments at amortised cost. Financial assets or liabilities at amortised cost are held to collect the contractual cash flows and the payments are solely payments of principal and interest. These financial

NOTES TO THE FINANCIAL STATEMENTS

instruments are non-derivative with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for items with maturities of greater than 12 months after the balance sheet date. These are classified as non-current assets or liabilities.

1 Accounting policies continued

Finance Costs and Income

Finance costs and income is recognised in the profit and loss in the year to which they relate.

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet.

Consolidation

The financial statements relate to the results of Element Six Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a Group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the entity's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The directors have reviewed the carrying value of the Company's investments and are satisfied the carrying value is appropriate. Other than this there are no critical judgements or estimates that the directors have made in the process of applying the company's accounting policies in the financial statements that have a significant effect in the current or prior financial years or a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

3 Dividend Income	2021	2020
	\$	\$
Element Six Abrasives Holdings Limited	2,988,921	2,988,921
	<u>2,988,921</u>	<u>2,988,921</u>

A dividend of \$2,988,921 was received from Element Six Abrasives Holdings Limited on the 04th November 2021 (2020: \$2,988,921).

4 Employees

Other than the three directors, the Company does not have any employees.

NOTES TO THE FINANCIAL STATEMENTS

5 Directors' remuneration and transactions

The directors' remuneration and transactions were paid by other companies within the Group. \$nil amounts are notionally allocated in relation to qualifying services (2020: \$nil).

6 Income from other participating interests	2021	2020
	\$	\$
Preference Dividend	3,324,929	-
Intercompany Interest Receivable	5,135	393,004
Intercompany Interest Payable	(44,358)	(44,479)
	<u>3,285,706</u>	<u>348,525</u>

7 Tax on profit	2021	2020
	\$	\$
Current tax:		
UK corporation tax on profit for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax charge	<u>-</u>	<u>-</u>

The tax assessed on the result for the year 2021 differs from that which would result from applying the standard effective rate of corporation tax in the UK of 19.00% (2020: 19.00%) to the (loss) / profit. The differences are explained below:

	2021	2020
	\$	\$
Profit before taxation	<u>6,031,279</u>	<u>3,337,547</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,145,943	634,134
Income not subject to tax	(1,199,632)	(567,895)
Group relief surrendered for nil consideration	53,660	(66,239)
Expenses not deductible	29	-
Adjustments in respect of previous years	-	-
Losses available for carry forward	<u>-</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Finance (No. 2) Act 2015 reduced the standard rate of corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020, however, legislation in the Finance Act 2020, enacted in July 2020, repealed this reduction. The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances on 31 December 2021. Deferred tax has been measured at the rate it is expected to reverse.

NOTES TO THE FINANCIAL STATEMENTS

8 Investments	2021	2020
	\$	\$
Subsidiary Undertakings		
At 1 January	149,013,605	149,013,605
Return of share capital (i)	(36,812,074)	-
Disposal	(152)	
At 31 December	<u>112,201,379</u>	<u>149,013,605</u>

- i. On 24th November 2021, Element Six N.V. made a return of share capital of \$36,812,074 to Element Six Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS

8 Investments – continued
 Details of undertakings in which Element Six Holdings Limited holds a direct and indirect capital interest (*) are as follows:

Name	Registered Address	Country	Ownership Shares	Type of Shares	Number of Shares Issued	Nominal Value of each Share	Carrying Value 2021
							\$
Element Six Technologies (Pty) Limited	Debid Road, Nuffield, Springs, 1559, South Africa	South Africa	100%	Ordinary	100	ZAR1.00	-
Element Six Abrasives Holdings Limited	17 Charterhouse Street, London, EC1N 6RA United Kingdom	United Kingdom	59.78%	Ordinary	190,001	\$10.00	110,372,532
Element Six Treasury Limited	Shannon Airport, Co. Clare, Ireland	Ireland	100%	Ordinary	1,000	€1.00	1,307
Element Six Limited	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR, United Kingdom	United Kingdom	100%	Ordinary	1,000	£1.00	-
Element Six (Legacy Pensions) Limited	18-20 North Quay, Douglas, Isle of Man	Isle of Man	100%	Ordinary A Ordinary	10,000 50,000	\$1.00 £1.00	1
Element Six N.V.	De Nieuwe Erven 2, 5431 NT, Cuijk, Netherlands	Netherlands	100%	Ordinary	229,685	€40.00	1,827,439

NOTES TO THE FINANCIAL STATEMENTS

8 Investments – continued

Name	Registered Address	Country	Ownership Shares	Type of Shares	Number of Shares Issued	Nominal Value of each Share	Carrying Value 2021
Element Six Technologies Limited	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR, United Kingdom	United Kingdom	100%	Ordinary	26,383,705	£1.00	\$ -
Element Six Technologies (OR) Corporation	3500 South DuPont Highway, Dover, Kent County, DE19901, United States	United States	100%	Ordinary	100	\$1.00	100
*Element Six Limited	Shannon Airport, Co. Clare, Ireland	Ireland	59.78%				
*Element Six (Production) Proprietary Limited	Debid Road, Nuffield, Springs, 1559, South Africa	South Africa	59.78%				
*Element Six (Holdings) Limited	Shannon Airport, Co. Clare, Ireland	Ireland	59.78%				
*Element Six Ltda	Rua da Consolação, 368, 15º andar Consolação, São Paulo, Brazil	Brazil	59.78%				
*Element Six (Trade Marks) Limited	Shannon Airport, Co. Clare, Ireland	Ireland	59.78%				

NOTES TO THE FINANCIAL STATEMENTS

8 Investments – continued

Name	Registered Address	Country	Ownership Shares	Type of Shares	Number of Shares issued	Nominal Value of each Share	Carrying Value 2021 \$
*Element Six South Africa (Pty) Limited	Debid Road, Nuffield, Springs, 1559, South Africa	South Africa	59.78%				
*Element Six Limited	9F PMO Hatchobori, 3-22-13 Hatchobori, Chuo-ku, Tokyo, 104, Japan	Japan	59.78%				
*Element Six Abrasives Treasury Limited	Shannon Airport, Co. Clare, Ireland	Ireland	59.78%				
*Element Six Trading (Shanghai) Co. Limited	Room 807, Floor8 No 390-408 East Beijing Road, Huangpu District Shanghai China	China	59.78%	-	-		
*Element Six (UK) Limited	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR, United Kingdom	United Kingdom	59.78%	Ordinary			
*Element Six AB	Box 505, S -915 23, Robertstors, Sweden	Sweden	59.78%				

NOTES TO THE FINANCIAL STATEMENTS

8 Investments – continued

Name	Registered Address	Country	Ownership Shares	Type of Shares	Number of Shares issued	Nominal Value of each Share	Carrying Value 2021 \$
*Element Six Technologies US Corporation	3901 Burton Drive Santa Clara CA 95050, USA	United States	100%				
*Element Six GmbH	Staedeweg 18, 36151, Berghaun, Germany	Germany	59.78%				
*Element Six US Corporation	24900 Pitkin Road, Suite 250 Spring TX 77386, USA	United States	59.78%				
*UHPU Manufacturing Proprietary Limited	Debid Road, Nuffield, Springs, 1559, South Africa	South Africa	59.78%	-	-	-	-
Total							112,201,379

NOTES TO THE FINANCIAL STATEMENTS

9 Debtors	2021	2020
	\$	\$
Amounts owed by group undertakings	137,642,441	94,659,319
Other debtors	240,415	144,652
	<u>137,882,856</u>	<u>94,803,971</u>

With the exception of the balance owed by Element Six Treasury Limited which is interest bearing (2021: \$134,279,488; 2020: \$94,618,388), amounts owed by group undertakings falling due within one year are unsecured, interest free and repayable on demand. Interest on the intercompany balance with Element Six Treasury Limited is calculated using 1 Month USD Libor less a margin of 0.10%. The deposit is repayable on demand.

10 Creditors - Amounts falling due within one year	2021	2020
	\$	\$
Other Taxation	242,209	142,321
Accruals and deferred income	186,703	51,211
	<u>428,912</u>	<u>193,532</u>

11 Called Up Share capital	2021	2020
	\$	\$
Authorised:		
Opening	1,900,010	1,900,010
Closing (190,001 (2020: 190,001) ordinary shares of \$10 each)	<u>1,900,010</u>	<u>1,900,010</u>
Allotted, called up and fully paid:		
190,001 (2020: 190,001) ordinary shares of \$10 each	<u>1,900,010</u>	<u>1,900,010</u>

12 Auditor's remuneration

Auditor's remuneration for 2021 is \$11,926. In 2020 it was borne by a fellow group company and \$nil amounts were notionally allocated.

13 Controlling Party

The immediate parent company is De Beers Investments plc which is registered in Jersey. De Beers Investments plc is ultimately owned by Anglo American plc (85%), and the Government of the Republic of Botswana (15%). The parent company of the smallest group of undertakings of which the company is a member and in whose consolidated financial statements the company is included in is De Beers plc.

The largest Group that the Company forms part of is Anglo American Group. The Company's ultimate parent and controlling party is Anglo American plc, a public limited company registered in England and Wales (registered number 3564138). The parent of the largest Group in whose consolidated financial statements the company is included in is Anglo American plc.

NOTES TO THE FINANCIAL STATEMENTS

14 Cash flow statement

The Company has availed of the exemption contained in FRS 102 "Statement of Cash Flows" which states the Company does not have to present a cash flow statement. The Company's ultimate parent Anglo American plc prepare publicly available consolidated statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss). The Group financial statements of Anglo American plc can be obtained from the Company Secretary of Anglo American plc, 17 Charterhouse Street, London EC1N 6RA, United Kingdom or the Anglo American plc website.

15 Related party transactions

The Company has availed of the exemption contained in FRS 102 "Related Party Disclosures" in respect of subsidiary undertakings, 100% of whose voting rights are controlled within a Group. Consequently, the financial statements do not contain disclosure of transactions with entities 100% owned in the Element Six Holdings Group.

	2021	2020
	\$	\$
Preference Dividend	3,324,939	-
	<u>3,324,939</u>	<u>-</u>
	2021	2020
	\$	\$
Amount owed by Element Six Abrasives Holdings Limited	3,324,939	-
	<u>3,324,939</u>	<u>-</u>

In 2021, a Preference Dividend arrangement between Element Six Holdings Limited and Element Six Abrasives Holdings Limited was accrued & will be paid to Element Six Holdings Limited in 2022.

	2021	2020
	\$	\$
Dividend Received	2,988,921	-
	<u>2,988,921</u>	<u>-</u>

The Company received a dividend of \$2,988,921 from Element Six Abrasives Holdings Limited on the 04th November 2021.