UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 26, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-35370

Luxfer Holdings PLC

(Exact Name of Registrant as Specified in Its Charter)

England and Wales	**98-1024030**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.

Lumns Lane, Manchester, M27 8LN

Address of principal executive offices

Registrant's telephone number, including area code: **+1 414-269-2419**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value £0.50 each	LXFR	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☐	Accelerated Filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of Registrant's only class of ordinary stock on September 26, 2021, was 27,704,918.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (unaudited)

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Third Quarter		Year-to-date	
In millions, except share and per-share data	**2021**	**2020**	**2021**	**2020**
Net sales	**$ 91.2**	$ 77.7	**$ 275.4**	$ 242.7
Cost of goods sold	**(70.1)**	(58.8)	**(203.2)**	(181.7)
Gross profit	**21.1**	18.9	**72.2**	61.0
Selling, general and administrative expenses	**(10.6)**	(8.4)	**(33.9)**	(30.3)
Research and development	**(1.3)**	(1.0)	**(2.9)**	(2.6)
Restructuring charges	**(0.5)**	(4.2)	**(2.1)**	(7.8)
Acquisition and disposal related costs	**(0.6)**	—	**(1.5)**	(0.2)
Other charges	**—**	—	**(1.1)**	—
Operating income	**8.1**	5.3	**30.7**	20.1
Interest expense	**(0.8)**	(1.2)	**(2.4)**	(3.5)
Defined benefit pension credit	**0.6**	1.1	**1.8**	3.3
Income before income taxes and equity in net loss from affiliates	**7.9**	5.2	**30.1**	19.9
Provision for income taxes	**(1.9)**	(2.8)	**(3.6)**	(5.6)
Income before equity in net loss from affiliates	**6.0**	2.4	**26.5**	14.3
Equity in net loss from affiliates (net of tax)	**—**	—	**—**	(0.1)
Net income from continuing operations	**6.0**	2.4	**26.5**	14.2
(Loss) / income from discontinued operations, net of tax	**(0.7)**	0.2	**(2.8)**	(1.3)
(Loss) / gain on disposition of discontinued operations, net of tax	**(0.5)**	—	**6.6**	—
Net (loss) / income from discontinued operations	**$ (1.2)**	$ 0.2	**$ 3.8**	$ (1.3)
Net income	**$ 4.8**	$ 2.6	**$ 30.3**	$ 12.9
Earnings / (loss) per share[1]				
Basic from continuing operations	**$ 0.22**	$ 0.09	**$ 0.96**	$ 0.52
Basic from discontinued operations[2]	**$ (0.04)**	$ 0.01	**$ 0.14**	$ (0.05)
Basic	**$ 0.17**	$ 0.09	**$ 1.09**	$ 0.47
Diluted from continuing operations	**$ 0.21**	$ 0.09	**$ 0.94**	$ 0.51
Diluted from discontinued operations[2]	**$ (0.04)**	$ 0.01	**$ 0.14**	$ (0.05)
Diluted	**$ 0.17**	$ 0.09	**$ 1.08**	$ 0.46
Weighted average ordinary shares outstanding				
Basic	27,722,472	27,619,298	27,718,874	27,532,823
Diluted	28,033,732	28,013,706	28,072,155	27,958,942

See accompanying notes to condensed consolidated financial statements

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

[2] The loss per share for discontinued operations in the Third Quarter of 2021 and the year-to-date of 2020 has not been diluted, since the incremental shares included in the weighted-average number of shares outstanding would have been anti-dilutive.

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Third Quarter		Year-to-date	
In millions	**2021**	**2020**	**2021**	**2020**
Net income	**$ 4.8**	$ 2.6	**$ 30.3**	$ 12.9
Other comprehensive (loss) / income				
Change in foreign currency translation adjustment, net of tax	**(2.1)**	3.0	**(0.1)**	(3.7)
Pension and post-retirement actuarial gains, net of \$0.2, \$0.1, \$0.5 and \$0.3 tax, respectively	**0.7**	0.5	**2.1**	1.4
Other comprehensive (loss) / income, net of tax	**(1.4)**	3.5	**2.0**	(2.3)
Total comprehensive income	**$ 3.4**	$ 6.1	**$ 32.3**	$ 10.6

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

In millions, except share and per-share data		September 26, 2021		December 31, 2020
Current assets				
Cash and cash equivalents	**$**	**15.1**	$	1.5
Restricted cash		**0.1**		—
Accounts and other receivables, net of allowances of $0.6 and $0.5, respectively		**59.0**		43.1
Inventories		**80.6**		68.8
Current assets held-for-sale		**10.5**		36.0
Other current assets		**1.3**		1.5
Total current assets	**$**	**166.6**	$	150.9
Non-current assets				
Property, plant and equipment, net	**$**	**88.5**	$	86.0
Right-of-use assets from operating leases		**11.7**		9.5
Goodwill		**72.9**		70.2
Intangibles, net		**12.2**		12.8
Deferred tax assets		**18.0**		16.5
Investments in joint ventures and other affiliates		**0.4**		0.5
Total assets	**$**	**370.3**	$	346.4
Current liabilities				
Accounts payable	**$**	**30.7**	$	18.6
Accrued liabilities		**30.1**		21.5
Taxes on income		**3.6**		0.4
Current liabilities held-for-sale		**1.7**		11.4
Other current liabilities		**12.9**		13.5
Total current liabilities	**$**	**79.0**	$	65.4
Non-current liabilities				
Long-term debt	**$**	**49.6**	$	53.4
Pensions and other retirement benefits		**42.4**		50.8
Deferred tax liabilities		**1.3**		2.0
Other non-current liabilities		**11.3**		7.7
Total liabilities	**$**	**183.6**	$	179.3
Shareholders' equity				
Ordinary shares of £0.50 par value; authorized 40,000,000 shares for 2021 and 2020; issued and outstanding 28,944,000 shares for 2021 and 29,000,000 2020.	**$**	**26.5**	$	26.6
Deferred shares of £0.0001 par value; authorized issued and outstanding 761,835,338,444 shares for 2021 and 2020		**149.9**		149.9
Additional paid-in capital		**69.5**		70.6
Treasury shares		**(5.5)**		(4.0)
Own shares held by ESOP		**(1.2)**		(1.4)
Retained earnings		**111.3**		91.2
Accumulated other comprehensive loss		**(163.8)**		(165.8)
Total shareholders' equity	**$**	**186.7**	$	167.1
Total liabilities and shareholders' equity	**$**	**370.3**	$	346.4

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

In millions	Year-to-date 2021		2020
Operating activities			
Net income	**$**	**30.3**	$ 12.9
Net (income) / loss from discontinued operations		(3.8)	1.3
Net income from continuing operations	**$**	**26.5**	$ 14.2
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in net loss from affiliates		—	0.1
Depreciation		**10.5**	9.4
Amortization of purchased intangible assets		**0.7**	0.6
Amortization of debt issuance costs		**0.3**	0.4
Share-based compensation charges		**2.2**	2.1
Deferred income taxes		**(2.2)**	0.4
Defined benefit pension credit		**(1.8)**	(3.3)
Defined benefit pension contributions		**(4.6)**	(2.7)
Changes in assets and liabilities			
Accounts and other receivables		**(10.2)**	4.8
Inventories		**(5.4)**	3.7
Other current assets		**(1.2)**	10.7
Accounts payable		**9.6**	(9.5)
Accrued liabilities		**8.6**	2.7
Other current liabilities		**(0.3)**	2.6
Other non-current assets and liabilities		**1.4**	0.3
Net cash provided by operating activities - continuing		**34.1**	36.5
Net cash provided by operating activities - discontinued		—	0.2
Net cash provided by operating activities	**$**	**34.1**	$ 36.7
Investing activities			
Capital expenditures	**$**	**(5.6)**	$ (5.8)
Proceeds from sale of businesses and other		**23.7**	1.3
Acquisitions		**(19.3)**	—
Net cash used for investing activities - continuing		**(1.2)**	(4.5)
Net cash used for investing activities - discontinued		—	(0.2)
Net cash used for investing activities	**$**	**(1.2)**	$ (4.7)
Financing activities			
Net repayment of long-term borrowings	**$**	**(4.4)**	$ (16.5)
Deferred consideration paid		—	(0.4)
Proceeds from sale of shares		—	1.1
Repurchase of own shares		**(2.8)**	—
Share-based compensation cash paid		**(1.9)**	(1.3)
Dividends paid		**(10.2)**	(10.2)
Net cash used for financing activities	**$**	**(19.3)**	$ (27.3)
Effect of exchange rate changes on cash and cash equivalents		**0.1**	(0.1)
Net increase	**$**	**13.7**	$ 4.6
Cash, cash equivalents and restricted cash; beginning of year		**1.5**	10.3
Cash, cash equivalents and restricted cash; end of the Third Quarter		**15.2**	14.9
Supplemental cash flow information:			
Interest payments	**$**	**2.5**	$ 3.5
Income tax payments		**5.2**	1.6

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

In millions,	Ordinary shares	Deferred shares	Additional paid-in capital	Treasury shares Number	Treasury shares Amount	Own shares held by ESOP Number	Own shares held by ESOP Amount	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
At January 1, 2021	**$ 26.6**	**$ 149.9**	**$ 70.6**	**(0.4)**	**$ (4.0)**	**(1.0)**	**$ (1.4)**	**$ 91.2**	**$ (165.8)**	**$ 167.1**
Net income	—	—	—	—	—	—	—	14.5	—	14.5
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	1.5	1.5
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share-based compensation	—	—	0.5	—	—	—	—	—	—	0.5
Utilization of shares from ESOP to satisfy share based compensation	—	—	(1.4)	—	—	0.1	0.1	—	—	(1.3)
At March 28, 2021	**$ 26.6**	**$ 149.9**	**$ 69.7**	**(0.4)**	**$ (4.0)**	**(0.9)**	**$ (1.3)**	**$ 102.3**	**$ (164.3)**	**$ 178.9**
Net income	—	—	—	—	—	—	—	11.0	—	11.0
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	1.9	1.9
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation	—	—	0.9	—	—	—	—	—	—	0.9
Utilization of shares from ESOP to satisfy share based compensation	—	—	(0.3)	—	—	0.1	0.1	—	—	(0.2)
Cancellation of ordinary share capital	(0.1)	—	(0.8)	—	—	—	—	—	—	(0.9)
At June 27, 2021	**$ 26.5**	**$ 149.9**	**$ 69.5**	**(0.4)**	**$ (4.0)**	**(0.8)**	**$ (1.2)**	**$ 109.9**	**$ (162.4)**	**$ 188.2**
Net income	—	—	—	—	—	—	—	4.8	—	4.8
Shares sold from ESOP	—	—	(0.1)	—	—	—	—	—	—	(0.1)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(1.4)	(1.4)
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation	—	—	0.8	—	—	—	—	—	—	0.8
Utilization of shares from ESOP to satisfy share based compensation	—	—	(0.3)	—	—	—	—	—	—	(0.3)
Purchase of own shares	—	—	—	(0.1)	(1.5)	—	—	—	—	(1.5)
Cancellation of ordinary share capital	—	—	(0.4)	—	—	—	—	—	—	(0.4)
At September 26, 2021	**$ 26.5**	**$ 149.9**	**$ 69.5**	**(0.5)**	**$ (5.5)**	**(0.8)**	**$ (1.2)**	**$ 111.3**	**$ (163.8)**	**$ 186.7**

Ordinary share capital represents 28,944,000 shares in the third quarter, 28,962,000 in the second quarter and 29,000,000 shares in the first quarter of 2021.

Deferred share capital represents 761,835,338,444 shares in the first nine months of 2021.

In millions,	Ordinary shares	Deferred shares	Additional paid-in capital	Treasury shares Number	Treasury shares Amount	Own shares held by ESOP Number	Own shares held by ESOP Amount	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
At January 1, 2020	**$ 26.6**	**$ 149.9**	**$ 68.4**	**(0.4)**	**$ (4.0)**	**(1.2)**	**$ (1.7)**	**$ 84.8**	**$ (149.6)**	**$ 174.4**
Net income	—	—	—	—	—	—	—	6.2	—	6.2
Shares sold from ESOP	—	—		—	—			—	—	—
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(7.3)	(7.3)
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share-based compensation	—	—	0.5	—	—	—	—	—	—	0.5
Utilization of treasury shares to satisfy share based compensation	—	—	(0.7)	—	—	0.1	0.1	—	—	(0.6)
At March 29, 2020	**$ 26.6**	**$ 149.9**	**$ 68.2**	**(0.4)**	**$ (4.0)**	**(1.1)**	**$ (1.6)**	**$ 87.6**	**$ (156.9)**	**$ 169.8**
Net income	—	—	—	—	—	—	—	4.1	—	4.1
Shares sold from ESOP	—	—	0.9	—	—			—	—	0.9
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	1.5	1.5
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation	—	—	0.8	—	—	—	—	—	—	0.8
Utilization of shares from ESOP to satisfy share based compensation	—	—	(0.5)	—	—	0.1	0.1	—	—	(0.4)
At June 28, 2020	**$ 26.6**	**$ 149.9**	**$ 69.4**	**(0.4)**	**$ (4.0)**	**(1.0)**	**$ (1.5)**	**$ 88.3**	**$ (155.4)**	**$ 173.3**
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2.6**	**—**	**2.6**
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	3.5	3.5
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation	—	—	0.8	—	—	—	—	—	—	0.8
Utilization of treasury shares to satisfy share based compensation	—	—	(0.1)	—	—	—	—	—	—	(0.1)
At September 27, 2020	**26.6**	**149.9**	**70.1**	**(0.4)**	**(4.0)**	**(1.0)**	**(1.5)**	**87.5**	**(151.9)**	**176.7**

Ordinary share capital represents 29,000,000 shares in the first nine months of 2020.

Deferred share capital represents 761,835,338,444 shares in first nine months of 2020.

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation and Responsibility for Interim Financial Statements

We prepared the accompanying unaudited consolidated condensed financial statements of Luxfer Holdings PLC and all wholly-owned, majority owned or otherwise controlled subsidiaries on the same basis as our annual audited financial statements. We condensed or omitted certain information and footnote disclosures normally included in our annual audited financial statements, which we prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Our quarterly financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020. As used in this report, the terms "we," "us," "our," "Luxfer" and "the Company" mean Luxfer Holdings PLC and its subsidiaries, unless the context indicates another meaning.

In the opinion of management, our financial statements reflect all adjustments, which are of a normal recurring nature, necessary for presentation of financial statements for interim periods in accordance with U.S. GAAP and with the instructions to Form 10-Q in Article 10 of Securities and Exchange Commission (SEC) Regulation S-X.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates, and any such differences may be material to our financial statements.

Our fiscal year ends on December 31. We report our interim quarterly periods on a 13-week quarter basis, ending on a Sunday. The Third Quarter 2021, ended on September 26, 2021, and the Third Quarter 2020, ended on September 27, 2020.

Discontinued operations

Certain amounts in the prior-year financial statements were reclassified to conform to the current-year presentation due to the classification of certain businesses as discontinued operations.

Impact of COVID-19 on the Financial Statements

In March 2020, the World Health Organization characterized the coronavirus ("COVID-19") a pandemic. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy. Luxfer's 2020 results were significantly affected by the global macro environment resulting from the COVID-19 pandemic, including broad-based market weakness, which was especially evident in our general industrial and transportation end-markets, contributing to a full year decline of 18.0% and 14.7% respectively, in each of those markets.

In the first nine months of 2021, with net sales up 13.5%, a return to growth across all end-markets and adjusted EBITDA up 21.7% on the prior year, the Company has delivered three quarters of strong performance amid the global economic recovery from the COVID-19 pandemic. Furthermore, it continues to operate all of its facilities at near normal production levels, following temporary closures of a few locations in the second and third quarters of 2020. Due to weaker demand resulting from uncertain economic conditions, supply constraints, and the impact of COVID-19, Luxfer implemented additional cost saving programs in the second half of 2020, including headcount reductions. Company performance is now much improved and the apparent success of vaccine programs in the U.S. and Europe has given rise to fewer restrictions, increased stability and macroeconomic recovery. That said, the coronavirus is still prevalent in many of our markets, there are pressures on availability and therefore cost of, raw materials, transport, energy and labor, continuing restrictions on international travel resulting in considerable uncertainty as to when normal conditions will prevail. If warranted, it is possible that the Company may again suspend or reduce operations at certain facilities, which could have an adverse effect on our financial position, results of operations and cash flows.

The Company recognized that the COVID-19 pandemic constituted a triggering event in accordance with Accounting Standards Codification, ("ASC"), 350 Intangibles - Goodwill and Other, during the first quarter of 2020 and therefore performed an impairment assessment of its goodwill and other intangible assets. Based on the forecast at that time, we did not identify any impairments, nor marginal outcomes. During 2020 and in the first nine months of 2021, quarterly re-forecasts were performed to assess the impact COVID-19 was having on our results and liquidity, and in the fourth quarter of 2020 we carried out our annual goodwill and other intangibles impairment test using cash flows from the annual and strategic plan budgeting exercise.

1. Basis of Presentation and Responsibility for interim Financial Statements (continued)

There have been no subsequent triggering events that has changed our assessment of fair value, as a result, no impairments nor marginal outcomes have been identified.

Assumptions and judgments are required in calculating the fair value of the reporting units. In developing our discounted cash flow analysis, assumptions about future revenues and expenses, capital expenditures and changes in working capital are based on our annual operating plan and long-term business plan for each of our reporting units. These plans take into consideration numerous factors including historical experience, anticipated future economic conditions, changes in raw material prices and growth expectations for the industries and end markets we participate in. These assumptions and judgments may change as we learn more about the impact of the COVID-19 pandemic.

In relation to liquidity, the Company has access to a revolving credit facility (see Note 9) and has performed stress testing on financial covenants using current forecast information and has not identified any liquidity concerns. Furthermore, the Company has reported historically low levels of net debt and continual strong cash flow generation since the onset of the pandemic.

Accounting standards issued but not yet effective

None that will be material to the Company.

2. Earnings per share

Basic earnings per share are computed by dividing net income or loss 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 shares equivalents.

Basic and diluted earnings per share were calculated as follows:

	Third Quarter		Year-to-date	
In millions except share and per-share data	**2021**	**2020**	**2021**	**2020**
Basic earnings:				
Net income from continuing operations	**$ 6.0**	$ 2.4	**$ 26.5**	$ 14.2
Net (loss) / income from discontinued operations	**(1.2)**	0.2	**3.8**	(1.3)
Net income	**$ 4.8**	$ 2.6	**$ 30.3**	$ 12.9
Weighted average number of £0.50 ordinary shares:				
For basic earnings per share	**27,722,472**	27,619,298	**27,718,874**	27,532,823
Dilutive effect of potential common stock	**311,260**	394,408	**353,281**	426,119
For diluted earnings per share	**28,033,732**	28,013,706	**28,072,155**	27,958,942
Earnings / (loss) per share using weighted average number of ordinary shares outstanding[3]:				
Basic earnings per ordinary share for continuing operations	**$ 0.22**	$ 0.09	**$ 0.96**	$ 0.52
Basic (loss) / earnings per ordinary share for discontinued operations	**(0.04)**	0.01	**0.14**	(0.05)
Basic earnings per ordinary share	**$ 0.17**	$ 0.09	**$ 1.09**	$ 0.47
Diluted earnings per ordinary share for continuing operations	**$ 0.21**	$ 0.09	**$ 0.94**	$ 0.51
Diluted (loss) / earnings per ordinary share for discontinued operations	**(0.04)**	0.01	**0.14**	(0.05)
Diluted earnings per ordinary share	**$ 0.17**	$ 0.09	**$ 1.08**	$ 0.46

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

In the third quarter of 2021 and year-to-date 2020, basic average shares outstanding and diluted average shares outstanding were the same for discontinued operations because the effect of potential shares of common stock was anti-dilutive since the Company generated a net loss from discontinued operations.

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3. Net Sales

Disaggregated sales disclosures for the quarter and first nine months ended September 26, 2021, and September 27, 2020, are included below and in Note 14, Segmental Information.

	Third Quarter					
	2021			2020		
In millions	Gas Cylinders	Elektron	Total	Gas Cylinders	Elektron	Total
General industrial	**$ 7.6**	**$ 21.6**	**$ 29.2**	$ 6.8	$ 20.0	$ 26.8
Transportation	**19.7**	**11.4**	**31.1**	11.9	9.9	21.8
Defense, First Response & Healthcare	**18.3**	**12.6**	**30.9**	13.6	15.5	29.1
Net sales	**$ 45.6**	**$ 45.6**	**$ 91.2**	$ 32.3	$ 45.4	$ 77.7

	Year-to-date					
	2021			2020		
In millions	Gas Cylinders	Elektron	Total	Gas Cylinders	Elektron	Total
General industrial	**$ 23.3**	**$ 69.0**	**$ 92.3**	$ 19.6	$ 65.6	$ 85.2
Transportation	**50.7**	**35.1**	**85.8**	37.3	29.7	67.0
Defense, First Response & Healthcare	**54.3**	**43.0**	**97.3**	50.1	40.4	90.5
Net sales	**$ 128.3**	**$ 147.1**	**$ 275.4**	$ 107.0	$ 135.7	$ 242.7

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

4. Restructuring

The $0.5 million and $2.1 million restructuring charge in the third quarter and first nine months of 2021, respectively, included $0.3 million and $1.0 million, respectively, of further costs associated with the announced closure of Luxfer Gas Cylinders France, and was largely legal and professional fees. The nine months of 2021 also includes $0.9 million of one-time employee termination costs in the Elektron division, largely in relation to the divestiture of our small Luxfer Magtech production facility in Ontario, Canada in the second quarter of 2021.

The $4.2 million and $7.8 million restructuring charge in the third quarter and first nine months of 2020, respectively, was predominantly ($3.3 million and $6.5 million, respectively) the result of further costs associated with the announced closure of Luxfer Gas Cylinders France, including one-time employee costs and associated legal and professional fees. In addition we incurred one-time employee costs in relation to COVID-led cost saving programs largely affecting our Elektron Division, of $0.9 million and $1.3 million in the third quarter and first nine months of 2020, respectively.

Restructuring-related costs included within *Restructuring charges* in the Condensed Consolidated Financial Statements by reportable segment were as follows:

	Third Quarter		Year-to-date	
In millions	2021	2020	2021	2020
Severance and related costs				
Gas Cylinders	**$ 0.5**	$ 3.3	**$ 1.1**	$ 6.7
Elektron	**—**	0.9	**1.0**	1.0
Other	**—**	—	**—**	0.1
Total restructuring charges	**$ 0.5**	$ 4.2	**$ 2.1**	$ 7.8

4. Restructuring

Activity related to restructuring, recorded in *Other current liabilities* in the consolidated balance sheets is summarized as follows:

In millions	2021
Balance at January 1,	$ 9.0
Costs incurred	2.1
Cash payments and other	(2.5)
Balance at September 26,	$ 8.6

5. Acquisition and disposal related costs

On March 15, 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 acquisition of SCI strengthens Luxfer’s composite cylinder offerings and aligns with recent investment to enhance our alternative fuel capabilities to capitalize on the growing compressed natural gas (CNG) and hydrogen opportunities.

At the Third Quarter of 2021 the purchase price allocation was ongoing and therefore a provisional allocation was presented. During the ongoing review of the purchase price allocation in the Third Quarter there has been a reallocation of $0.2 million from inventories to goodwill. No other changes in the purchase price allocation presented at the Second Quarter of 2021 have been identified, although the review remains ongoing.

Acquisition-related costs of $0.6 million and $1.5 million incurred in the third quarter and first nine months of 2021 respectively, primarily represent transitional costs and professional fees incurred in relation to the SCI acquisition.

Acquisition-related costs of $0.2 million in the first nine months of 2020 related to M&A exploration activities net of a $0.1 million release of deferred contingent consideration.

In the Third Quarter of 2020 we sold our 51% investment in Luxfer Uttam India Private Limited to our joint venture partner resulting in a gain on sale of less than $0.1 million.

6. Other charges

Other charges of $1.1 million in the first nine months of 2021 relates to the settlement of a class action lawsuit in the Gas Cylinders segment in relation to an alleged historic violation of the Californian Labor Code, concerning a Human Resources administration matter. The Company expects the cash related to the settlement to be paid during the year, with no additional charge to the income statement.

7. Supplementary balance sheet information

In millions	September 26, 2021	December 31, 2020
Accounts and other receivables		
Trade receivables	**$ 50.0**	$ 33.6
Related parties	**0.2**	0.2
Prepayments and accrued income	**6.5**	5.5
Derivative financial instruments	**0.1**	0.2
Deferred consideration	**0.9**	0.2
Other receivables	**1.3**	3.4
Total accounts and other receivables	**$ 59.0**	$ 43.1
Inventories		
Raw materials and supplies	**$ 36.2**	$ 26.2
Work-in-process	**23.7**	19.7
Finished goods	**20.7**	22.9
Total inventories	**$ 80.6**	$ 68.8
Other current assets		
Income tax receivable	**1.3**	1.5
Total other current assets	**$ 1.3**	$ 1.5
Property, plant and equipment, net		
Land, buildings and leasehold improvements	**$ 67.0**	$ 65.2
Machinery and equipment	**265.6**	255.3
Construction in progress	**6.5**	7.8
Total property, plant and equipment	**339.1**	328.3
Accumulated depreciation and impairment	**(250.6)**	(242.3)
Total property, plant and equipment, net	**$ 88.5**	$ 86.0
Other current liabilities		
Restructuring related liabilities	**$ 8.6**	$ 9.0
Contingent liabilities	**1.5**	1.1
Derivative financial instruments	**0.1**	0.4
Operating lease liability	**1.1**	2.9
Other current liabilities	**1.6**	0.1
Total other current liabilities	**$ 12.9**	$ 13.5
Other non-current liabilities		
Contingent liabilities	**$ 0.6**	$ 1.0
Operating lease liability	**10.7**	6.7
Total other non-current liabilities	**$ 11.3**	$ 7.7

7. Supplementary balance sheet information (continued)

In 2020, the Company classified its Superform aluminum superplastic forming business operating from sites in the U.S. and the U.K, and our U.S. aluminum gas cylinder business, as assets and liabilities held-for-sale in accordance with ASC 205-20 Discontinued Operations. See Note 10 for a breakdown of this disposal group.

Our U.S. aluminum gas cylinder business was sold during the First Quarter of 2021 and our U.K. Superform business was sold during the Third Quarter of 2021.

The respective assets and liabilities of the above disposal group have been reclassified as held-for-sale also included within assets held-for-sale, but not disclosed as discontinued operations, in 2021 and 2020 is one building valued at $3.7 million, within our Elektron Segment.

Both of these respective items have been included in the table below.

Held-for-sale assets *In millions*		**September 26, 2021**		**December 31, 2020**
Property, plant and equipment	**$**	**4.8**	$	11.6
Right-of-use-assets from operating leases		**0.4**		3.1
Inventory		**2.7**		12.6
Accounts and other receivables		**2.6**		8.7
Held-for-sale assets	**$**	**10.5**	$	36.0
Held-for-sale liabilities				
Accounts payable		**0.6**		4.3
Accrued liabilities		**0.1**		1.5
Other current liabilities		**1.0**		5.6
Held-for-sale liabilities	**$**	**1.7**	$	11.4

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

8. Goodwill and other identifiable intangible assets

Changes in goodwill during the first nine months ended September 26, 2021, were as follows:

In millions		**Gas Cylinders**		**Elektron**		**Total**
At January 1, 2021	**$**	**27.9**	**$**	**42.3**	**$**	**70.2**
Additions		2.6		—		2.6
Exchange difference		0.1		—		0.1
Net balance at September 26, 2021	**$**	**30.6**	**$**	**42.3**	**$**	**72.9**

Identifiable intangible assets consisted of the following:

	September 26, 2021						**December 31, 2020**					
In millions		**Gross**		**Accumulated amortization**		**Net**		**Gross**		**Accumulated amortization**		**Net**
Customer relationships	**$**	**13.4**	**$**	**(5.5)**	**$**	**7.9**	$	13.4	$	(5.2)	$	8.2
Technology and trading related		**8.3**		**(4.0)**		**4.3**		8.3		(3.7)		4.6
	$	**21.7**	**$**	**(9.5)**	**$**	**12.2**	$	21.7	$	(8.9)	$	12.8

Identifiable intangible asset amortization expense was $0.7 million and $0.6 million for the first nine months of 2021 and 2020, respectively.

Intangible asset amortization expense during the remainder of 2021 and over the next five years is expected to be approximately $0.2 million in 2021, $0.9 million in 2022, $0.9 million in 2023, $0.9 million in 2024, $0.9 million in 2025 and $0.9 million in 2026.

9. Debt

Debt outstanding was as follows:

In millions	September 26, 2021		December 31, 2020	
4.88% Loan Notes due 2023	**$**	**25.0**	$	25.0
4.94% Loan Notes due 2026		**25.0**		25.0
Revolving credit facility		**—**		4.1
Unamortized debt issuance costs		**(0.4)**		(0.7)
Total debt	**$**	**49.6**	$	53.4
Less current portion	**$**	**—**	$	—
Non-current debt	**$**	**49.6**	$	53.4

The weighted-average interest rate on the revolving credit facility was 1.63% for the first nine months of 2021 and 2.19% for the full-year 2020.

The maturity profile of the Company's debt, excluding unamortized issuance costs and discounts, is as follows:

In millions	2021		2022		2023		2024		2025		Thereafter		Total	
Loan Notes due 2023	$	—	$	—	$	25.0	$	—	$	—	$	—	**$**	**25.0**
Loan Notes due 2026		—		—		—		—		—		25.0		**25.0**
Total debt	$	—	$	—	$	25.0	$	—	$	—	$	25.0	**$**	**50.0**

Loan notes due and shelf facility

We have been in compliance with the covenants under the Note Purchase and Private Shelf Agreement throughout all of the quarterly measurement dates from and including September 30, 2014, to September 26, 2021.

The Loan Notes due 2023 and 2026, the Shelf Facility and the Note Purchase and Private Shelf Agreement are governed by the law of the State of New York.

Senior Facilities Agreement

The balance outstanding on the revolving credit facility at September 26, 2021, was nil, and at December 31, 2020, was $4.1 million, with $100.0 million undrawn at September 26, 2021 and $145.9 million undrawn at December 31, 2020. During the second quarter of 2021 we reduced our Revolving credit facility to $100.0 million, from $150.0 million.

The current banking facilities are due to expire July 31, 2022, however, a new facility is expected to be signed on October 26, 2021. See Note 16 for additional information.

We have been in compliance with the covenants under the Senior Facilities Agreement throughout all of the quarterly measurement dates from and including September 30, 2011, to September 26, 2021.

10. 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 Condensed Consolidated Statements of Income for all periods presented.

Our U.S. aluminum gas cylinder business was sold in March 2021 for $21.0 million. Subsequent to the First Quarter, $0.8 million of working capital adjustments were made, resulting in final proceeds of $20.2 million.

In September 2021, our Superform U.K. business was sold for $4.1 million, made up of $3.5 million cash received and $0.6 million of non-contingent, deferred consideration,receivable by September 30, 2022.

We expect our Superform U.S business to be sold within the next twelve months.

10. Discontinued Operations (continued)

The assets and liabilities of the Superform U.S. business has been presented within Current assets held-for-sale and Current liabilities held-for-sale in the consolidated balance sheets for 2021 and 2020. Our Superform U.K. and U.S. aluminum gas cylinders business, along with our Superform U.S business has been presented within Current assets held-for-sale and Current liabilities held-for-sale in 2020. The Company has determined that the carrying value of the held-for-sale assets is recoverable and as a result no loss allowances have been recognized.

Results of discontinued operations were as follows:

	Third Quarter				Year-to-date			
In millions		**2021**		**2020**		**2021**		**2020**
Net sales	**$**	**4.9**	$	12.7	**$**	**19.5**	$	41.0
Cost of goods sold		**(4.7)**		(13.3)		(20.4)		(40.4)
Gross profit / (loss)	**$**	**0.2**	$	(0.6)	**$**	**(0.9)**	$	0.6
Selling, general and administrative expenses		**(1.4)**		(1.4)		**(3.1)**		(4.1)
Restructuring charges		**—**		(0.1)		**—**		(0.1)
Other income		**—**		2.3		—		2.3
Operating (loss) / profit	**$**	**(1.2)**	$	0.2	**$**	**(4.0)**	$	(1.3)
Tax credit		**0.5**		—		**1.2**		—
Net (loss) / income	**$**	**(0.7)**	$	0.2	**$**	**(2.8)**	$	(1.3)

The earnings per share for discontinued operations for the first nine months of 2021 and 2020 was $0.14 and a loss of $0.05, respectively. The positive result in 2021 was the result of the $6.6 million gain on disposition of discontinued operations, partially offset by the $2.8 million loss from operations.

In the First Quarter of 2021, the Company sold its U.S. aluminum gas cylinders business for $20.2 million, after working capital adjustments, which resulted in a gain on sale of $6.7 million, net of a $2.0 million tax charge which was recognized in the First Quarter of 2021.

In the Third Quarter of 2021, the Company recorded a $0.1 million loss on the sale of the Superform U.K business, see below table. There was an additional $0.4 million true up to working capital in relation to the Graham disposal, resulting in a total $0.5 million loss on disposition in the quarter.

	Third Quarter	
In millions		**2021**
Cash consideration received	**$**	**3.5**
Deferred consideration payable		**0.6**
Less		
Net assets sold		**(4.2)**
Gross loss on disposition		**(0.1)**
Provision for income taxes		**—**
Net loss on disposition	**$**	**(0.1)**

10. Discontinued Operations (continued)

The assets and liabilities classified as held-for-sale related to discontinued operations were as follows:

Held-for-sale assets *In millions*	**September 26, 2021**	**December 31, 2020**
Property, plant and equipment	**$ 1.1**	$ 7.9
Right-of-use-assets from operating leases	**0.4**	3.1
Inventory	**2.7**	12.6
Accounts and other receivables	**2.6**	8.7
Held-for-sale assets	**$ 6.8**	$ 32.3
Held-for-sale liabilities		
Accounts payable	**0.6**	4.3
Accrued liabilities	**0.1**	1.5
Other current liabilities	**1.0**	5.6
Held-for-sale liabilities	**$ 1.7**	$ 11.4

Also included within assets held-for-sale, but not disclosed as discontinued operations, in 2021 and 2020 is one building valued at $3.7 million, within our Elektron Segment.

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

	Third Quarter		**Year-to-date**	
In millions	**2021**	**2020**	**2021**	**2020**
Cash flows from discontinued operations:				
Depreciation	**$ 0.1**	$ 0.2	**$ 0.4**	$ 0.8

Cash balances are swept into the treasury entities at the end of each day, these sweeps are recorded within operating cash flows in the statements of cash flows.

11. Income Taxes

We manage our affairs so that we are centrally managed and controlled in the United Kingdom ("U.K.") and therefore have our tax residency in the U.K. The provision for income taxes consists of provisions for the U.K. and international income taxes. We operate in an international environment with operations in various locations outside the U.K. Accordingly, the consolidated income tax rate is a composite rate reflecting the earnings in the various locations and the applicable rates.

The effective income tax rate on continuing operations for the first none-months ended September 26, 2021, was 12.0%, compared to 28.1% for the first ine-months ended September 27, 2020. The 2021 rate has been impacted by a $2.8 million deferred tax credit as a result of the enacted increase in the U.K. tax rate from 19% to 25% from April 2023.

12. Share Plans

Total share-based compensation expense for the quarters ended September 26, 2021, and September 27, 2020, was as follows:

	Third Quarter		Year-to-date	
In millions	**2021**	**2020**	**2021**	**2020**
Total share-based compensation charges	**$ 0.8**	$ 0.8	**$ 2.2**	$ 2.1

In March 2021, we issued our annual share-based compensation grants under the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan. The total number of awards issued was approximately 110,000 and the weighted average fair value of options granted in 2021 was estimated to be $21.14 per share.

Also in March 2021, approximately 45,000 awards were granted based on the achievement of total shareholder return targets from the period January 1, 2018 to December 31, 2020. The awards vested immediately upon grant.

In June 2021, we issued our annual share-based compensation grants under the Luxfer Holdings PLC Non-Executive Directors' Equity Incentive Plan. The total number of awards issued was 19,184 and the weighted-average fair value of options granted was estimated to be $21.69 per share.

The following table illustrates the assumptions used in deriving the fair value of share options granted during 2021 and the year-ended December 31, 2020:

	2021	**2020**
Dividend yield (%)	**3.39 - 4.09**	**3.39 - 4.09**
Expected volatility range (%)	**36.48 - 56.28**	**36.48 - 56.28**
Risk-free interest rate (%)	**0.18 - 0.49**	**0.18 - 0.49**
Expected life of share options range (years)	**0.50 - 4.00**	**0.50 - 4.00**
Forfeiture rate	**5.00**	**5.00**
Weighted average exercise price ($)	**$1.00**	**$1.00**
Model used	**Black-Scholes & Monte-Carlo**	Black-Scholes & Monte-Carlo

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

13. Shareholders' Equity

Dividends paid and proposed

In millions	Third Quarter 2021	Third Quarter 2020	Year-to-date 2021	Year-to-date 2020
Dividends declared and paid during the year:				
Interim dividend paid February 5, 2020 ($0.125 per ordinary share)	**$ —**	$ —	**$ —**	$ 3.4
Interim dividend paid May 6, 2020 ($0.125 per ordinary share)	**—**	—	**—**	3.4
Interim dividend paid August 5, 2020 ($0.125 per ordinary share)	**—**	3.4	**—**	3.4
Interim dividend paid February 4, 2021 ($0.125 per ordinary share)	**—**	—	**3.4**	—
Interim dividend paid May 5, 2021 ($0.125 per ordinary share)	**—**	—	**3.4**	—
Interim dividend paid August 4, 2021 ($0.125 per ordinary share)	**3.4**	—	**3.4**	—
	$ 3.4	$ 3.4	**$ 10.2**	$ 10.2

In millions	2021	2020
Dividends declared and paid after the quarter end (not recognized as a liability at the quarter end):		
Interim dividend declared October 5, and to be paid November 4, 2020 ($0.125 per ordinary share)	**$ —**	$ 3.4
Interim dividend declared October 5, and to be paid November 3, 2021 ($0.125 per ordinary share)	**3.4**	—
	$ 3.4	$ 3.4

Based on a share buyback program approved by shareholders at the 2021 Annual General Meeting, in the Third Quarter the company purchased 88,734 total shares for $1.9 million; year to date purchases were 126,734 total shares for $2.8 million. Of the 126,734 repurchased in the year, 56,000 have been canceled with the remaining 70,374 retained within Treasury shares.

14. Segmental Information

We classify our operations into two core business segments, Gas Cylinders and Elektron, based primarily on shared economic characteristics for the nature of the products and services; the nature of the production processes; the type or class of customer for their products and services; the methods used to distribute their products or provide their services; and the nature of the regulatory environment. The Company has four identified business units, which aggregate into the two reportable segments. Luxfer Gas Cylinders forms the Gas Cylinders segment, and Luxfer MEL Technologies, Luxfer Magtech and Luxfer Graphic Arts aggregate into the Elektron segment. The Superform business unit used to aggregate into the Gas Cylinders segment, but is now recognized as discontinued operations. A summary of the operations of the segments is provided below:

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

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

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

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

1 Adjusted EBITA is adjusted EBITDA less depreciation

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.

Financial information by reportable segment for the Third Quarter and year-to-date ended September 26, 2021, and September 27, 2020, is included in the following summary:

	Net sales				Adjusted EBITDA			
	Third Quarter		Year-to-date		Third Quarter		Year-to-date	
In millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas Cylinders segment	**$ 45.6**	$ 32.3	**$ 128.3**	$ 107.0	**$ 5.4**	$ 7.1	**$ 16.7**	$ 16.6
Elektron segment	**45.6**	45.4	**147.1**	135.7	**8.4**	6.6	**32.1**	23.5
Consolidated	**$ 91.2**	$ 77.7	**$ 275.4**	$ 242.7	**$ 13.8**	$ 13.7	**$ 48.8**	$ 40.1

	Depreciation and amortization(1)				Restructuring charges			
	Third Quarter		Year-to-date		Third Quarter		Year-to-date	
In millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas Cylinders segment	**$ 1.4**	$ 1.0	**$ 3.9**	$ 2.8	**$ 0.5**	$ 3.3	**$ 1.1**	$ 6.7
Elektron segment	**2.4**	2.4	**7.3**	7.2	**—**	0.9	**1.0**	1.0
Other	**—**	—	**—**	—	**—**	—	**—**	0.1
Consolidated	**$ 3.8**	$ 3.4	**$ 11.2**	$ 10.0	**$ 0.5**	$ 4.2	**$ 2.1**	$ 7.8

(1) Depreciation and amortization includes the expense recognized in relation to assets, and excludes amortization of debt issue costs.

14. Segmental Information (continued)

	Total assets		Capital expenditures			
			Third Quarter		Year-to-date	
	September 26,	December 31,				
In millions	2021	2020	2021	2020	2021	2020
Gas Cylinders segment	**$ 128.3**	$ 99.7	**$ 0.2**	$ 0.7	**$ 0.7**	$ 1.7
Elektron segment	**194.8**	189.7	**1.8**	0.9	**4.9**	3.4
Other	**40.3**	24.7	**—**	—	**—**	—
Discontinued operations	**6.9**	32.3	**—**	—	**—**	—
Consolidated	**$ 370.3**	$ 346.4	**$ 2.0**	$ 1.6	**$ 5.6**	$ 5.1

	Property, plant and equipment, net	
	September 26,	December 31,
In millions	2021	2020
U.S.	**$ 47.4**	$ 44.3
United Kingdom	**36.3**	36.6
Canada	**3.4**	3.7
Rest of Europe	**1.1**	1.1
Asia Pacific	**0.3**	0.3
	$ 88.5	$ 86.0

The following table presents a reconciliation of Adjusted EBITDA to net income from continuing operations:

	Third Quarter		Year-to-date	
In millions	2021	2020	2021	2020
Adjusted EBITDA	**$ 13.8**	$ 13.7	**$ 48.8**	$ 40.1
Other share-based compensation charges	**(0.8)**	(0.8)	**(2.2)**	(2.1)
Depreciation and amortization	**(3.8)**	(3.4)	**(11.2)**	(10.0)
Restructuring charges	**(0.5)**	(4.2)	**(2.1)**	(7.8)
Acquisition and disposal related costs	**(0.6)**	—	**(1.5)**	(0.2)
Other charges	**—**	—	**(1.1)**	—
Defined benefits pension credit	**0.6**	1.1	**1.8**	3.3
Interest expense, net	**(0.8)**	(1.2)	**(2.4)**	(3.5)
Provision for income taxes	**(1.9)**	(2.8)	**(3.6)**	(5.6)
Net income from continuing operations	**$ 6.0**	$ 2.4	**$ 26.5**	$ 14.2

14. Segmental Information (continued)

The following tables present certain geographic information by geographic region for the Third Quarter and year-to-date ended September 26, 2021, and September 27, 2020:

	Net Sales[1]											
	Third Quarter						Year-to-date					
	2021			2020			2021			2020		
		$M	Percent		$M	Percent		$M	Percent		$M	Percent
United States	$	**49.4**	***54.2 %***	$	41.1	*52.9 %*	$	**151.8**	***55.1 %***	$	132.8	*54.8 %*
U.K.		**6.5**	***7.1 %***		4.1	*5.3 %*		**17.5**	***6.4 %***		13.8	*5.7 %*
Germany		**5.1**	***5.6 %***		3.1	*4.0 %*		**13.2**	***4.8 %***		11.0	*4.5 %*
France		**2.6**	***2.9 %***		4.9	*6.3 %*		**9.3**	***3.4 %***		14.0	*5.8 %*
Italy		**3.5**	***3.8 %***		1.9	*2.4 %*		**9.5**	***3.4 %***		8.1	*3.3 %*
Top five countries	$	**67.1**	***73.6 %***	$	55.1	*70.9 %*	$	**201.3**	***73.1 %***	$	179.7	*74.1 %*
Rest of Europe		**4.9**	***5.4 %***		5.8	*7.5 %*		**19.0**	***6.9 %***		18.1	*7.5 %*
Asia Pacific		**13.7**	***15.0 %***		12.1	*15.6 %*		**38.1**	***13.8 %***		32.9	*13.5 %*
Other [2]		**5.5**	***6.0 %***		4.7	*6.0 %*		**17.0**	***6.2 %***		12.0	*4.9 %*
	$	**91.2**		$	77.7		$	**275.4**		$	242.7	

(1) Net sales are based on the geographic destination of sale.
(2) Other includes Canada, South America, Central America and Africa.

15. Commitments and Contingencies

Committed and uncommitted banking facilities

The Company had committed banking facilities of $100.0 million at September 26, 2021 and $150.0 million at December 31, 2020. Of these committed facilities, nil was drawn at September 26, 2021 and $4.1 million was drawn at December 31, 2020. The current banking facilities are due to expire July 31, 2022, however, a new facility is expected to be signed on October 26, 2021. See Note 16 for additional information.

The Company had a separate (uncommitted) facility for letters of credit which at September 26, 2021 was £1.0 million ($1.4 million) and December 31, 2020 was £1.0 million ($1.3 million). None of these were utilized at September 26, 2021 and December 31, 2020, respectively.

The Company also has two separate (uncommitted) bonding facilities for bank guarantees, one denominated in GBP sterling of £4.5 million (2021: $6.2 million, 2020: $6.1 million), and one denominated in USD of $1.5 million (2020: $1.5 million). Of that dominated in GBP, £0.6 million ($0.8 million) and £1.0 million ($1.4 million) was utilized at September 26, 2021, and December 31, 2020, respectively. Of that denominated in USD, $0.9 million was utilized at September 26, 2021 and $0.8 million was utilized at December 31, 2020.

The Company also has a $4.0 million separate overdraft facility of which none was drawn at September 26, 2021 and at December 31, 2020. The Company has various uncommitted transitional banking and foreign exchange lines available for day-to-day operational purposes.

15. Commitments and Contingencies (continued)

Contingencies

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

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

16. Subsequent Events

In October 2021, Luxfer has agreed a new five year, $100.0 million revolving credit facility, ("RCF") which is expected to become effective on October 26, 2021, with no material changes to the financial covenants but with improvements to other restrictive terms. The revised terms include an uncommitted, $50.0 million accordion facility.

The existing $50.0 million US private placement notes will also be amended in line with the new RCF terms. Additionally, the amendment includes a $50.0 million, uncommitted shelf facility available to issue long-term notes for up to three years from the effective date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information regarding forward-looking statements

This Interim Report on Form 10-Q contains certain statements, statistics and projections that are, or may be, forward-looking. These forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause our actual results of operations, financial condition, liquidity, performance, prospects, opportunities, achievements or industry results, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. The accuracy and completeness of all such statements, including, without limitation, statements regarding our future financial position, strategy, plans and objectives for the management of future operations, is not warranted or guaranteed. These statements typically contain words such as "believes," "intends," "expects," "anticipates," "estimates," "may," "will," "should" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, factors identified in "Business," "Risk factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," or elsewhere in this Interim Report, as well as:

- general economic conditions, or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, being less favorable than expected;
- worldwide economic and business conditions and conditions in the industries in which we operate;
- ongoing impact of COVID-19 and future pandemics;
- fluctuations in the cost of raw materials and utilities;
- availability of essential inputs, including but not limited to, raw materials, transport, energy and labor;
- currency fluctuations and other financial risks;
- our ability to protect our intellectual property;
- the amount of indebtedness we have incurred and may incur, and the obligations to service such indebtedness and to comply with the covenants contained therein;
- relationships with our customers and suppliers;
- increased competition from other companies in the industries in which we operate;
- changing technology;
- our ability to execute and integrate new acquisitions;
- claims for personal injury, death or property damage arising from the use of products produced by us;
- the occurrence of accidents or other interruptions to our production processes;
- changes in our business strategy or development plans, and our expected level of capital expenditure;
- our ability to attract and retain qualified personnel;
- restrictions on the ability of Luxfer Holdings PLC to receive dividends or loans from certain of its subsidiaries;
- regulatory, environmental, legislative and judicial developments; and
- our intention to pay dividends.

Please read the sections "Business" and "Risk factors" included within the 2020 Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk factors" of this Interim Report on Form 10-Q for a more complete discussion of the factors that could affect our performance and the industries in which we operate, as well as those discussed in other documents we file or furnish with the SEC.

About Luxfer

Luxfer is a global manufacturer of highly-engineered industrial materials, which focuses on value creation by using its broad array of technical know-how and proprietary technologies. Luxfer's high-performance products are used in defense and emergency response, healthcare, transportation, and general industrial settings. For more information, visit www.luxfer.com.

Key trends and uncertainties regarding our existing business

Impact of COVID-19 on operations

The global COVID-19 outbreak characterized by increased business uncertainty and broad based market weakness, had an adverse impact on our financial results during 2020 impacting demand across most of our end markets. We took a variety of actions during 2020 to help mitigate the financial impact, including executing additional cost savings measures, reducing our capital spending, initiating restructuring actions and proactively managing our working capital. Activity in most of the end markets we serve has improved throughout 2021 year-to-date, although like-for-like sales are still tracking at around 10% below the pre-pandemic 2019 level. The recovery in demand has had business impacts, including increased material cost inflation on key inputs (including magnesium, aluminum and carbon fiber), labor availability issues and energy and transport cost increases. Currently our expectation is that the impact of material and energy cost inflation and labor and transport constraints will continue at least into the fourth quarter of 2021, with continuing uncertainty around the outlook for 2022.

Luxfer’s top priority during this global pandemic has been the health and well-being of our employees, customers, shareholders, and the communities in which we operate. The Company continues to monitor the COVID-19 situation closely, including subsequent constraints on supply, while simultaneously executing business continuity plans. These business continuity plans include, but are not limited to, (i) retooling operations to maintain social distance and maximize employee safety; (ii) increasing resources and efforts to manage supply constraints in order to satisfy demand from the most impactful parts of our business; (iii) expanding flexible work arrangements and policies, where practical, to maximize employee safety; and (iv) providing regular updates to our shareholders, employees, customers, and suppliers in a transparent and timely manner.

Operating objectives and trends

In 2021, we expect the following operating objectives and trends to impact our business:

- Continuing proactive response to the COVID-19 pandemic, including the health and well-being actions highlighted above, in addition to initiatives to stimulate demand for products, ensure continuity of supply and focus on cost saving programs;
- Divestiture of non-strategic aluminum businesses (identified as discontinued operations) in the Gas Cylinders segment;
- Refocus on productivity acceleration and growth recovery post COVID-19 as we capitalize on lean manufacturing initiatives and pursue faster product innovation;
- Continued focus on developing global talent and implementing a high-performance culture; and
- Continued focus on improved operating cash generation with lower restructuring activity and maintaining strong working capital performance.

CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the Third Quarter of 2021 and 2020 of Luxfer were as follows:

	Third Quarter		% / point change
In millions	**2021**	**2020**	**2021 v 2020**
Net sales	**$ 91.2**	$ 77.7	17.4 %
Cost of goods sold	**(70.1)**	(58.8)	19.2 %
Gross profit	**21.1**	18.9	11.6 %
% of net sales	***23.1 %***	*24.3 %*	*(1.2)*
Selling, general and administrative expenses	**(10.6)**	(8.4)	26.2 %
% of net sales	***11.6 %***	*10.8 %*	*0.8*
Research and development	**(1.3)**	(1.0)	30.0 %
% of net sales	***1.4 %***	*1.3 %*	*0.1*
Restructuring charges	**(0.5)**	(4.2)	(88.1)%
% of net sales	***0.5 %***	*5.4 %*	*(4.9)*
Acquisition and disposal related costs	**(0.6)**	—	n/a
% of net sales	***0.7 %***	*— %*	*0.7*
Operating income	**$ 8.1**	$ 5.3	52.8 %
% of net sales	***8.9 %***	*6.8 %*	*2.1*
Net interest expense	**(0.8)**	(1.2)	(33.3)%
% of net sales	***0.9 %***	*1.5 %*	*(0.6)*
Defined benefit pension credit	**0.6**	1.1	(45.5)%
% of net sales	***0.7 %***	*1.4 %*	*(0.7)*
Income before income taxes	**$ 7.9**	$ 5.2	51.9 %
% of net sales	***8.7 %***	*6.7 %*	*2.0*
Provision for income taxes	**(1.9)**	(2.8)	(32.1)%
Effective tax rate	***24.1 %***	*53.8 %*	*(29.7)*
Net income	**$ 6.0**	$ 2.4	150.0 %
% of net sales	***6.6 %***	*3.1 %*	*3.5*

The consolidated results of operations for the first nine months ended September 26, 2021 and September 27 2020 of Luxfer were as follows:

	Year-to-date		% / point change
In millions	**2021**	**2020**	**2021 v 2020**
Net sales	**$ 275.4**	242.7	13.5 %
Cost of goods sold	**(203.2)**	(181.7)	11.8 %
Gross profit	**72.2**	61.0	18.4 %
% of net sales	***26.2 %***	*25.1 %*	*1.1*
Selling, general and administrative expenses	**(33.9)**	(30.3)	11.9 %
% of net sales	***12.3 %***	*12.5 %*	*(0.2)*
Research and development	**(2.9)**	(2.6)	11.5 %
% of net sales	***1.1 %***	*1.1 %*	*0.0*
Restructuring charges	**(2.1)**	(7.8)	(73.1)%
% of net sales	***0.8 %***	*3.2 %*	*(2.4)*
Acquisition and disposal related costs	**(1.5)**	(0.2)	650.0 %
% of net sales	***0.5 %***	*(0.1)%*	*0.6*
Other charges	**(1.1)**	—	n/a
% of net sales	***0.4 %***	*— %*	*0.4*
Operating income	**$ 30.7**	$ 20.1	52.7 %
% of net sales	***11.1 %***	*8.3 %*	*2.8*
Net interest expense	**(2.4)**	(3.5)	(31.4)%
% of net sales	***0.9 %***	*1.4 %*	*(0.5)*
Defined benefit pension credit	**1.8**	3.3	(45.5)%
% of net sales	***0.7 %***	*1.4 %*	*(0.7)*
Income before income taxes and equity in net loss from affiliates	**$ 30.1**	$ 19.9	51.3 %
% of net sales	***10.9 %***	*8.2 %*	*2.7*
Provision for income taxes	**(3.6)**	(5.6)	(35.7)%
Effective tax rate	***12.0 %***	*28.1 %*	*(16.1)*
Income before equity in net loss from affiliates	**$ 26.5**	$ 14.3	85.3 %
% of net sales	***9.6 %***	*5.9 %*	*3.7*
Equity in loss of unconsolidated affiliates (net of tax)	**—**	(0.1)	n/a
% of net sales	***— %***	*— %*	*n/a*
Net income / (loss)	**$ 26.5**	$ 14.2	86.6 %
% of net sales	***9.6 %***	*5.9 %*	*3.7*

Net sales

The 17.4% and 13.5% increase in consolidated net sales in the third quarter and first nine months, respectively, of 2021 from 2020 was primarily the result of the continuing recovery in volumes adversely impacted by COVID-19 in the prior year, with the most significant factors being:

- Increased sales in Luxfer Gas Cylinders of $7.9 million and $17.1 million in the third quarter and first nine months respectively, due to the acquisition of Structural Composite Industries at the end of the first quarter, which primarily impacted sales of cylinders used in aerospace and alternative fuels applications;
- Increased sales of SCBA cylinders used by first responders;
- Increased sales in Luxfer MEL Technologies of zirconium catalysis automotive products;
- Increased sales in Luxfer Magtech of magnesium powders for military applications; and
- Favorable foreign exchange variances of $2.1 million in the quarter and $9.6 million in the year to date.

Gross profit

The 1.1 percentage point increase in gross profit as a percentage of sales in the first nine months of 2021 from 2020 was primarily the result of the impact of our ongoing cost reduction program. This has been partially offset in the third quarter, which saw a 1.2 percentage point decrease in gross profit as a percentage of sales, largely due to the impact of inflationary cost pressures not fully offset by cost reduction program initiatives.

Selling, general and administrative expenses ("SG&A")

SG&A costs as a percentage of sales in the third quarter and first nine months of 2021 from 2020 increased by 0.8 and reduced by 0.2 percentage points respectively.

Research and development costs

Research and development cost as a percentage of sales increased by 0.1 percentage points in the third quarter of 2021 relative to 2020, and was flat, again as a percentage of sales, in the first nine months.

Restructuring charges

The $0.5 million and $2.1 million restructuring charge in the third quarter and first nine months of 2021 included $0.3 million and $1.1 million respectively of further costs associated with the announced closure of Luxfer Gas Cylinders France, and was largely legal and professional fees. The nine months of 2021 also includes $0.9 million of one-time employee termination costs in the Elektron division, largely in relation to the divestiture of our small Luxfer Magtech production facility in Ontario, Canada.

The $4.2 million and $7.8 million restructuring charge in the third quarter and first nine months of 2020 was predominantly ($3.3 million and $6.5 million respectively) the result of further costs associated with the announced closure of Luxfer Gas Cylinders France, including one-time employee costs and associated legal and professional fees. In addition we incurred one-time employee costs in relation to COVID-led cost saving programs largely affecting our Elektron Division, of $0.9 million and $1.3 million in the third quarter and first nine months of 2020 respectively.

Acquisition and disposal related costs

Net costs of $0.6 million and $1.5 million incurred in the third quarter and first nine months of 2021 respectively primarily relate to the acquisition of Structural Composites Industries.

Acquisition related costs of $0.2 million in 2020 represents amounts incurred in relation to merger and acquisition ("M&A"), exploration activities net of a $0.1 million release of deferred contingent consideration.

Other charges

Other charges in the first nine months of 2021 relates to the settlement of a class action lawsuit in the Gas Cylinders segment in relation to an alleged historic violation of the Californian Labor Code, concerning a Human Resources administration matter.

Net interest expense

Net interest expense of $0.8 million in the third quarter of 2021 reduced from $1.2 million in the third quarter 2020, largely due to the $25 million early repayment in December 2020 of the Loan Notes 2021. This also resulted in lower net interest expense of $2.4 million in the first nine months of 2021 relative to $3.5 million in the first nine months of 2020.

Defined benefit pension credit

The $0.5 million and $1.5 million decrease in defined benefit pension credit to $0.6 million and $1.8 million in the third quarter and first nine months of 2021 from $1.1 million and $3.3 million in 2020 is primarily due to the combined effect on the U.K. plan of lower projected asset returns and a higher post-2030 inflation projection in the U.K., partially offset by a fall in the discount rate.

Provision for income taxes

The movement in the statutory effective tax rate from 28.1% in 2020, to 12.0% in 2021, was primarily due to the impact of the enacted tax rate change in the U.K., which is due to rise from 19% to 25% in April 2023. The subsequent increase in the value of deferred tax assets related to our defined benefit pension plan resulted in a credit of $2.2 million recorded in our tax charge in the second quarter. When stripping out the impact of this, as well as other less significant adjusting items, the adjusted effective tax rate has decreased to 21.2% in 2021 from 22.1% in 2020, largely as a result of tax rate changes in the prior year affecting the valuation of net operating loss deferred tax assets, partially offset by changes in the profit mix by tax jurisdiction.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES

The following table of non-GAAP summary financial data presents a reconciliation of net income to adjusted net income for the periods presented, being the most comparable GAAP measure. Management believes that adjusted net income, adjusted earnings per share, adjusted EBITA and adjusted EBITDA are key performance indicators (KPIs) used by the investment community and that such presentation will enhance an investor's understanding of the Company's operational results. In addition, Luxfer's CEO and other senior management use these KPIs, among others, to evaluate business performance. However, investors should not consider adjusted net income and adjusted earnings per share in isolation as an alternative to net income and earnings per share when evaluating Luxfer's operating performance or measuring Luxfer's profitability.

	Third Quarter		Year-to-date	
In millions except per share data	**2021**	**2020**	**2021**	**2020**
Net income from continuing operations	**$ 6.0**	$ 2.4	**$ 26.5**	$ 14.2
Accounting charges relating to acquisitions and disposals of businesses:				
Amortization on acquired intangibles	**0.3**	0.2	**0.7**	0.6
Acquisition and disposal related costs	**0.6**	—	**1.5**	0.2
Defined benefit pension credit	**(0.6)**	(1.1)	**(1.8)**	(3.3)
Restructuring charges	**0.5**	4.2	**2.1**	7.8
Other charges	**—**	—	**1.1**	—
Share-based compensation charges	**0.8**	0.8	**2.2**	2.1
Other non-recurring tax items[1]	**—**	—	**(2.2)**	—
Income tax on adjusted items	**(0.4)**	0.1	**(1.8)**	(0.4)
Adjusted net income	**$ 7.2**	$ 6.6	**$ 28.3**	$ 21.2
Adjusted earnings per ordinary share				
Diluted earnings per ordinary share	**$ 0.21**	$ 0.09	**$ 0.94**	$ 0.51
Impact of adjusted items	**0.04**	0.15	**0.06**	0.25
Adjusted diluted earnings per ordinary share[2]	**$ 0.26**	$ 0.24	**$ 1.01**	$ 0.76

[1] Other non-recurring tax items represents the impact of the recently enacted U.K. tax rate change (from 19% to 25% with effect from April 2023) on deferred tax assets related to our U.K. defined benefit pension plan.

[2] For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding during the financial year has been adjusted for the dilutive effects of all potential ordinary shares and share options granted to employees, except where there is a loss in the period, then no adjustment is made.

	Third Quarter		Year-to-date	
In millions	**2021**	**2020**	**2021**	**2020**
Adjusted net income	**$ 7.2**	$ 6.6	**$ 28.3**	$ 21.2
Add back:				
Other non-recurring tax items	**—**	—	**2.2**	—
Income tax on adjusted items	**0.4**	(0.1)	**1.8**	0.4
Provision for income taxes	**1.9**	2.8	**3.6**	5.6
Net finance costs	**0.8**	1.2	**2.4**	3.5
Adjusted EBITA	**$ 10.3**	$ 10.5	**$ 38.3**	$ 30.7
Depreciation	**3.5**	3.2	**10.5**	9.4
Adjusted EBITDA	**$ 13.8**	$ 13.7	**$ 48.8**	$ 40.1

The following table presents a reconciliation for the adjusted effective tax rate, which management believes is a KPI used by the investment community and that such presentation will enhance an investor's understanding of the Company's operational results.

	Third Quarter		Year-to-date	
In millions	**2021**	**2020**	**2021**	**2020**
Adjusted net income	**$ 7.2**	$ 6.6	**$ 28.3**	$ 21.2
Add back:				
Other non-recurring tax items	**—**	—	**2.2**	—
Income tax on adjusted items	**0.4**	(0.1)	**1.8**	0.4
Provision for income taxes	**1.9**	2.8	**3.6**	5.6
Adjusted income before income taxes	**$ 9.5**	$ 9.3	**$ 35.9**	$ 27.2
Adjusted provision for income taxes	**2.3**	2.7	**7.6**	6.0
Adjusted effective tax rate	**24.2 %**	29.0 %	**21.2 %**	22.1 %

SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of each of our two reportable segments (Gas Cylinders and Elektron). Both segments comprise various product offerings that serve multiple end markets.

Adjusted EBITDA represents operating income adjusted for share based compensation charges; restructuring charges; acquisition and disposal related gains and costs; other charges; and depreciation and amortization. A reconciliation to net income and taxes can be found in Note 14 to the condensed consolidated financial statements.

GAS CYLINDERS

The net sales and adjusted EBITDA for Gas Cylinders were as follows:

	Third Quarter		% / point change	Year-to-date		% / point change
In millions	**2021**	**2020**	**2021 v 2020**	**2021**	**2020**	**2021 v 2020**
Net sales	**$ 45.6**	$ 32.3	41.2 %	**$128.3**	$107.0	19.9 %
Adjusted EBITDA	**5.4**	7.1	(23.9)%	**16.7**	16.6	0.6 %
% of net sales	**11.8 %**	22.0 %	(10.2)	**13.0 %**	15.5 %	(2.5)

Net sales

The 41.2% and 19.9% increase in Gas Cylinders sales in the third quarter and first nine months, respectively, of 2021 from 2020 was primarily the result of:

- Increased sales of $7.9 million and $17.1 million in the third quarter and first nine months respectively, due to the acquisition of Structural Composite Industries at the end of the first quarter, which positively impacted cylinders used in aerospace and alternative fuels applications;
- Increased sales of SCBA cylinders used by first responders; and
- Increased sales of cylinders for gas calibration and other industrial applications.

Adjusted EBITDA

The 10.2 percentage point decrease in adjusted EBITDA for Gas Cylinders as a percentage of net sales in the third quarter of 2021 relative to 2020 is primarily due to losses incurred by the recently acquired SCI business. There was a 2.5 percentage point decrease in profitability in the first nine months of 2021 from 2020.

ELEKTRON
The net sales and adjusted EBITDA for Elektron were as follows:

	Third Quarter		% / point change	Year-to-date		% / point change
In millions	**2021**	**2020**	**2021 v 2020**	**2021**	**2020**	**2021 v 2020**
Net sales	**$ 45.6**	$ 45.4	0.4 %	**$147.1**	$135.7	8.4 %
Adjusted EBITDA	**8.4**	6.6	27.3 %	**32.1**	23.5	36.6 %
% of net sales	**18.4 %**	14.5 %	3.9	**21.8 %**	17.3 %	4.5

Net sales

The 0.4% and 8.4% increase in Elektron sales in the third quarter and first nine months, respectively, of 2021 from 2020 was primarily the result of a partial recovery from the COVID-19 related disruption in the prior year, including:

- Increased sales of zirconium-based automotive catalysts;
- Increased sales of Luxfer Magtech magnesium powders for military applications; and
- Increased sales of Luxfer Graphic Arts photo-engraving plates.

Adjusted EBITDA

The 3.9 and 4.5 percentage point increase in adjusted EBITDA for Elektron as a percentage of net sales in the third quarter and first nine months respectively of 2021 from 2020 was primarily the result of the partial recovery in volumes impacted by the pandemic in the prior year, characterized by improved product sales mix and continuing benefit from cost saving measures.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements arise primarily from obligations under our indebtedness, capital expenditures, acquisitions, the funding of working capital and the funding of hedging facilities to manage foreign exchange and commodity purchase price risks. We meet these requirements primarily through cash flows from operating activities, cash deposits and borrowings under the Revolving Credit Facility and accompanying ancillary hedging facilities and the Loan Notes due 2023 and 2026. Our principal liquidity needs are:

- funding acquisitions, including deferred contingent consideration payments;
- capital expenditure requirements;
- payment of shareholder dividends;
- servicing interest on the Loan Notes, which is payable at each quarter end, in addition to interest and / or commitment fees on the Senior Facilities Agreement;
- working capital requirements, particularly in the short term as we aim to achieve organic sales growth; and
- hedging facilities used to manage our foreign exchange and aluminum purchase price risks.

From time to time, we consider acquisitions or investments in other businesses that we believe would be appropriate additions to our business.

The current banking facilities are due to expire July 31, 2022, however, a new facility is expected to be signed on October 26, 2021. See Note 16 of Item 1. *Financial Statements and Supplementary Data* for additional information.

We believe that, in the long term, cash generated from our operations will be adequate to meet our anticipated requirements for working capital, capital expenditures and interest payments on our indebtedness. In the short term, we believe we have sufficient credit facilities to cover any variation in our cash flow generation. However, any major repayments of indebtedness will be dependent on our ability to raise alternative financing or to realize substantial returns from operational sales. Also, our ability to expand operations through sales development and capital expenditures could be constrained by the availability of liquidity, which, in turn, could impact the profitability of our operations.

We have been in compliance with the covenants under the Note Purchase and Private Shelf Agreement and the Senior Facilities Agreement throughout all of the quarterly measurement dates from inception to September 26, 2021.

Luxfer conducts all of its operations through its subsidiaries, joint ventures and affiliates. Accordingly, Luxfer's main cash source is dividends from its subsidiaries. The ability of each subsidiary to make distributions depends on the funds that a subsidiary receives from its operations in excess of the funds necessary for its operations, obligations or other business plans. We have not historically experienced any material impediment to these distributions, and we do not expect any local legal or regulatory regimes to have any impact on our ability to meet our liquidity requirements in the future. In addition, since our subsidiaries are wholly-owned, our claims will generally rank junior to all other obligations of the subsidiaries. If our operating subsidiaries are unable to make distributions, our growth may slow, unless we are able to obtain additional debt or equity financing. In the event of a subsidiary's liquidation, there may not be assets sufficient for us to recoup our investment in the subsidiary.

Our ability to maintain or increase the generation of cash from our operations in the future will depend significantly on the competitiveness of and demand for our products, including our success in launching new products. Achieving such success is a key objective of our business strategy. Due to commercial, competitive and external economic factors, however, we cannot guarantee that we will generate sufficient cash flows from operations or that future working capital will be available in an amount sufficient to enable us to service our indebtedness or make necessary capital expenditures.

Cash Flows

Operating activities

Cash provided by operating activities was $34.1 million for the first nine months in 2021. It was primarily related to net income from operating activities, net of the following non-cash items: depreciation and amortization, pension contributions and net changes to assets and liabilities.

Cash provided by operating activities was $36.7 million in the first nine months of 2020. It was primarily related to net income from operating activities, net of the following non-cash items: depreciation and amortization; asset impairment charges, pension contributions and net changes to assets and liabilities.

Investing activities

Net cash used for investing activities was $1.2 million for the first nine months of 2021, compared to net cash used for investing activities of $4.5 million in 2020.The movement was primarily due to acquisition and disposal activity. There was $20.2 million and $3.5 million of proceeds received from the divestiture of our U.S. aluminum gas cylinder facility and our Superform UK business respectively, partially offset by the $19.3 million acquisition of Structural Composite Industries. In addition, capital expenditures decreased from $5.8 million in the first nine months of 2020, to $5.6 million in 2021.

Financing activities

In the first nine months of 2021, net cash used for financing activities was $19.3 million (2020: $27.3 million). We made net repayments on our banking facilities of $nil (2020: $16.5 million repayment) and dividend payments of $10.2 million (2020: $10.2 million), equating to $0.375 per ordinary share. In 2020 we received $1.1 million in relation to proceeds from sales of shares, no shares have been sold in 2021. In addition, we paid out $1.9 million (2020: $1.3 million) in settling share based compensation.

Based on a share buyback program approved by shareholders at the 2020 Annual General Meeting, in the Third Quarter the company purchased 88,734 total shares for $1.9 million; year to date purchases were 126,734 total shares for $2.8 million. Of the 126,734 repurchased in the year, 56,000 have been canceled with the remaining 70,734 retained within Treasury shares.

Capital Resources

Dividends

We paid year-to-date dividends in 2021 of $10.2 million (2020: $10.2 million year-to-date), or $0.375 per ordinary share.

Any payment of dividends is also subject to the provisions of the U.K. Companies Act, according to which dividends may only be paid out of profits available for distribution determined by reference to financial statements prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, which differ in some respects from GAAP. In the event that dividends are paid in the future, holders of the ordinary shares will be entitled to receive payments in U.S. dollars in respect of dividends on the underlying ordinary shares in accordance with the deposit agreement. Furthermore, because we are a holding company, any dividend payments would depend on cash flows from our subsidiaries.

Authorized shares

Our authorized share capital consists of 40.0 million ordinary shares with a par value of £0.50 per share.

Contractual obligations

The following summarizes our significant contractual obligations that impact our liquidity:

	Payments Due by Period				
In millions	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Contractual cash obligations					
Loan Notes due 2023	$ 25.0	$ —	$ 25.0	$ —	$ —
Loan Notes due 2026	25.0	—	—	25.0	—
Obligations under operating leases	21.3	1.3	6.0	4.1	9.9
Capital commitments	0.7	0.7	—	—	—
Interest payments	8.0	2.5	3.4	2.1	—
Total contractual cash obligations	**$ 80.0**	**$ 4.5**	**$ 34.4**	**$ 31.2**	**$ 9.9**

The were no drawings at September 26, 2021 on the Revolving Credit Facility.

Off-balance sheet measures

At September 26, 2021, we had no off-balance sheet arrangements other than the two bonding facilities disclosed in Note 15.

NEW ACCOUNTING STANDARDS

See Note 1 of the Notes to Condensed Consolidated Financial Statements for information pertaining to recently adopted accounting standards or accounting standards to be adopted in the future.

CRITICAL ACCOUNTING POLICIES

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with GAAP. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. In our 2020 Annual Report on Form 10-K, filed with the SEC on March 2, 2021, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated financial statements.

Item 3. Quantitative and qualitative disclosures about market risk

There have been no material changes in our market risk during the first nine months ended September 26, 2021. For additional information, refer to Item 7A of our 2020 Annual Report on Form 10-K, filed with the SEC on March 2, 2021.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter ended September 26, 2021, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the “Exchange Act”). Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of the quarter ended September 26, 2021, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter and year-to-date period ended September 26, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a defendant in various lawsuits and is subject to various claims that arise in the normal course of business, the most significant of which are summarized in Note 15 (commitments and contingencies) to the consolidated financial statements in ITEM 1. In the opinion of management, the likelihood that the ultimate disposition of these matters will have a material adverse impact is remote.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Item 1A. of our 2020 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 6. Exhibits

31.1	Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934-Alok Maskara
31.2	Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934-Heather Harding
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)-Alok Maskara
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)-Heather Harding
101	The financial statements from the Company’s Interim Report on Form 10-Q for the quarter and year ended ended September 26, 2021, formatted in XBRL: (i) Condensed Consolidated Statements of Income, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Equity, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Luxfer Holdings plc
(Registrant)

/s/Alok Maskara

Alok Maskara
Chief Executive Officer
(Duly Authorized Officer)
October 25, 2021