# 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 July 2, 2023**

**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. |

**8989 North Port Washington Road, Suite 211,**
**Milwaukee, WI, 53217**

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 July 2, 2023, was 26,922,342.

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## PART I - FINANCIAL INFORMATION

**Item 1. Condensed Consolidated Financial Statements (unaudited)**

**LUXFER HOLDINGS PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

| *In millions, except share and per-share data* | Second Quarter 2023 | Second Quarter 2022 | Year-to-date 2023 | Year-to-date 2022 |
|---|---|---|---|---|
| Net sales | **$ 110.4** | $ 109.5 | **$ 211.7** | $ 206.5 |
| Cost of goods sold | **(86.2)** | (83.8) | **(166.4)** | (156.6) |
| **Gross profit** | **24.2** | 25.7 | **45.3** | 49.9 |
| Selling, general and administrative expenses | **(12.8)** | (11.5) | **(25.3)** | (22.2) |
| Research and development | **(1.0)** | (1.2) | **(2.2)** | (2.5) |
| Restructuring charges | **(2.5)** | (0.3) | **(2.8)** | (1.7) |
| Acquisition and disposal related costs | **—** | (0.1) | **—** | (0.3) |
| **Operating income** | **7.9** | 12.6 | **15.0** | 23.2 |
| Net interest expense | **(1.8)** | (0.9) | **(3.1)** | (1.7) |
| Defined benefit pension credit / (charge) | **0.6** | 0.3 | **(8.3)** | 0.7 |
| **Income before income taxes** | **6.7** | 12.0 | **3.6** | 22.2 |
| (Provision) / credit for income taxes | **(1.8)** | (2.4) | **1.8** | (4.9) |
| **Net income from continuing operations** | **4.9** | 9.6 | **5.4** | 17.3 |
| Loss from discontinued operations, net of tax | **(0.2)** | (0.3) | **(0.2)** | (0.4) |
| **Net loss from discontinued operations** | **(0.2)** | (0.3) | **(0.2)** | (0.4) |
| **Net income** | **$ 4.7** | $ 9.3 | **$ 5.2** | $ 16.9 |
| **Earnings / (loss) per share**[1] | | | | |
| Basic from continuing operations | **$ 0.18** | $ 0.35 | **$ 0.20** | $ 0.63 |
| Basic from discontinued operations | **$ (0.01)** | $ (0.01) | **$ (0.01)** | $ (0.01) |
| **Basic** | **$ 0.17** | $ 0.34 | **$ 0.19** | $ 0.62 |
| Diluted from continuing operations | **$ 0.18** | $ 0.35 | **$ 0.20** | $ 0.62 |
| Diluted from discontinued operations[2] | **$ (0.01)** | $ (0.01) | **$ (0.01)** | $ (0.01) |
| **Diluted** | **$ 0.17** | $ 0.34 | **$ 0.19** | $ 0.61 |
| **Weighted average ordinary shares outstanding** | | | | |
| Basic | 26,923,804 | 27,428,579 | 26,922,528 | 27,458,980 |
| Diluted | 27,065,338 | 27,703,217 | 27,083,986 | 27,720,065 |

*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 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)**

| *In millions* | Second Quarter 2023 | Second Quarter 2022 | Year-to-date 2023 | Year-to-date 2022 |
|---|---|---|---|---|
| Net income | **$ 4.7** | $ 9.3 | **$ 5.2** | $ 16.9 |
| | | | | |
| **Other comprehensive income / (loss)** | | | | |
| Net change in foreign currency translation adjustment, net of tax | **3.4** | (8.2) | **6.8** | (10.0) |
| Pension and post-retirement actuarial gains, net of $0.1, $0.1, $5.0 and $0.2 tax, respectively | **0.2** | 0.3 | **7.0** | 0.7 |
| **Other comprehensive income / (loss), net of tax** | **3.6** | (7.9) | **13.8** | (9.3) |
| | | | | |
| **Total comprehensive income** | **$ 8.3** | $ 1.4 | **$ 19.0** | $ 7.6 |

*See accompanying notes to condensed consolidated financial statements*

**LUXFER HOLDINGS PLC**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| *In millions, except share and per-share data* | July 2, 2023 | December 31, 2022 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **$ 7.9** | $ 12.6 |
| Restricted cash | **0.3** | 0.3 |
| Accounts and other receivables, net of allowances of $0.7 and $0.4, respectively | **72.0** | 67.8 |
| Inventories | **119.3** | 111.1 |
| Current assets held-for-sale | **7.8** | 9.3 |
| **Total current assets** | **207.3** | 201.1 |
| **Non-current assets** | | |
| Property, plant and equipment, net | **76.7** | 77.7 |
| Right-of-use assets from operating leases | **18.3** | 19.8 |
| Goodwill | **67.5** | 65.6 |
| Intangibles, net | **12.3** | 12.5 |
| Deferred tax assets | **3.0** | 3.0 |
| Investments and loans to joint ventures and other affiliates | **0.3** | 0.4 |
| Pensions and other retirement benefits | **29.8** | 27.0 |
| **Total assets** | **$ 415.2** | $ 407.1 |
| **Current liabilities** | | |
| Short-term debt | **$ —** | $ 25.0 |
| Accounts payable | **35.9** | 37.8 |
| Accrued liabilities | **24.4** | 29.4 |
| Taxes on income | **1.1** | 1.8 |
| Current liabilities held-for-sale | **3.5** | 5.0 |
| Other current liabilities | **13.2** | 11.2 |
| **Total current liabilities** | **78.1** | 110.2 |
| **Non-current liabilities** | | |
| Long-term debt | **92.4** | 56.2 |
| Pensions and other retirement benefits | **—** | 4.5 |
| Deferred tax liabilities | **11.4** | 9.9 |
| Other non-current liabilities | **18.1** | 19.0 |
| **Total liabilities** | **200.0** | 199.8 |
| Commitments and contingencies (Note 14) | | |
| **Shareholders' equity** | | |
| Ordinary shares of £0.50 par value; authorized 40,000,000 shares for 2023 and 2022; issued and outstanding 28,944,000 for 2023 and 2022 | **26.5** | 26.5 |
| Additional paid-in capital | **222.1** | 221.4 |
| Treasury shares | **(21.8)** | (20.4) |
| Company shares held by ESOP | **(0.9)** | (1.0) |
| Retained earnings | **114.9** | 120.2 |
| Accumulated other comprehensive loss | **(125.6)** | (139.4) |
| **Total shareholders' equity** | **215.2** | 207.3 |
| **Total liabilities and shareholders' equity** | **$ 415.2** | $ 407.1 |

*See accompanying notes to condensed consolidated financial statements*

**LUXFER HOLDINGS PLC**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | Year-to-date | |
|---|---|---|
| *In millions* | **2023** | **2022** |
| **Operating activities** | | |
| Net income | **$ 5.2** | $ 16.9 |
| Net loss from discontinued operations | 0.2 | 0.4 |
| Net income from continuing operations | **5.4** | 17.3 |
| *Adjustments to reconcile net income to net cash provided / (used) by operating activities* | | |
| Depreciation | **6.2** | 6.7 |
| Amortization of purchased intangible assets | **0.4** | 0.4 |
| Amortization of debt issuance costs | **0.2** | 0.3 |
| Share-based compensation charges | **1.3** | 0.9 |
| Deferred income taxes | **1.5** | 0.3 |
| Gain on disposal of property, plant and equipment | **—** | (0.2) |
| Asset impairment charges | **2.3** | — |
| Defined benefit pension charge / (credit) | **8.3** | (0.7) |
| Defined benefit pension contributions | **(2.1)** | — |
| *Changes in assets and liabilities* | | |
| Accounts and other receivables | **3.8** | (19.8) |
| Inventories | **(6.4)** | (18.0) |
| Current assets held-for-sale | **1.2** | (3.2) |
| Accounts payable | **(9.1)** | 5.5 |
| Accrued liabilities | **(5.9)** | 1.5 |
| Current liabilities held-for-sale | **(1.5)** | 3.3 |
| Other current liabilities | **(7.4)** | 0.7 |
| Other non-current assets and liabilities | **0.5** | (1.8) |
| Net cash used by operating activities - continuing | **(1.3)** | (6.8) |
| Net cash provided by operating activities - discontinued | **0.1** | — |
| **Net cash used by operating activities** | **(1.2)** | (6.8) |
| **Investing activities** | | |
| Capital expenditures | **(4.9)** | (2.9) |
| Proceeds from sale of property, plant and equipment | **—** | 3.7 |
| Net cash (used) / provided by investing activities - continuing | **(4.9)** | 0.8 |
| Net cash used by investing activities - discontinued | **(0.1)** | — |
| **Net cash (used) / provided by investing activities** | **(5.0)** | 0.8 |
| **Financing activities** | | |
| Net repayment of short-term borrowings | **(25.0)** | — |
| Net drawdown of long-term borrowings | **35.1** | 18.1 |
| Repurchase of own shares | **(1.6)** | (3.7) |
| Share-based compensation cash paid | **(0.3)** | (1.4) |
| Dividends paid | **(7.0)** | (7.0) |
| **Net cash provided by financing activities** | **1.2** | 6.0 |
| Effect of exchange rate changes on cash and cash equivalents | **0.3** | (0.9) |
| **Net decrease** | **$ (4.7)** | $ (0.9) |
| **Cash, cash equivalents and restricted cash; beginning of year** | **12.9** | 6.4 |
| **Cash, cash equivalents and restricted cash; end of the Second Quarter** | **8.2** | 5.5 |
| | | |
| **Supplemental cash flow information:** | | |
| Interest payments | **$ 2.8** | $ 1.7 |
| Income tax payments, net | **2.8** | 0.3 |

*See accompanying notes to condensed consolidated financial statements*

**LUXFER HOLDINGS PLC**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

| *In millions,* | Ordinary 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 equity |
|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2023** | **$ 26.5** | **$ 221.4** | **(1.3)** | **$ (20.4)** | **(0.7)** | **$ (1.0)** | **$ 120.2** | **$ (139.4)** | **$ 207.3** |
| Net income | — | — | — | — | — | — | 0.5 | — | 0.5 |
| Other comprehensive income, net of tax | — | — | — | — | — | — | — | 10.2 | 10.2 |
| Dividends declared | — | — | — | — | — | — | (3.5) | — | (3.5) |
| Share-based compensation | — | 0.6 | — | — | — | — | — | — | 0.6 |
| Share buyback | — | — | (0.1) | (0.8) | — | — | — | — | (0.8) |
| Utilization of shares from ESOP to satisfy share based compensation | — | (0.3) | — | — | — | — | — | — | (0.3) |
| **At April 2, 2023** | **26.5** | **221.7** | **(1.4)** | **(21.2)** | **(0.7)** | **(1.0)** | **117.2** | **(129.2)** | **214.0** |
| Net income | — | — | — | — | — | — | 4.7 | — | **4.7** |
| Other comprehensive income, net of tax | — | — | — | — | — | — | — | 3.6 | **3.6** |
| Dividends declared | — | — | — | — | — | — | (7.0) | — | **(7.0)** |
| Share based compensation | — | 0.7 | — | — | — | — | — | — | **0.7** |
| Share buyback | — | — | — | (0.8) | — | — | — | — | **(0.8)** |
| Utilization of treasury shares to satisfy share based compensation | — | (0.3) | — | 0.2 | — | — | — | — | **(0.1)** |
| Utilization of shares from ESOP to satisfy share based compensation | — | — | — | — | 0.1 | 0.1 | — | — | **0.1** |
| **At July 2, 2023** | **$ 26.5** | **$ 222.1** | **(1.4)** | **$ (21.8)** | **(0.6)** | **$ (0.9)** | **$ 114.9** | **$ (125.6)** | **$ 215.2** |

*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 equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2022** | **$ 26.5** | **$ 149.9** | **$ 70.9** | **(0.6)** | **$ (9.6)** | **(0.8)** | **$ (1.1)** | **$ 107.5** | **$ (135.0)** | **$ 209.1** |
| Net income for the year | — | — | — | — | — | — | — | 7.6 | — | 7.6 |
| Other comprehensive loss, net of tax | — | — | — | — | — | — | — | — | (1.4) | (1.4) |
| Dividends declared | — | — | — | — | — | — | — | (7.0) | — | (7.0) |
| Share based compensation | — | — | 0.2 | — | — | — | — | — | — | 0.2 |
| Share buyback | — | — | — | (0.1) | (1.5) | — | — | — | — | (1.5) |
| Utilization of treasury shares to satisfy share based compensation | — | — | (0.4) | — | — | — | — | — | — | (0.4) |
| **At March 27, 2022** | **26.5** | **149.9** | **70.7** | **(0.7)** | **(11.1)** | **(0.8)** | **(1.1)** | **108.1** | **(136.4)** | **206.6** |
| Net income for the year | — | — | — | — | — | — | — | 9.3 | — | 9.3 |
| Other comprehensive income, net of tax | — | — | — | — | — | — | — | — | (7.9) | (7.9) |
| Share based compensation | — | — | 0.7 | — | — | — | — | — | — | 0.7 |
| Share buyback | — | — | — | (0.1) | (2.2) | — | — | — | — | (2.2) |
| Utilization of treasury shares to satisfy share based compensation | — | — | 0.1 | — | 0.3 | — | — | — | — | 0.4 |
| Utilization of shares from ESOP to satisfy share based compensation | — | — | (1.5) | — | — | — | 0.1 | — | — | (1.4) |
| **At June 26, 2022** | **$ 26.5** | **$ 149.9** | **$ 70.0** | **(0.8)** | **$ (13.0)** | **(0.8)** | **$ (1.0)** | **$ 117.4** | **$ (144.3)** | **$ 205.5** |

*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 condensed consolidated 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, 2022. 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 only of a normal recurring nature, necessary for the fair statement 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 assets and 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 Second Quarter 2023, ended on July 2, 2023, and the Second Quarter 2022, ended on June 26, 2022.

### 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:

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions except share and per-share data* | **2023** | **2022** | **2023** | **2022** |
| **Basic earnings:** | | | | |
| Net income from continuing operations | **$ 4.9** | $ 9.6 | **$ 5.4** | $ 17.3 |
| Net loss from discontinued operations | **(0.2)** | (0.3) | **(0.2)** | (0.4) |
| **Net income** | **$ 4.7** | $ 9.3 | **$ 5.2** | $ 16.9 |
| | | | | |
| **Weighted average number of £0.50 ordinary shares:** | | | | |
| For basic earnings per share | **26,923,804** | 27,428,579 | **26,922,528** | 27,458,980 |
| Dilutive effect of potential common stock | **141,534** | 274,638 | **161,458** | 261,085 |
| For diluted earnings per share | **27,065,338** | 27,703,217 | **27,083,986** | 27,720,065 |
| | | | | |
| **Earnings / (loss) per share using weighted average number of ordinary shares outstanding(1):** | | | | |
| Basic earnings per ordinary share for continuing operations | **$ 0.18** | $ 0.35 | **$ 0.20** | $ 0.63 |
| Basic loss per ordinary share for discontinued operations | **(0.01)** | (0.01) | **(0.01)** | (0.01) |
| **Basic earnings per ordinary share** | **$ 0.17** | $ 0.34 | **$ 0.19** | $ 0.62 |
| | | | | |
| Diluted earnings per ordinary share for continuing operations | **$ 0.18** | $ 0.35 | **$ 0.20** | $ 0.62 |
| Diluted loss per ordinary share for discontinued operations | **(0.01)** | (0.01) | **(0.01)** | (0.01) |
| **Diluted earnings per ordinary share** | **$ 0.17** | $ 0.34 | **$ 0.19** | $ 0.61 |

(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

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.

### 3. Net Sales

Disaggregated sales disclosures for the quarter and year-to-date ended July 2, 2023, and June 26, 2022, are included below and in Note 13, Segmental Information.

| | Second Quarter | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| *In millions* | Gas Cylinders | Elektron | Total | Gas Cylinders | Elektron | Total |
| Defense, First Response & Healthcare | **$ 20.9** | **$ 26.8** | **$ 47.7** | $ 18.7 | $ 15.0 | $ 33.7 |
| Transportation | **18.6** | **12.9** | **31.5** | 19.1 | 16.2 | 35.3 |
| General industrial | **9.0** | **22.2** | **31.2** | 8.3 | 32.2 | 40.5 |
| | **$ 48.5** | **$ 61.9** | **$ 110.4** | $ 46.1 | $ 63.4 | $ 109.5 |

| | Year-to-date | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| *In millions* | Gas Cylinders | Elektron | Total | Gas Cylinders | Elektron | Total |
| Defense, First Response & Healthcare | **$ 39.0** | **$ 50.9** | **$ 89.9** | $ 35.8 | $ 29.8 | $ 65.6 |
| Transportation | **32.5** | **25.7** | **58.2** | 36.0 | 29.1 | 65.1 |
| General industrial | **18.5** | **45.1** | **63.6** | 16.7 | 59.1 | 75.8 |
| | **$ 90.0** | **$ 121.7** | **$ 211.7** | $ 88.5 | $ 118.0 | $ 206.5 |

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 $2.5 million and $2.8 million restructuring charge in the second quarter and first half, respectively, of 2023 relates predominantly to asset impairments in relation to rationalization of our North American Gas Cylinders businesses to reduce our fixed cost base. This amounted to $2.3 million in both the second quarter and first half of the year respectively. There was an additional $0.1 million and $0.4 million of other expenses in the second quarter and first half respectively, in relation to the aforementioned rationalization.

The $0.3 million and $1.7 million restructuring charge in the second quarter and first half, respectively, of 2022 includes $0.2 million in the second quarter relating to one-time employee termination benefits in the Elektron Division in relation to the consolidation of production facilities in the Magnesium Powders operations. The remaining $0.1 million and $1.4 million for the second quarter and first half, respectively, relates to costs associated with the closure of Luxfer Gas Cylinders France, which ceased operations in 2019.

Restructuring-related costs by reportable segment were as follows:

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions* | 2023 | 2022 | 2023 | 2022 |
| **Severance and other costs** | | | | |
| Gas Cylinders | **$ 0.2** | $ 0.1 | **$ 0.5** | $ 1.5 |
| Elektron | **—** | 0.2 | **—** | 0.2 |
| | **$ 0.2** | $ 0.3 | **0.5** | **1.7** |
| **Asset impairments** | | | | |
| Gas Cylinders | **$ 2.3** | $ — | **$ 2.3** | $ — |
| | | | | |
| **Total restructuring charges** | **$ 2.5** | $ 0.3 | **$ 2.8** | $ 1.7 |

## 4. Restructuring (continued)

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

| *In millions* | | 2023 |
|---|---|---|
| Balance at January 1, | $ | 3.7 |
| Costs incurred | | 0.5 |
| Cash payments and other | | (0.9) |
| Balance at July 2, | $ | 3.3 |

## 5. Acquisition and disposal related costs

Acquisition-related costs of $0.3 million in the first half of 2022 represent professional fees incurred in relation to the SCI acquisition.

## 6. Supplementary balance sheet information

| *In millions* | | July 2, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| **Accounts and other receivables** | | | | |
| Trade receivables | **$** | **62.6** | $ | 56.4 |
| Related parties | | **0.1** | | 0.1 |
| Prepayments and accrued income | | **4.4** | | 6.6 |
| Derivative financial instruments | | **0.3** | | 0.7 |
| Other receivables | | **4.6** | | 4.0 |
| Total accounts and other receivables | **$** | **72.0** | $ | 67.8 |
| | | | | |
| **Inventories** | | | | |
| Raw materials and supplies | **$** | **44.6** | $ | 42.7 |
| Work-in-process | | **43.9** | | 44.0 |
| Finished goods | | **30.8** | | 24.4 |
| Total inventories | **$** | **119.3** | $ | 111.1 |
| | | | | |
| **Property, plant and equipment, net** | | | | |
| Land, buildings and leasehold improvements | **$** | **61.8** | $ | 58.9 |
| Machinery and equipment | | **263.6** | | 254.9 |
| Construction in progress | | **11.4** | | 9.8 |
| Total property, plant and equipment | | **336.8** | | 323.6 |
| Accumulated depreciation and impairment | | **(260.1)** | | (245.9) |
| Total property, plant and equipment, net | **$** | **76.7** | $ | 77.7 |
| | | | | |
| **Other current liabilities** | | | | |
| Restructuring provision | **$** | **3.3** | $ | 3.7 |
| Short term provision | | **—** | | 0.1 |
| Derivative financial instruments | | **0.1** | | 0.4 |
| Operating lease liability | | **5.0** | | 4.7 |
| Dividend payable | | **3.5** | | — |
| Advance payments | | **1.3** | | 2.3 |
| Total other current liabilities | **$** | **13.2** | $ | 11.2 |
| | | | | |
| **Other non-current liabilities** | | | | |
| Contingent liabilities | **$** | **1.5** | $ | 0.7 |
| Operating lease liability | | **16.5** | | 18.2 |
| Other non-current liabilities | | **0.1** | | 0.1 |
| Total other non-current liabilities | **$** | **18.1** | $ | 19.0 |

### 7. Goodwill and other identifiable intangible assets

Changes in goodwill during the first half ended July 2, 2023, were as follows:

| *In millions* | Gas Cylinders | Elektron | Total |
|---|---|---|---|
| At January 1, 2023 | **$ 25.0** | **$ 40.6** | **$ 65.6** |
| Exchange difference | 1.2 | 0.7 | 1.9 |
| Net balance at July 2, 2023 | **$ 26.2** | **$ 41.3** | **$ 67.5** |

Accumulated goodwill impairment losses in relation to continuing activities were $8.0 million as of July 2, 2023 and December 31, 2022.

Identifiable intangible assets consisted of the following:

| *In millions* | Customer relationships | Technology and trading related | Total |
|---|---|---|---|
| **Cost:** | | | |
| At January 1, 2023 | $ 15.2 | $ 7.4 | **$ 22.6** |
| Exchange movements | — | 0.4 | **0.4** |
| At July 2, 2023 | **$ 15.2** | **$ 7.8** | **$ 23.0** |
| | | | |
| **Accumulated amortization:** | | | |
| At January 1, 2023 | $ 6.1 | $ 4.0 | **$ 10.1** |
| Charge | 0.2 | 0.2 | **0.4** |
| Exchange movements | — | 0.2 | **0.2** |
| At July 2, 2023 | **$ 6.3** | **$ 4.4** | **$ 10.7** |
| | | | |
| **Net book values:** | | | |
| At January 1, 2023 | $ 9.1 | $ 3.4 | **$ 12.5** |
| At July 2, 2023 | **$ 8.9** | **$ 3.4** | **$ 12.3** |

Identifiable intangible asset amortization expense was $0.4 million and $0.4 million for the first half of 2023 and 2022 respectively.

Intangible asset amortization expense in 2023 and each of the following four years is expected to be approximately $0.8 million per year.

### 8. Debt

Debt outstanding was as follows:

| *In millions* | July 2, 2023 | December 31, 2022 |
|---|---|---|
| 4.88% Loan Notes due 2023 | **$ —** | $ 25.0 |
| 4.94% Loan Notes due 2026 | **25.0** | 25.0 |
| Revolving credit facility | **68.1** | 31.9 |
| Unamortized debt issuance costs | **(0.7)** | (0.7) |
| Total debt | **92.4** | 81.2 |
| Less current portion | **—** | (25.0) |
| Non-current debt | **$ 92.4** | $ 56.2 |

The revolving credit facility is due to mature in 2026.

The weighted-average interest rate on the revolving credit facility was 6.80% for the Second Quarter of 2023 and 3.80% for the full-year 2022.

## 8. Debt (continued)

***Loan notes due and shelf facility***

The Note Purchase Agreement and Private Shelf Agreement requires us to maintain compliance with a minimum interest coverage ratio and a leverage ratio. 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 July 2, 2023.

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

***Senior Facilities Agreement***

During the first half of 2023, we drew down net $35.1 million on the Revolving Credit Facility and the balance outstanding at July 2, 2023, was $68.1 million, and at December 31, 2022, was $31.9 million, with $56.9 million undrawn at July 2, 2023.

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 July 2, 2023.

## 9. Discontinued Operations

Our Superform aluminum superplastic forming business operating in the U.S. was 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 this business as discontinued operations in the Condensed Consolidated Statements of Income for all periods presented. We expect the sale of our Superform business to occur within the next 12 months.

The assets and liabilities of the Superform business have been presented within assets held-for-sale and liabilities held-for-sale in the consolidated balance sheets for 2023 and 2022.

Results of discontinued operations in the first half of 2023 and 2022 were as follows:

| | **Second Quarter** | | **Year-to-date** | |
|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023** | **2022** |
| Net sales | **$ 1.9** | $ 2.0 | **$ 4.2** | $ 3.7 |
| Cost of goods sold | **(1.7)** | (1.6) | (3.6) | (3.2) |
| **Gross profit** | **0.2** | 0.4 | **0.6** | 0.5 |
| Selling, general and administrative expenses | **(0.4)** | (0.2) | **(0.7)** | (0.4) |
| Restructuring charges | **(0.1)** | (0.3) | **(0.2)** | (0.3) |
| Acquisition and disposal related costs | **—** | (0.2) | **—** | (0.2) |
| **Operating loss** | **(0.3)** | (0.3) | **(0.3)** | (0.4) |
| Tax credit | **0.1** | — | **0.1** | — |
| **Net loss** | **$ (0.2)** | $ (0.3) | **$ (0.2)** | $ (0.4) |

**9. Discontinued Operations (continued)**

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

| **Held-for-sale assets**<br>*In millions* | | **July 2, 2023** | | **December 31, 2022** |
|---|---|---|---|---|
| Inventory | **$** | **2.6** | $ | 2.7 |
| Accounts and other receivables | | **1.5** | | 2.7 |
| **Current assets** | | **4.1** | | 5.4 |
| | | | | |
| Right-of-use-assets | | **2.5** | | 2.7 |
| **Held-for-sale assets** | **$** | **6.6** | $ | 8.1 |
| | | | | |
| **Held-for-sale liabilities** | | | | |
| Accounts payable | **$** | **0.5** | $ | 0.8 |
| Accrued liabilities | | **0.3** | | 0.2 |
| Other liabilities | | **—** | | 1.0 |
| Operating lease liability | | **2.7** | | 3.0 |
| **Held-for-sale liabilities** | **$** | **3.5** | $ | 5.0 |

Also included within assets held-for-sale in 2023 and 2022 are land and buildings valued at $1.2 million, within our Elektron Segment.

There was no depreciation and amortization, capital expenditures and significant non-cash items.

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.

**10. 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 half ended July 2, 2023, was a 50.0%, tax credit compared to a 22.1% charge for the first half ended June 26, 2022. The rate was impacted by non-deductible expenses, asset impairment charges and a deferred tax credit, primarily in relation to the U.S. pension buyout.

## 11. Share Plans

Total share-based compensation expense for the quarters ended July 2, 2023, and June 26 2022, was as follows:

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023** | **2022** |
| Total share-based compensation charges | **$ 0.7** | $ 0.7 | **$ 1.3** | $ 0.9 |

In March 2023, we issued our annual share-based compensation grants under the Luxfer Holdings PLC LongTerm Umbrella Incentive Plan. The total number of awards issued was approximately 126,600 and the weighted average fair value of options granted in 2023 was estimated to be $17.94 per share.

Also in March 2023, approximately 10,000 awards were granted based on the achievement of total shareholder return targets from the period January 1, 2020 to December 31, 2022. 50% of these awards vested immediately upon grant, with the remaining 50% vesting in March 2024.

In June 2023, 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 31,028 and the weighted-average fair value of options granted was estimated to be $14.71 per share.

The following table illustrates the assumptions used in deriving the fair value of share options granted during 2023 and the year-ended December 31, 2022:

| | **2023** | **2022** |
|---|---|---|
| Dividend yield (%) | **2.75 - 3.41** | **2.75 - 3.41** |
| Expected volatility range (%) | **36.11 - 49.43** | **36.11 - 49.43** |
| Risk-free interest rate (%) | **1.28 - 2.99** | **1.28 - 2.99** |
| 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.

## 12. Shareholders' Equity

### *Dividends paid and proposed*

| *In millions* | Second Quarter 2023 | Second Quarter 2022 | Year-to-date 2023 | | Year-to-date 2022 |
|---|---|---|---|---|---|
| **Dividends declared and paid / accrued during the year:** | | | | | |
| Interim dividend declared January 4 2022, and paid February 2, 2022 ($0.125 per ordinary share) | **$ —** | $ — | **$ —** | $— | $ 3.4 |
| Interim dividend declared March 10 2022, and paid May 4, 2022 ($0.130) per ordinary share) | **—** | — | **—** | | 3.6 |
| Interim dividend declared January 3 2023, and paid February 1, 2023 ($0.130 per ordinary share) | **—** | — | **3.5** | — | — |
| Interim dividend declared April 3 2023, and paid May 3, 2023 ($0.130) per ordinary share) | **3.5** | — | **3.5** | | — |
| Interim dividend declared June 29 2023, and to be paid August 2, 2023 ($0.130) per ordinary share) | **3.5** | — | **3.5** | | — |
| | **$ 7.0** | $ — | **$ 10.5** | | $ 7.0 |

| *In millions* | 2023 | 2022 |
|---|---|---|
| **Dividends declared and paid after the quarter end (not recognized as a liability at the quarter end):** | | |
| Interim dividend declared July 5 2022, and paid August 3, 2022 ($0.130) per ordinary share) | **$ —** | $ 3.6 |
| | **$ —** | $ 3.6 |

In July 2022 the Company made a payment of $0.1 million to cancel the entirety of deferred shares held, $149.8 million was reallocated to additional paid-in capital to reflect the capital reduction in deferred shares.

## 13. 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, fiber-optic fuel cells, and many other performance products.

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

Management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments 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; depreciation and amortization.

[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 Second Quarter and first half ended July 2, 2023, and June 26, 2022, is included in the following summary:

| | Net sales | | | | Adjusted EBITDA | | | |
|---|---|---|---|---|---|---|---|---|
| | Second Quarter | | Year-to-date | | Second Quarter | | Year-to-date | |
| *In millions* | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Gas Cylinders segment | **$ 48.5** | $ 46.1 | **$ 90.0** | $ 88.5 | **$ 4.9** | $ 3.7 | **$ 7.4** | $ 6.4 |
| Elektron segment | **61.9** | 63.4 | **121.7** | 118.0 | **9.5** | 13.2 | **18.3** | 26.6 |
| Consolidated | **$ 110.4** | $ 109.5 | **$ 211.7** | $ 206.5 | **$ 14.4** | $ 16.9 | **$ 25.7** | $ 33.0 |

| | Depreciation and amortization | | | | Restructuring charges | | | |
|---|---|---|---|---|---|---|---|---|
| | Second Quarter | | Year-to-date | | Second Quarter | | Year-to-date | |
| *In millions* | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Gas Cylinders segment | **$ 1.0** | $ 1.2 | **$ 2.1** | $ 2.6 | **$ 2.5** | $ 0.1 | **$ 2.8** | $ 1.5 |
| Elektron segment | **2.3** | 2.2 | **4.5** | 4.5 | **—** | 0.2 | **—** | 0.2 |
| Consolidated | **$ 3.3** | $ 3.4 | **$ 6.6** | $ 7.1 | **$ 2.5** | $ 0.3 | **$ 2.8** | $ 1.7 |

## 13. Segmental Information (continued)

| In millions | Total assets July 2, 2023 | Total assets December 31, 2022 | Capital expenditures Second Quarter 2023 | Capital expenditures Second Quarter 2022 | Capital expenditures Year-to-date 2023 | Capital expenditures Year-to-date 2022 |
|---|---|---|---|---|---|---|
| Gas Cylinders segment | **$ 139.6** | $ 133.1 | **$ 0.3** | $ 0.2 | **$ 0.6** | $ 0.4 |
| Elektron segment | **223.9** | 216.4 | **2.7** | 1.8 | **4.4** | 2.6 |
| Other | **45.1** | 49.5 | **—** | — | **—** | — |
| Discontinued operations | **6.6** | 8.1 | **0.2** | — | **0.1** | — |
| Consolidated | **$ 415.2** | $ 407.1 | **$ 3.2** | $ 2.0 | **$ 5.1** | $ 3.0 |

| *In millions* | Property, plant and equipment, net July 2, 2023 | Property, plant and equipment, net December 31, 2022 |
|---|---|---|
| U.S. | **$ 39.3** | $ 41.6 |
| United Kingdom | **34.0** | 32.0 |
| Canada | **2.0** | 2.8 |
| Rest of Europe | **1.0** | 1.0 |
| Asia Pacific | **0.4** | 0.3 |
| | **$ 76.7** | $ 77.7 |

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

| *In millions* | Second Quarter 2023 | Second Quarter 2022 | Year-to-date 2023 | Year-to-date 2022 |
|---|---|---|---|---|
| Adjusted EBITDA | **$ 14.4** | $ 16.9 | **$ 25.7** | $ 33.0 |
| Other share-based compensation charges | **(0.7)** | (0.7) | **(1.3)** | (0.9) |
| Depreciation and amortization | **(3.3)** | (3.4) | **(6.6)** | (7.1) |
| Gain on disposal of property, plant and equipment | **—** | 0.2 | **—** | 0.2 |
| Restructuring charges | **(2.5)** | (0.3) | **(2.8)** | (1.7) |
| Acquisition and disposal related costs | **—** | (0.1) | **—** | (0.3) |
| Defined benefits pension credit / (charge) | **0.6** | 0.3 | **(8.3)** | 0.7 |
| Interest expense, net | **(1.8)** | (0.9) | **(3.1)** | (1.7) |
| Net income before income taxes from continuing operations | **$ 6.7** | $ 12.0 | **$ 3.6** | $ 22.2 |

The following tables present certain geographic information by geographic region for the Second Quarter and First Half of the year ended July 2, 2023, and June 26, 2022:

**Net Sales**[1]

| | Second Quarter 2023 $M | Second Quarter 2023 Percent | Second Quarter 2022 $M | Second Quarter 2022 Percent | Year-to-date 2023 $M | Year-to-date 2023 Percent | Year-to-date 2022 $M | Year-to-date 2022 Percent |
|---|---|---|---|---|---|---|---|---|
| United States | **$ 67.8** | ***61.5 %*** | $ 61.7 | *56.3 %* | **$ 125.5** | ***59.3 %*** | $ 117.0 | *56.7 %* |
| U.K. | **5.2** | ***4.7 %*** | 6.0 | *5.5 %* | **10.8** | ***5.1 %*** | 11.4 | *5.5 %* |
| Japan | **6.3** | ***5.7 %*** | 4.1 | *3.7 %* | **10.8** | ***5.1 %*** | 7.5 | *3.6 %* |
| Germany | **3.8** | ***3.4 %*** | 6.4 | *5.8 %* | **10.1** | ***4.8 %*** | 10.9 | *5.3 %* |
| Italy | **2.1** | ***1.9 %*** | 2.4 | *2.2 %* | **5.4** | ***2.6 %*** | 5.9 | *2.9 %* |
| **Top five countries** | **85.2** | ***77.2 %*** | 80.6 | *73.6 %* | **162.6** | ***76.9 %*** | 152.7 | *74.0 %* |
| Rest of Europe | **9.6** | ***8.7 %*** | 8.8 | *8.0 %* | **19.3** | ***9.0 %*** | 17.8 | *8.6 %* |
| Asia Pacific | **8.3** | ***7.5 %*** | 12.2 | *11.1 %* | **17.3** | ***8.2 %*** | 21.1 | *10.2 %* |
| Other [2] | **7.3** | ***6.6 %*** | 7.9 | *7.2 %* | **12.5** | ***5.9 %*** | 14.9 | *7.2 %* |
| | **$ 110.4** | | $ 109.5 | | **$ 211.7** | | $ 206.5 | |

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

## 14. Commitments and Contingencies

### *Committed and uncommitted banking facilities*

The Company had committed banking facilities of $125.0 million at July 2, 2023 and $100.0 million at December 31, 2022. Of these committed facilities, $68.1 million was drawn at July 2, 2023 and $31.9 million at December 31, 2022. The Company also had an additional $25.0 million of uncommitted facilities through an accordion provision at July 2, 2023 and $50.0 million at December 31, 2022.

| | Uncommitted Facilities | | | |
|---|---|---|---|---|
| | July 2, 2023 | | December 31, 2022 | |
| | Facility | Drawn | Facility | Drawn |
| Bond and Guarantees | **$ 0.6** | **$ 0.2** | $ 0.6 | $ 0.2 |
| Letters of Credit | **3.0** | **1.6** | 2.0 | 1.5 |
| Overdraft | **3.7** | **—** | 4.0 | — |
| | **$ 7.3** | **$ 1.8** | $ 6.6 | $ 1.7 |

### *Contingencies*

In November 2018, an explosion occurred at a third-party waste disposal and treatment site in Grand View, Idaho, reportedly causing property damage, personal injury, and one fatality. We 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, 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. We believe that we are not liable for the incident, have asserted such, and continue to fully defend the Company against these lawsuits. Therefore, we do not currently expect the eventual outcome in these matters to have a material impact on the Company's financial position or results of operations.

## 15. Pension Settlement

In the first quarter of 2023, there was a $9.2 million charge in relation to the sale of the U.S. pension plan liability to an insurer, which included $2.3 million cash and $6.9 million in relation to the derecognition of the U.S. pension liability and reallocation of accumulated actuarial losses from other comprehensive income. In the second quarter of 2023, we received a $0.2 million contribution refund, resulting in a net cash outflow of $2.1 million and a half year charge of $9.0 million.

There was also a $0.4 million and $0.7 million defined benefit credit on the U.K pension plan for the second quarter and first half of 2023 respectively, consistent with the $0.3 million and $0.7 million for the second quarter and first half of 2022.

## 16. Subsequent Events

Post quarter end, the Board approved $12 million of funding for the potential discretionary repurchase of the Company's stock. The Company has not yet implemented this buyback program and as such no shares have been purchased since the quarter end reporting 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;
- post-pandemic impact of COVID-19 and future pandemics;
- fluctuations in the cost and / or availability of raw materials, labor and energy, as well as our ability to pass on cost increases to customers;
- 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;
- climate change regulations and the potential impact on energy costs;
- regulatory, environmental, legislative and judicial developments; and
- our intention to pay dividends.

Please read the sections "Business" and "Risk factors" included within the 2022 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 industrial company innovating niche applications in materials engineering. Luxfer focuses on value creation by using its broad array of technical know-how and proprietary technologies to help create a safe, clean and energy-efficient world. Luxfer's high-performance materials, components and high-pressure gas containment devices are used in defense, first response and healthcare, transportation and general industrial applications.

***Key trends and uncertainties regarding our existing business***

*Margin pressure resulting from supply chain challenges*

We have, and continue to experience supply chain challenges, largely now limited to the higher cost of certain raw materials. Additionally, force majeure still remains in place for our key supplier of U.S. sourced magnesium, with supply not expected to recommence until at least Quarter Four of 2023, although more likely 2024. However, we have been successful in securing alternative sources of supply outside of the U.S., albeit at a higher cost.

In the majority of cases we are able to pass through inflationary costs to our customers, although we are still constrained by contracts, particularly in the Gas Cylinders segment, the longest running of which is not subject to renewal until mid-2024. Currently, our expectation is that the impact of material availability / inflation, energy cost inflation and labor and transport constraints will continue throughout 2023; but that we will be able to source sufficient material to meet demand and that in the majority of cases we expect to be able to pass on cost increases. However the outlook remains highly uncertain with both the size and timing of future cost increases difficult to predict.

*Operating objectives and trends*

In 2023, we expect the following operating objectives and trends to impact our business:

- Addressing general macro uncertainty as well as impacts from the extended outage of U.S. domestic magnesium supply;
- Continuing high activity on revenue growth initiatives with particular focus on increasing volumes;
- Actions to ensure continuity of supply of critical materials and services while safeguarding margins;
- Execution of productivity improvements, including completion of rationalization projects;
- Increases in selling prices to mitigate and pass through current cost pressure;
- Further improvements in ESG standing through investment in new projects;
- Focus on recruiting, developing and maintaining talent, through our new leadership development programs, while driving a high-performance culture; and
- Continued emphasis on operating cash generation and maintaining strong working capital performance.

## CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the Second Quarter of 2023 and 2022 of Luxfer were as follows:

| | Second Quarter | | % / point change |
|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023 v 2022** |
| Net sales | **$ 110.4** | $ 109.5 | 0.8 % |
| Cost of goods sold | **(86.2)** | (83.8) | 2.9 % |
| Gross profit | **$ 24.2** | $ 25.7 | (5.8)% |
| *% of net sales* | ***21.9 %*** | *23.5 %* | *(1.6)* |
| Selling, general and administrative expenses | **(12.8)** | (11.5) | 11.3 % |
| *% of net sales* | ***11.6 %*** | *10.5 %* | *1.1* |
| Research and development | **(1.0)** | (1.2) | (16.7)% |
| *% of net sales* | ***0.9 %*** | *1.1 %* | *(0.2)* |
| Restructuring charges | **(2.5)** | (0.3) | 733.3 % |
| *% of net sales* | ***2.3 %*** | *0.3 %* | *2.0* |
| Acquisition and disposal related costs | **—** | (0.1) | (100.0)% |
| *% of net sales* | ***— %*** | *(0.1)%* | *0.1* |
| Operating income | **$ 7.9** | $ 12.6 | (37.3)% |
| *% of net sales* | ***7.2 %*** | *11.5 %* | *(4.3)* |
| Net interest expense | **(1.8)** | (0.9) | 100.0 % |
| *% of net sales* | ***1.6 %*** | *0.8 %* | *0.8* |
| Defined benefit pension credit | **0.6** | 0.3 | 100.0 % |
| *% of net sales* | ***0.5 %*** | *0.3 %* | *0.2* |
| Income before income taxes | **$ 6.7** | $ 12.0 | (44.2)% |
| *% of net sales* | ***6.1 %*** | *11.0 %* | *(4.9)* |
| Provision for income taxes | **(1.8)** | (2.4) | (25.0)% |
| *Effective tax rate* | ***26.9 %*** | *20.0 %* | *6.9* |
| Net income from continuing activities | **$ 4.9** | $ 9.6 | (49.0)% |
| *% of net sales* | ***4.4 %*** | *8.8 %* | *(4.4)* |

The consolidated results of operations for the six months of 2023 and 2022 of Luxfer were as follows:

| | Year-to-date | | % / point change |
|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023 v 2022** |
| Net sales | **$ 211.7** | $ 206.5 | 2.5 % |
| Cost of goods sold | **(166.4)** | (156.6) | 6.3 % |
| Gross profit | **45.3** | 49.9 | (9.2)% |
| *% of net sales* | ***21.4 %*** | *24.2 %* | *(2.8)* |
| Selling, general and administrative expenses | **(25.3)** | (22.2) | 14.0 % |
| *% of net sales* | ***12.0 %*** | *10.8 %* | *1.2* |
| Research and development | **(2.2)** | (2.5) | (12.0)% |
| *% of net sales* | ***1.0 %*** | *1.2 %* | *(0.2)* |
| Restructuring charges | **(2.8)** | (1.7) | 64.7 % |
| *% of net sales* | ***1.3 %*** | *0.8 %* | *0.5* |
| Acquisition and disposal related costs | **—** | (0.3) | (100.0)% |
| *% of net sales* | ***— %*** | *0.1 %* | *(0.1)* |
| Operating income | **$ 15.0** | $ 23.2 | (35.3)% |
| *% of net sales* | ***7.1 %*** | *11.2 %* | *(4.1)* |
| Net interest expense | **(3.1)** | (1.7) | 82.4 % |
| *% of net sales* | ***1.5 %*** | *0.8 %* | *0.7* |
| Defined benefit pension (charge) / credit | **(8.3)** | 0.7 | n/a |
| *% of net sales* | ***(3.9)%*** | *0.3 %* | *(4.2)* |
| Income from continuing operations | **$ 3.6** | $ 22.2 | (83.8)% |
| *% of net sales* | ***1.7 %*** | *10.8 %* | *(9.1)* |
| Credit / (provision) for income taxes | **1.8** | (4.9) | (136.7)% |
| *Effective tax rate* | ***(50.0)%*** | *22.1 %* | *(72.1)* |
| Net income from continuing operations | **$ 5.4** | $ 17.3 | (68.8)% |
| *% of net sales* | ***2.6 %*** | *8.4 %* | *(5.8)* |

**Net sales**

Adjusting for foreign exchange tailwind of $0.2 million and a headwind of $2.1 million in the second quarter and first half of 2023 respectively, net sales have increased by 0.6% and 3.5%. The passing through of material cost inflation, accounted for approximately $6.5 million and $16.5 million increase in consolidated net sales in the second quarter and first half, respectively, of 2023 from 2022. Furthermore, there was a benefit in the quarter from:

- Growth in our Defense, First Response and Healthcare end market, including chemical kits, medical cylinders and flameless ration heaters (FRH), especially our new unitized group ration product (UGR-E);
- Increased sales of alternative fuel cylinders; and
- Continued increase in demand for zirconium products, particularly those used in pharmaceutical applications.

These increases were partially offset by:

- Decreased demand for photo-engraving plates outside of the North American market;
- Lower sales of SoluMag® due to destocking by customers in the Oil and Gas industry; and
- Reduction in sales of magnesium powders for commercial use.

Further to the above, the first half of the year were also affected by:

- Higher demand for SCBA cylinders, offset by lower sales of large industrial cylinders;
- Increased sales of magnesium alloys, especially those used in aerospace and automotive applications;
- Partially offset by unfavorable foreign exchange variances as highlighted above;

**Gross profit**

The 1.6 and 2.8 percentage point decrease in gross profit as a percentage of sales in the second quarter and first half, respectively of 2023 from 2022 was primarily the result of adverse sales mix and higher materials costs relative to price increases, particularly in the Elektron Division. However, cost recovery and margin is improving in the Gas Cylinders Division as fixed-priced contracts are being renegotiated.

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

SG&A costs as a percentage of sales in 2023 from 2022 has increased by 1.1 percentage points and 1.2 percentage points in the quarter and first half respectively, largely due to the $1.2 and $2.3 million of legal costs expensed in the Elektron Division. These predominantly relate to the case described in Note 14 - Commitments and Contingencies.

**Research and development costs**

Research and development costs as a percentage of sales decreased by 0.2 percentage points in the second quarter and first half of 2023 relative to 2022 respectively. The slight reduction is a result of the the inflationary impact on sales, coupled with a $0.1 million and $0.2 million impact due to foreign exchange in the quarter and first half respectively.

**Restructuring charges**

The $2.5 million and $2.8 million restructuring charge in the second quarter and first half respectively of 2023 relates predominantly to asset impairments in relation to rationalization of our North American Gas Cylinders businesses to reduce our fixed cost base. This amounted to $2.3 million in both the second quarter and first half of the year respectively. There was an additional $0.1 million and $0.4 million of other expenses in the second quarter and first half respectively, in relation to the aforementioned rationalization.

The $0.3 million and $1.7 million restructuring charge in the second quarter and first six months of 2022 includes $0.2 million in the second quarter relating to one-time employee termination benefits in the Elektron Division in relation to the consolidation of production facilities in the Magnesium Powders operations. The remaining $0.1 million and $1.4 million for the second quarter and first half respectively, relates to costs associated with the closure of Luxfer Gas Cylinders France, which ceased operations in 2019.

**Acquisition and disposal related costs**

No acquisition and disposal related costs have been incurred during 2023.

The $0.1 million and $0.3 million in the second quarter and first half of 2022 respectively, represents amounts incurred in relation to the acquisition of Structural Composites Industries.

**Net interest expense**

Net interest expense of $1.8 million in the second quarter of 2023 doubled from $0.9 million in the second quarter of 2022, due to a combination of increased interest rates and higher drawings. Interest expense of $3.1 million in the first half of 2023 was also significantly higher than the $1.7 million in the first half of 2022.

**Defined benefit pension credit**

In the first quarter of 2023, there was a $9.2 million charge in relation to the sale of the U.S. pension plan liability to an insurer, which included $2.3 million cash and $6.9 million in relation to the derecognition of the U.S. pension liability and reallocation of accumulated actuarial losses from other comprehensive income. In the second quarter of 2023, we received a $0.2 million contribution refund, resulting in a net cash outflow of $2.1 million and a half year charge of $9.0 million.

There was also a $0.4 million and $0.7 million defined benefit credit on the U.K pension plan for the second quarter and first half of 2023 respectively, consistent with the $0.3 million and $0.7 million for the second quarter and first half of 2022.

**Provision for income taxes**

The movement in the statutory effective tax rate from 22.1% in 2022, to negative 50.0% in 2023, was primarily due to non-deductible expenses and deferred tax credit, predominantly in relation to the previously mentioned pension buy-out and impairment charges. When stripping out the impact of this, as well as other less significant adjusting items, the adjusted effective tax rate has reduced slightly to 22.0% in 2023 from 22.2% in 2022, largely as a result of jurisdictional profit mix.

## 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.

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions except per share data* | **2023** | **2022** | **2023** | **2022** |
| Net income from continuing operations | **$ 4.9** | $ 9.6 | **$ 5.4** | $ 17.3 |
| Accounting charges relating to acquisitions and disposals of businesses: | | | | |
| Amortization on acquired intangibles | **0.2** | 0.2 | **0.4** | 0.4 |
| Acquisition and disposal related costs | **—** | 0.1 | **—** | 0.3 |
| Defined benefit pension (credit) / charge | **(0.6)** | (0.3) | **8.3** | (0.7) |
| Restructuring charges | **2.5** | 0.3 | **2.8** | 1.7 |
| Share-based compensation charges | **0.7** | 0.7 | **1.3** | 0.9 |
| Tax impact of defined benefit pension settlement | **—** | — | **(4.9)** | — |
| Income tax on adjusted items | **(0.3)** | (0.5) | **(0.5)** | (0.6) |
| Adjusted net income | **$ 7.4** | $ 10.1 | **$ 12.8** | $ 19.3 |
| | | | | |
| **Adjusted earnings per ordinary share** | | | | |
| Diluted earnings per ordinary share | **$ 0.18** | $ 0.35 | **$ 0.20** | $ 0.62 |
| Impact of adjusted items | **0.09** | 0.01 | **0.27** | 0.08 |
| Adjusted diluted earnings per ordinary share[1] | **$ 0.27** | $ 0.36 | **$ 0.47** | $ 0.70 |

[1] 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.

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023** | **2022** |
| Adjusted net income | **$ 7.4** | $ 10.1 | **$ 12.8** | $ 19.3 |
| Add back: | | | | |
| Tax impact of defined benefit pension settlement | **—** | — | **4.9** | — |
| Income tax on adjusted items | **0.3** | 0.5 | **0.5** | 0.6 |
| Provision for income taxes | **1.8** | 2.4 | **(1.8)** | 4.9 |
| Interest expense | **1.8** | 0.9 | **3.1** | 1.7 |
| Adjusted EBITA | **$ 11.3** | $ 13.9 | **$ 19.5** | $ 26.5 |
| Gain on disposal of PPE | **—** | (0.2) | **—** | (0.2) |
| Depreciation | **3.1** | 3.2 | **6.2** | 6.7 |
| Adjusted EBITDA | **$ 14.4** | $ 16.9 | **$ 25.7** | $ 33.0 |

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.

| | Second Quarter | | Year-to-date | |
|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2023** | **2022** |
| Adjusted net income | **$ 7.4** | $ 10.1 | **$ 12.8** | $ 19.3 |
| Add back: | | | | |
| Tax impact of defined benefit pension settlement | **—** | — | **4.9** | — |
| Income tax on adjusted items | **0.3** | 0.5 | **0.5** | 0.6 |
| Provision for income taxes | **1.8** | 2.4 | **(1.8)** | 4.9 |
| Adjusted income before income taxes | **$ 9.5** | $ 13.0 | **$ 16.4** | $ 24.8 |
| Adjusted provision for income taxes | **2.1** | 2.9 | **3.6** | 5.5 |
| Adjusted effective tax rate | **22.1 %** | 22.3 % | **22.0 %** | 22.2 % |

## 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; gain on disposal of property, plant and equipment, restructuring charges; acquisition and disposal related gains and costs; other charges; depreciation and amortization. A reconciliation to net income and taxes can be found in Note 13 to the condensed consolidated financial statements.

## GAS CYLINDERS

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

| | Second Quarter | | % / point change | Year-to-date | | % / point change |
|---|---|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2022 v 2021** | **2023** | **2022** | **2022 v 2021** |
| Net sales | **$ 48.5** | $ 46.1 | 5.2% | **$ 90.0** | $ 88.5 | 1.7% |
| Adjusted EBITDA | **4.9** | 3.7 | 32.4% | **7.4** | 6.4 | 15.6% |
| *% of net sales* | **10.1 %** | 8.0 % | 2.1 | **8.2 %** | 7.2 % | 1.0 |

### *Net sales*

The 5.2% increase in Gas Cylinders sales in the second quarter of 2023 from 2022 was primarily the result of:

- Increased sales of alternative fuel cylinders; and
- Growth in sales of medical cylinders.

These increases have been partially offset by:

- $0.3 million FX headwind; and
- Reduced sales of non-medical, aluminum cylinders.

The first half of 2023 has also benefited from higher demand for SCBA cylinders, offset by lower sales of large industrial cylinders.

### *Adjusted EBITDA*

The 2.1 percentage point and 1.0 percentage point increase in adjusted EBITDA for Gas Cylinders as a percentage of net sales in the second quarter and first half of 2023 relative to 2022 is predominantly a result of the renegotiation of fixed price contracts, as price more than offset inflation during the second quarter.

**ELEKTRON**

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

| | Second Quarter | | % / point change | Year-to-date | | % / point change |
|---|---|---|---|---|---|---|
| *In millions* | **2023** | **2022** | **2022 v 2021** | **2023** | **2022** | **2022 v 2021** |
| Net sales | **$ 61.9** | $ 63.4 | (2.4)% | **$ 121.7** | $ 118.0 | 3.1% |
| Adjusted EBITDA | **9.5** | 13.2 | (28.0)% | **18.3** | 26.6 | (31.2)% |
| *% of net sales* | **15.3 %** | 20.8 % | (5.5) | **15.0 %** | 22.5 % | (7.5) |

***Net sales***

The 2.4% decrease in Elektron sales in the second quarter of 2023 from 2022 was primarily the result of:

- Decreased demand for photo-engraving plates outside of the North-American market;
- Lower sales of SoluMag® due to destocking by customers in the Oil and Gas industry; and
- Reduction in sales of magnesium powders for commercial use.

These increases were partially offset by increased sales of chemical response kits and flameless ration heaters, especially our new UGR-E product, supplied by Luxfer Magtech. There has also been continued increase in demand for zirconium products, particularly those used in pharmaceutical applications.

Net sales were also impacted by $0.5 million of FX tailwinds.

The 3.1% increase in Elektron sales in the first half of 2023 from 2022 was primarily the result of increased sales of magnesium alloys, especially those used in aerospace and automotive applications, in addition to the above mentioned factors.

***Adjusted EBITDA***

The 5.5 and 7.5 percentage point decrease in adjusted EBITDA for Elektron as a percentage of net sales in the second quarter and first half respectively of 2023 from 2022 was primarily the result of adverse product mix and higher materials costs relative to price increases.

**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, 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 safeguard the business from supply chain constraints, as well as to achieve organic sales growth; and
- hedging facilities used to manage our foreign exchange risks.

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

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 Loan Notes and the Senior Facilities Agreement throughout all of the quarterly measurement dates from and including September 30, 2011, to July 2, 2023.

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 used by operating activities was $1.3 million and $6.8 million for the first six months in 2023 and 2022 respectively. It was primarily related to net income from operating activities offset by increases in working capital related to inventory build to protect supply chain, and net of the following non-cash items: depreciation and amortization; share-based compensation charges; pension credit and net changes to assets and liabilities.

***Investing activities***

Net cash used by investing activities was $4.9 million for the first half off 2023, compared to net cash provided by investing activities of $0.8 million in 2022.The movement was due to the $3.7 million cash received in 2022 in relation to the sale of our previously held-for-sale building in the Elektron division and the $2.1 million increase in capital expenditures.

***Financing activities***

In the first half of 2023, net cash provided by financing activities was $1.2 million (2022: $6.0 million provided for financing activities). We made net drawdown on our banking facilities of $10.1 million, having drawn $35.1 million on our revolving credit facility to pay $25.0 million of short term debt (2022: $18.1 million repayment). Dividend payments of $7.0 million (2022: $7.0 million), equating to $0.26 and $0.255 per ordinary share respectively and we paid out $0.3 million (2022: $1.4 million) in settling share based compensation and $1.6 million (2022: $3.7 million) in repurchasing our own shares as part of the share buyback program which equates to 100,000 shares (2022: 138,000 shares).

***Capital Resources***

***Dividends***

We paid year-to-date dividends in 2023 of $7.0 million and declared an additional $3.5 million (2022: $7.0 million paid year-to-date), or $0.260 per ordinary share (2022: $0.255).

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 the Companies Act and IFRS as adopted by the E.U., 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 | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less than 1 year** | **1 – 3 years** | **3 – 5 years** | **After 5 years** |
| | | | **(in $ million)** | | |
| **Contractual cash obligations** | | | | | |
| Loan Notes due 2026 | 25.0 | — | 25.0 | — | — |
| Revolving credit facility | 68.1 | — | 68.1 | — | — |
| Obligations under operating leases | 27.6 | 5.1 | 9.5 | 3.8 | 9.2 |
| Capital commitments | 1.0 | 1.0 | — | — | — |
| Interest payments | 21.9 | 5.9 | 11.2 | 4.8 | — |
| **Total contractual cash obligations** | **$ 143.6** | **$ 12.0** | **$ 113.8** | **$ 8.6** | **$ 9.2** |

***Off-balance sheet measures***

At July 2, 2023, we had no off-balance sheet arrangements other than the two bonding facilities disclosed in Note 14.

## 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 2022 Annual Report on Form 10-K, filed with the SEC on March 1, 2023, 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 half ended July 2, 2023. For additional information, refer to Item 7A of our 2022 Annual Report on Form 10-K, filed with the SEC on March 1, 2023.

## 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 July 2, 2023, 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 July 2, 2023, 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 ended July 2, 2023, 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 14 (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 2022 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-Andrew Butcher

31.2 Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934-Stephen Webster

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)-Andrew Butcher

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)-Stephen Webster

101 The financial statements from the Company's Interim Report on Form 10-Q for the quarter and year ended ended July 2, 2023, 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/Andrew Butcher*

**Andrew Butcher**
Chief Executive Officer
(Duly Authorized Officer)
**July 25, 2023**

**Section 302 Certificate**
**Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934**

I, Andrew Butcher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luxfer Holdings PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2023

__/s/ Andrew Butcher____________________
Andrew Butcher
Chief Executive Officer

**Section 302 Certificate**
**Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934**

I, Stephen Webster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luxfer Holdings PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 25, 2023

__/s/ Stephen Webster____________________
Stephen Webster
Chief Financial Officer

**Section 906 Certificate**
**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)**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Andrew Butcher, the Chief Executive Officer of Luxfer Holdings PLC, a public limited company incorporated under English law (the "Company"), do hereby certify, to my knowledge, that:

- the Quarterly Report on Form 10-Q for the period ended July 2, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

__/s/ Andrew Butcher_______
Andrew Butcher
Chief Executive Officer

Date: July 25, 2023

**Section 906 Certificate**

**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)**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Stephen Webster, the Chief Financial Officer of Luxfer Holdings PLC, a public limited company incorporated under English law (the “Company”), do hereby certify, to my knowledge, that:

- the Quarterly Report on Form 10-Q for the period ended July 2, 2023 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

__/s/ Stephen Webster_______
Stephen Webster
Chief Financial Officer

Date: July 25, 2023