20240628342000

Årsredovisning

Element Materials Technology Sweden Holdings AB

Org.nr 556761-0208

Räkenskapsår 2023-01-01 - 2023-12-31

Fastställelseintyg

Undertecknad styrelseledamot intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 24 juni 2024.
Årsstämman beslöt att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Linköping 2024-06-24

Leif Åström

20240628344201

Element Materials Technology Sweden Holdings AB
556761-0208

Årsredovisning

för räkenskapsåret 2023-01-01 - 2023-12-31

Styrelsen för Element Materials Technology Sweden Holdings AB avger härmed följande årsredovisning.

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Styrelsens säte: Linköping
Företagets redovisningsvaluta: Svenska kronor (SEK).
Alla belopp redovisas, om inte annat anges, i tusentals kronor (tkr).

Penneo dokumentnyckel: PEE7J-M2ZZ4-KVU4J-3XGJL-TE2EZ-YBZUC

20240528342702

Förvaltningsberättelse

Information om verksamheten
Element Materials Technology Sweden Holdings AB är moderbolag för den svenska delen inom koncernen Element Materials Technology Group Limited, 10 Lower Grosvenor Place, London, United Kingdom. Bolaget är ett helägt dotterbolag till Exova Treasury Ltd i Storbritannien.
Bolaget bedriver ingen verksamhet.

Väsentliga händelser under räkenskapsåret
Under räkenskapsåret har bolagets resultat enbart påverkats av koncerninterna kostnadsräntor.

Förväntad framtida utveckling samt risker och osäkerhetsfaktorer
Huvudelen av dotterbolagens omsättning är säkrade genom fleråriga kundavtal. Detta medför en stabil framtida utveckling där bolagen kan fokusera på att utveckla processer och tjänster för att öka effektivitet och lönsamhet.
Det föreligger en kommersiell risk när dessa kundavtal skall förnyas.

Flerårsöversikt*	**2023**	**2022**	**2021**	**2020**
Resultat efter finansiella poster (tkr)	-43 395	-39 013	-35 094	-31 613
Balansomslutning (tkr)	459 640	459 641	459 642	459 643
Soliditet (%) (1)	6,5%	15,9%	24,4%	32,1%

(1) Soliditet - Justerat eget kapital*/ Balansomslutning
*) Eget kapital inklusive 79,4% av obeskattade reserver

Förslag till resultatdisposition (tkr)
Styrelsen föreslår att till förfogande stående medel

Balanserat resultat	73 180
Årets resultat	-43 395
	29 785
disponeras så att	
i ny räkning överföres	29 785
	29 785

Penneo dokumentnyckel: PEE7J-M2ZZ4-KVU4J-3XGJL-TE2EZ-YBZUC

20240628342O3

Resultaträkning

	Not	2023-01-01 -2023-12-31	2022-12-01 -2022-12-31
Övriga rörelsekostnader		0	0
Rörelseresultat		**0**	**0**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter		-1	-1
Räntekostnader koncernen		-43 394	-39 012
		-43 395	**-39 013**
Resultat efter finansiella poster		**-43 395**	**-39 013**
Bokslutsdispositioner		0	0
Resultat före skatt		**-43 395**	**-39 013**
Skatt på årets resultat		0	0
Årets resultat		**-43 395**	**-39 013**

Penneo dokumentnyckel: PEE7J-M2ZZ4-KVU4J-3XGJL-TE2EZ-YBZUC

20240628342O4

Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	2	453 346	453 346
		453 346	**453 346**
Summa anläggningstillgångar		**453 346**	**453 346**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		6 200	6 200
		6 200	**6 200**
Kassa och bank		94	95
Summa omsättningstillgångar		**6 294**	**6 295**
SUMMA TILLGÅNGAR		**459 640**	**459 641**

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	3	101	101
		101	**101**
Fritt eget kapital			
Balanserat resultat		73 180	112 193
Årets resultat		-43 395	-39 013
		29 785	**73 180**
Summa eget kapital		**29 886**	**73 281**
Långfristiga skulder			
Skulder till koncernföretag	4	429 734	386 340
		429 734	**386 340**
Kortfristiga skulder			
Upplupna kostnader och förutbetalda intäkter		20	20
		20	**20**
SUMMA EGET KAPITAL OCH SKULDER		**459 640**	**459 641**

Penneo dokumentnyckel: PEE7J-M2ZZ4-KVU4J-3XGJL-TE2EZ-YBZUC

20240628134205

Rapport över förändringar i eget kapital

	Aktie-kapital	Uppskriv-ningsfond	Reservfond	Balanserat resultat	Årets resultat	Totalt
Ingående balans 2022-12-01	101	0	0	147 287	-35 094	**112 294**
Omföring resultat föregående år	0	0	0	-35 094	35 094	**0**
Erhållet aktieägartillskott	0	0	0	0	0	**0**
Årets resultat	0	0	0	0	-39 013	**-39 013**
Utgående balans 2022-12-31	**101**	**0**	**0**	**112 193**	**-39 013**	**73 281**
Omföring resultat föregående år	0	0	0	-39 013	39 013	**0**
Årets resultat	0	0	0	0	-43 395	**-43 395**
Utgående balans 2023-12-31	**101**	**0**	**0**	**73 180**	**-43 395**	**29 886**

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20240628234206

Tilläggsupplysningar

Redovisningsprinciper m.m.

Allmänna redovisningsprinciper
Årsredovisningen har upprättats enligt årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3):

Koncerntillhörighet
Moderföretaget i den största koncernen som Element Materials Technology Sweden Holdings AB är dotterföretag till och där koncernredovisning är upprättad är EM Topco Limited med säte i Storbritannien.
Moderföretagets årsredovisning kan erhållas på begäran av Element Group Finance.

Koncernredovisning
Företaget är ett moderföretag men upprättar ingen koncernredovisning med hänvisning till undantagsregeln i årsredovisningslagen 7 kap. 2 §.

Bedömningar och uppskattningar
Ingen av årsredovisningens delar innehåller några väsentliga uppskattningar eller bedömningar, utöver nedanstående:
Uppskjuten skattefordran
Bolaget bedömer att möjligheterna att utnyttja uppskjuten skattefordan är liten och värderar den därför till 0 kr.

Skatt
Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.
Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp.
Uppskjuten skatt beräknas utifrån beslutad skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjutna skattefordringar reduceras till den del det inte är sannolikt att den underliggande skattefordran kommer att kunna realiseras inom en överskådlig framtid. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Omräkning av poster i utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Fordringar, skulder och avsättningar
Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

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20240628234207

Noter

Not 1 Anställda och personalkostnader

Då bolaget ej har någon anställd personal, utgår ej några personalkostnader.

	2023-12-31	2022-12-31
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	0%	0%
Andel män i styrelsen	100%	100%

Not 2 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	453 346	453 346
Utgående ackumulerade anskaffningsvärden	**453 346**	**453 346**
Utgående redovisat värde	**453 346**	**453 346**

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Element Metech AB	100%	100%	1 000	266 300
Element Materials Technology AB	100%	100%	1 000	187 046
				453 346

	Org.nr.	Säte	Eget kapital*	Årets resultat*
Element Metech AB	556080-0210	Linköping	90 740	11 921
Element Materials Technology AB	556097-0187	Linköping	40 464	1 882

*Eget kapital samt Årets resultat har angetts i sin helhet oavsett ägarandel.
I Eget kapital ingår 79,4 % av obeskattade reserver
Med Årets resultat avses resultat efter finansiella poster

Not 3 Antal aktier och kvotvärde

	2023-12-31	2022-12-31
Antal aktier	101 000	101 000
Kvotvärde	1	1

Not 4 Långfristiga skulder

	2023-12-31	2022-12-31
Förfaller mellan 2 och 5 år efter balansdagen		
Skulder till koncernföretag	429 734	386 340
	429 734	**386 340**

Not 5 Ställda säkerheter och eventualförpliktelser

	2023-12-31	2022-12-31
Ställda säkerheter	0	0
Eventualförpliktelser	0	0
	0	**0**

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Element Materials Technology Sweden Holdings AB
556761-0208

Linköping enligt datum i digital signatur

Mats Boström
Ordförande

Leif Åström
Styrelseledamot

Vår revisionsberättelse har lämnats den
Ernst & Young AB

Clas Tegidius
Auktoriserad revisor

20240628342O8

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20240628342O9

Leif Arne Åström
Styrelseledamot
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2024-06-24 07:36:30 UTC

Mats Stefan Boström
Styrelseordförande
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2024-06-24 07:44:36 UTC

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20240628342102

Revisionsberättelse

Till bolagsstämman i Element Materials Technology Sweden Holdings AB, org.nr 556761-0208

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Element Materials Technology Sweden Holdings AB för räkenskapsåret 2023-01-01 – 2023-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Element Materials Technology Sweden Holdings ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Element Materials Technology Sweden Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa riskei och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa *uppmärksamheten på upplysningarna i årsredovisningen om den* väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehålle i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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20240628342111

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av Element Materials Technology Sweden Holdings AB för räkenskapsåret 2023-01-01 – 2023-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Element Materials Technology Sweden Holdings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Linköping den dag som framgår av digital signatur
Ernst & Young AB

Clas Tegidius

Clas Tegidius
Auktoriserad revisor

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element

ANNUAL REPORT 2023

CONSOLIDATED FINANCIAL STATEMENTS

element.com

EM TOPCO LIMITED,
COMPANIES HOUSE REGISTRATION
NUMBER: 13855635

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OVERVIEW – ACQUISITION OF ELEMENT

On the 6th July 2022, Temasek acquired the Element Group[1] through the acquisition of Element Materials Technology Group Limited by EM Bidco Limited, a wholly owned company of EM Topco Limited. These accounts are the accounts of EM Topco Limited, the new ultimate UK holding company of the Element Group. The majority shareholder of EM Topco Limited is Esta Investments Limited, a wholly owned subsidiary of Temasek.

EM Topco was established solely for the purposes of acquiring the majority interest in the Element Group. Prior to the acquisition date of 6th July 2022, EM Topco Limited and its wholly owned subsidiaries incurred immaterial administrative expenses only.

The acquisition of the Element Group included the refinancing of the Group's debt. The refinancing was established also to provide sufficient funding for the anticipated acquisition of NTS by Element.

However, the Group's operations did not change as a result of this acquisition and, therefore, some commentary and some performance figures, provided in the strategic report, includes the full year 2022. The 12 month period provides useful information, to stakeholders, in understanding the performance of the Group and enhances comparability between years. Any full year financial results in 2022 are unaudited, as the full year Group results are a combination of the audited Group accounts for EM Topco Limited (see financial statements in this report) and the pre-acquisition unaudited results of the Element Group.

(1) Throughout this document Element Group refers to the Group owned by Element Materials Technology Group Limited acquired by Temasek in 2022; and Element which refers to the Group headed by EM Topco Limited.

ELEMENT

270

9,000

60,000
CUSTOMERS WORLDWIDE

65+*
NPS SCORE

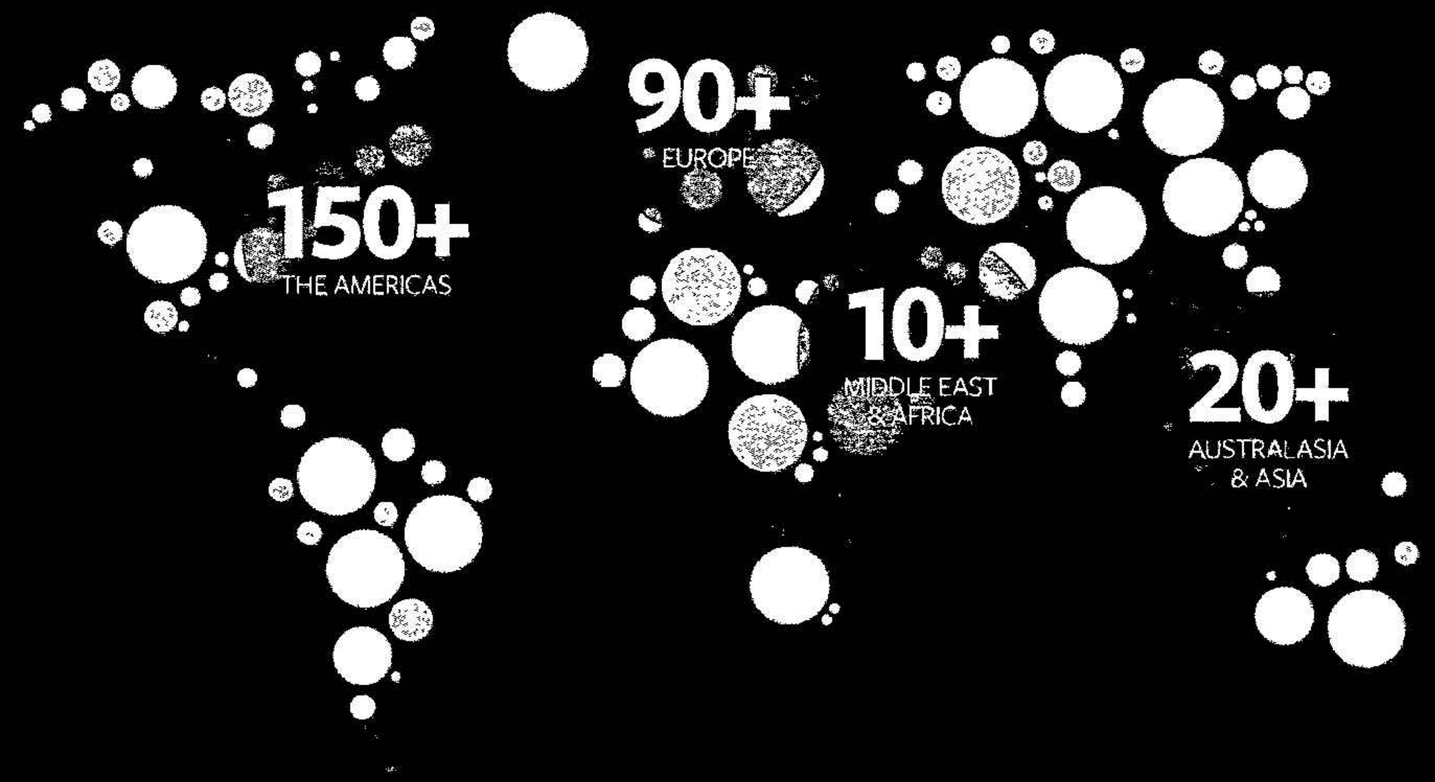
3

17M

#1

75

*The Net Promoter Score (NPS) measures the loyalty of a company's customer base



25%
REVENUE GROWTH ON AN ANNUAL PROFORMA[1] BASIS

50 ACQUISITIONS BY THE ELEMENT GROUP SINCE 2011, INCLUDING 7 TRANSACTIONS POST THE ACQUISITION OF ELEMENT GROUP

EM TOPCO CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2023

$1,379M
TOTAL REVENUE

$280M
ADJUSTED EBITDA

(1) Growth is compared to an unaudited full year 2022 , as the full year results are a combination of the audited group accounts for EM Topco Limited and the pre-acquisition unaudited group results under the Group's legacy ownership

Making tomorrow safer than today

The Safety of our colleagues, our customers, and the wider world is at the center of everything we do. To fulfill our purpose of making tomorrow safer than today, we are committed to innovation and remaining at the forefront of the technical advancements that meet and exceed our customers' requirements.

Our people are at the heart of Element and recruiting and retaining the highest caliber of people to excel within the business is key to our continued growth and success. Thanks to their expertise and passion, we provide the customer service that our industries have come to expect. I am proud of our people, and their drive and commitment, every day.

We relaunched our business purpose and values two years ago and since then, we have worked hard to embed them within our operations. We are consistently seeing this culture change play out, especially within the integration of NTS over the last year. Welcoming more than 1,000 people to our business as part of that acquisition, we have still maintained our outstanding safety record, and our colleague engagement score was the highest level ever.

We can clearly see that our colleagues understand our purpose and values and how they contribute to our business, as well as to our communities and industry.

We share a drive and ambition with our customers as well, supporting them as they make amazing steps forward with new products, components, and technologies that have a positive impact on the world around us. We are committed to partnership and collaboration and reaching the newest frontiers of development with our likeminded customers. When failure is not an option, we ensure that products get to market efficiently and that they are safe, fit for purpose, and compliant.

We are proud to support critical industries that the world engages with every day, like aerospace, medical devices, and mobile technology, amongst many others. In every test, inspection, and certification that we complete, we are striving to ensure a safer world. **With our dedicated colleagues and customers, we are making tomorrow safer than today.**

Jo Wetz, Chief Executive Officer

OUR PURPOSE

MAKING TOMORROW SAFER THAN TODAY. OUR PURPOSE IS OUR REASON FOR BEING.

It describes the impact we have on the wider world and the people and communities we serve, creating a safer future for everyone.

All our colleagues have a role to play in bringing our purpose to life. Understanding our values helps us to do this.

OUR VALUES

INTEGRITY | CARE | PROGRESS

These three values were chosen by our people and describe what it means to work at Element. Every day, we work, every decision we make, every question we ask, every interaction we have, is guided by Integrity, Care and Progress.

A focus on safety continues to be fundamental to how we work – it is of paramount importance to how we operate every day. Safety is core both to what we do and why we do what we do. Therefore, we have chosen a purpose that elevates and puts a spotlight on safety – working safely and creating a safer tomorrow for people and their communities.

INTEGRITY

We do what is right.

Our foundations are built on trust and accountability. We take pride in our work, and we keep our promises. We are committed to deliver every time for our customers, and for each other.

CARE

We care about the impact we have.

Creating a safer world starts with us caring about each other, our customers and the communities and environment we operate in. Our culture is inclusive, with zero tolerance of any form of discrimination, and colleagues are encouraged to bring their full selves to work.

PROGRESS

We strive to create a more positive future.

We stay curious to evolve and improve every day. We grow and learn by constantly thinking about our impact and how we can do better for each other, society and the planet.

OUR STRATEGY

ELEMENT IS IN A STRONG POSITION TO CONTINUE BUILDING ITS LEADERSHIP POSITIONS THROUGH ORGANIC AND INORGANIC GROWTH ACROSS STRATEGIC END MARKETS. THESE END MARKETS ARE HIGHLY REGULATED AND TECHNICALLY DEMANDING, AND ELEMENT IS WELL-PLACED TO PROVIDE THE SAFETY-CRITICAL SOLUTIONS NEEDED FOR THE PRODUCT AND MATERIALS INNOVATION OUR CUSTOMERS ARE DEVELOPING

We retain our ambition to double the size of our business within five years ending in 2025. We do this through trusted partnership with customers operating in critical environments where failure is not an option.

We operate within five strategic pillars, which drive this growth:

PEOPLE & CULTURE

We will create a safe [illegible]

CUSTOMER & OPERATION

We will nurture trusted [illegible]

DIGITAL & INNOVATION

We will develop our digital [illegible]

PLATFORM & OPERATIONS

We will leverage our [illegible]

ESG & SUSTAINABILITY

We will create a positive [illegible]

Element continues to demonstrate its leadership position in the market through both organic and inorganic growth. 2021 and 2022 saw some of the most significant inorganic growth in our history as we made several key strategic acquisitions across high-potential industries.

In contrast, 2023 was a year of integration and consolidation, ensuring that we maximized these acquisitions by fully embedding new colleagues, laboratories, and capabilities within our business, and investing in our existing offering at facilities around the world. We continue to focus on end markets that are highly regulated and technically demanding, criteria that we are well-placed to service with the safety-critical solutions needed for product and materials innovation.

DELIVERING SAFETY TO STRATEGIC END MARKETS

Our focus on critical industrial safety, our global platform, our investment in growth, and best-in-class operational and commercial excellence are what sets us apart from other Testing, Inspection and Certification companies.

Our strategic end markets have attractive economics, complemented by market growth, innovation, technically demanding customers, and high regulation. With supply chains that are often highly fragmented, they provide us with the opportunity to acquire new capabilities and expand our scale. As our world becomes more connected and accessible, we focus on broadening and connecting our services across regions to provide our customers in complex regulatory environments with the support they require for efficient market access.

Customers are the focus of everything we do. We invest in each business unit to provide expertise that supports our customers' innovation and growth strategies. We prioritize operational, technical, and commercial excellence programs at our laboratories that support a unified technology infrastructure. Our holistic support for customers also drives strong organic growth and best-in-class margins.

Our talented colleagues are at the heart of our business, and we invest in the development of our engaged experts at all levels of the business to provide them with every opportunity to succeed, lead, and grow within the Element family.

Element is well-positioned to benefit from growing amid significant structural global trends, such as helping customers meet their ESG targets and fulfilling the commercial aircraft backlog.

With our ambitious environmental targets, and an additional commitment to diversity, equity and inclusion, we see ESG as a key future driver.

The success of our business is down to our customers, and our current retention demonstrates that we are providing a trusted and stable service for some of the biggest and most powerful organizations in the world. We are proud that we continue to strengthen our position as we invest in market-leading testing, inspection, and certification services to make tomorrow safer than today.

CHAIRMAN'S REPORT

2023 was a year focused on integration and consolidation for Element following the big changes announced in 2022, when we made the largest acquisition for some time with NTS in the US, and we ourselves were acquired by Temasek. The work the team and our Board has done through 2023 in bringing them into the Element family is what has impressed me the most.

Allan Leighton, Non-Executive Chairman

The acquisitions we have made to date have significantly extended Element's technical capability, our capacity to meet our customers' requirements, and have pushed our geographical footprint wider. We continued to make strategic acquisitions during the year and this alongside organic growth will support our mission to become the world's most trusted testing partner.

I continue to be impressed every day by the professionalism, leadership, and drive that Jo Wetz and the leadership team bring to Element. This year they achieved strong growth in the business, while securing our highest ever NPS score of 66 and a record high colleague engagement score of 75. They are taking our business through significant acquisitions and strong business growth, building an organization that has a strong vision and strategy for the future.

PEOPLE AND INTEGRATION

Our organizational strategy accelerates a safe, empowered, and inclusive workforce; technical leadership and operational consistency; digital and innovative solutions; leveraging our scale; and importantly, creating a positive impact for our customers, environment, people, and the communities in which they work. This is a brave and ambitious strategy, and I was delighted to see the record-high colleague engagement score combined with improved retention rates show how much of it is coming to fruition.

Through 2023 we welcomed over 1900 people and ended the year with 25% more Revenue compared to 2022[1]. People throughout Element have worked tirelessly to create the success following the integration of NTS, and I can see that in 2024 this will continue.

The integration of such a large number of people into our business really brings the sheer scale of the organization into focus. Because we retain our core values: Integrity, Care, and Progress, we have seen a renewed vigor in driving our people strategy over the last year, particularly in bringing more senior and valuable expertise into our HR team. People are at the heart of our strategy and while our integration was impressive, the work being undertaken on rewarding and retaining colleagues is also something of which we should all be proud. I commend Ditte Marstrand Wulf, who joined us in 2022 as Chief People Officer, for bringing a strategic focus on driving a more empowered, diverse, and inclusive culture.

BOARD MEMBERS

The purchase of Element by Temasek from Bridgepoint over a year ago saw a minority shareholder take ownership, which is an important part of our growth journey. Temasek shares our values and ambition and brings strong business leadership to its role as our owner.

As a business that has a dynamic portfolio and is focused on technological transformation and the impact of sustainability, its strategy is closely aligned with our own. In just the first year of Temasek ownership, we are seeing the benefits across the business and most particularly at the board level.

Changes to our board in 2023 included welcoming Nagi Hamiyeh, who is Head of Europe, Middle East and Africa at Temasek. He is a great supporter of our growth strategy and brings significant value and insight, as he provides guidance on Element's growth strategy. With his blue-chip experience, we have welcomed his expertise this year and look forward to a long tenure in our team.

CUSTOMERS

A core driver for our business is safety. With the dual aims to create a safe working environment for our people and support our customers in innovating to make products for consumers and components for manufacturers, we are playing our part in making tomorrow safer than today.

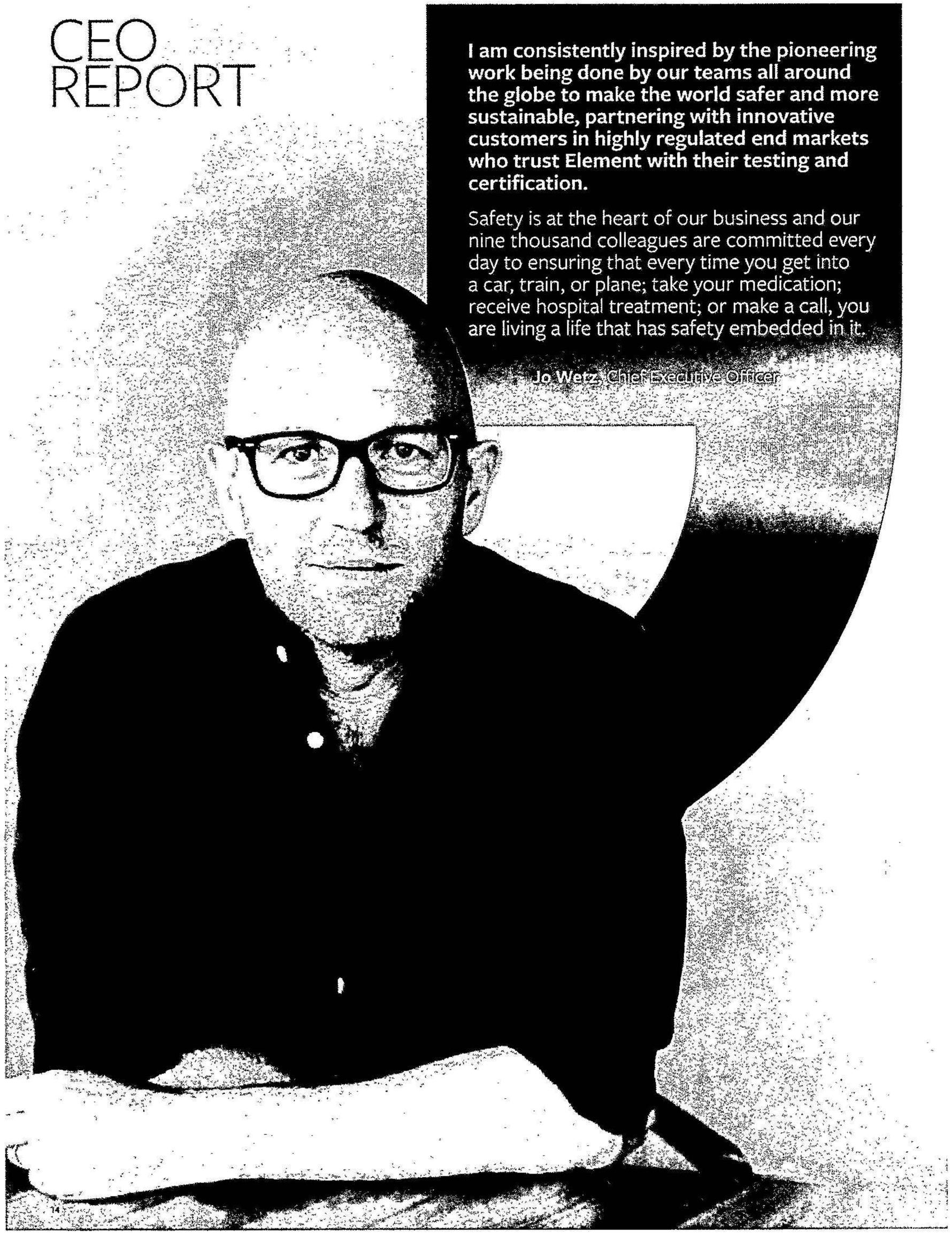
We work in partnership with our customers because we want to support their ambitions. The leadership team and every colleague across the world aim to improve the customer experience, help them get their products to market efficiently, and support their business ambitions. As our business faces global market trends, which require flexibility and skill in responding across many sectors, it is through agility at every level that we'll see our business, and those of our customers, thrive.

As I reflect on 2023, it has been another dynamic year for the team and one which has seen significant success in many areas: the progress of our DE&I achievements; furthering our ESG commitments; integrating a large-scale acquisition that has brought exciting new skills and capabilities to the team, as well as many new colleagues; welcoming a fruitful new relationship with our new owners; and of course, continuing to see growth ambitions realised.

In 2024, we remain as ambitious as ever, and with our strengthened market leadership, I have no doubt that our leadership team and every Element colleague will continue to thrive. I remain proud to work with them all.

[1] Growth is compared to an unaudited full year 2022 , as the full year results are a combination of the audited group accounts for EM Topco Limited and the pre-acquisition unaudited group results under the Group's legacy ownership.

CEO REPORT



I am consistently inspired by the pioneering work being done by our teams all around the globe to make the world safer and more sustainable, partnering with innovative customers in highly regulated end markets who trust Element with their testing and certification.

Safety is at the heart of our business and our nine thousand colleagues are committed every day to ensuring that every time you get into a car, train, or plane; take your medication; receive hospital treatment; or make a call, you are living a life that has safety embedded in it.

Jo Wetz, Chief Executive Officer

Having been at Element for over 12 years, I know that no two years are the same and looking back over the past 12 months, it was a complex year at a macro level, which created some hurdles for us to overcome. Inflation, of course, was an ever-present challenge, and our customers also faced supply chain issues as a result of the saddening conflicts around the world. However, our performance in the face of these obstacles demonstrated our resilience, the strength of our business, and the commitment of our team.

Despite the macro challenges, 2023 was a year of significant growth and change for Element. Revenue[1] growth of more than 25% and EBITDA[1] growth of more than 22% was a result of strong underlying organic growth and the impact of the acquisitions made in 2022, the largest of which was NTS, and the 2023 acquisitions of Filton Systems Engineering, CTK, and NCT.

As a business of scale with capabilities across a wide range of sectors, it is to be expected that market performance will vary as each sector experiences its own opportunities and challenges. One of our strongest sectors in 2023 was aerospace, a core market for Element, which is seeing a significant return to growth with our volumes back to pre-Covid. We expect the record multi-year backlog in aircraft orders to continue supporting future growth in this end market. The inflationary market in the connected technologies sector is affecting both end consumers and suppliers. However, we are seeing progress and high levels of innovation continuing and I expect to see some recovery in the sector over the next year.

2023 was our first full year working with our new owners Temasek, as a long-term shareholder in our business. The guidance and support of the Temasek team throughout the year has been of enormous value to me and the team. This is a relationship we highly value and one that we hold dearly.

Another source of pride for me has been the great progress we have made across our broader ESG and DE&I agendas, something that we are fully committed to supporting as a leadership team and a business. A team that fully reflect our customers and our communities create excellence within Element and support our commitment to place people at the heart of our business.

Element is an agile business and we have proven our ability to upscale to meet demand and adapt our offering to maximize performance. It is testament to the dedication of our colleagues and their strong network, as well as the valuable partnerships we have with our customers, that we have the flexibility to respond to market changes.

SAFETY

Every day our teams are working in a range of environments trying to make the world safer and we live and breathe that ourselves. Over the course of 2023, we worked 2 million more hours and through this incredible growth and the complexity that comes with a growing business, we managed to achieve significant reductions in the number of recordable incidents and our incident and severity rates - both of which ended the year at the lowest levels ever. We can still improve and are committed to achieving fewer incidents next year with safety remaining our top priority.

This was clearly recognized by our colleagues with a record score of 91 on the safety index as part of our annual colleague survey, which for the first time included more than 1,000 new colleagues at NTS. By creating a strong operational toolkit and implementing the Element safety program across NTS sites, we improved their safety performance. Safety at every one of our locations around the world is paramount and we have made great progress building a strong safety culture.

INTEGRATION

The integration of NTS, one of our largest acquisitions in the US market, was a core focus for 2023 as we welcomed and embedded more than 1,000 new colleagues into the Element family in just nine months. It was great to spend time visiting our new facilities and it has been a pleasure to welcome people face to face. Despite a more difficult handover than expected from NTS's previous shareholders in the first couple of months, the combined NTS and Element team is already performing at an extraordinary level with NTS delivering a record year in 2023.

NTS' culture and capabilities complement our own well, with the depth of its technical capabilities and the impressive tenure of colleagues. This acquisition has been a groundbreaking one for Element. We have brought incredible capabilities into the business, such as the facility in Huntsville, Alabama which is one of only two accredited facilities in the US to support the growing US nuclear energy sector. NTS also has an impressive legacy in the space industry that we were thrilled to bring into Element. They supported the Apollo 11 launch in 1969 and have worked on every rocket since. Space is an exciting frontier for us and for the world and Element is now a leading player in this market.

GROWTH AND INVESTMENT

Our growth strategy is to build a focused business of scale embedded in supporting advanced industrial global markets. Given the criticality of sectors such as aerospace, space, defense, life sciences, mobility, connected technologies, and the built environment, they are highly regulated and our focus on these industries has been an essential part of Element's success to date.

Our acquisition of Filton Systems Engineering in November marked Element's 50th acquisition in just 12 years. It has been an amazing period of growth that has established the business as a trusted leader in key market segments across multiple geographies.

This year's strategic acquisitions of Filton, CTK, and NCT, all leaders in their respective fields, have improved our capabilities in Digital Engineering, Connected Technologies, and Battery testing, three areas that we have identified as identified as major growth opportunities. CTK and NCT also significantly build our presence in South Korea, a country leading much of the innovation taking place in the tech industry.

Following our acquisition by Temasek our expansion in Asia is very important to us. By bringing in two key businesses in South Korea, following our acquisitions in

(1) Growth is compared to an unaudited full year 2022, as the full year results are a combination of the audited group accounts for EM Topco Limited and the pre-acquisition unaudited group results under the Group's legacy ownership.

CEO REPORT CONTINUED

Singapore in 2022, we now have a strong base of services and capabilities that we will continue to invest in and integrate into the business.

In addition to acquisitions, we are making significant investments in our existing capability to ensure we are completely aligned with customer needs. We have made large investments across our Aerospace and Defense business and we unveiled a new Connected Technologies laboratory at Surrey Hills in the UK. We are making significant progress at our new Warrington, UK facility, which will be more than 75% larger than the existing laboratory and will improve our capacity for customers in the Built Environment market when it opens in 2025.

PEOPLE

Our people are always at the center of all that we do and 2023 felt like a step change in our culture. Our HR teams, led by Ditte, have expanded and strengthened, while implementing an approach that rewards the great work that colleagues do for our customers. Despite a disrupted labor market, we achieved a fantastic colleague engagement scores because we have focused on retention, colleague growth and development, and rewarding tenure.

There were two new appointments to the Operating Board this year. Trudy Cooke joined as Group General Counsel with responsibility for legal, insurance, governance, compliance, internal audit and risk. Her varied experience and stewardship has brought invaluable advice to the team during the year. I was also delighted to welcome Renae Leary who joined our Operating Board in a newly expanded role of Chief Commercial Officer. Renae is already driving our commercial strategy aimed at accelerated growth, and always ensuring that our customers remain central to our strategic and operational decisions. 2023 saw the retirement of Frido Langedijk, who was EVP Commercial Excellence. Frido made significant contributions to Element through a period of extensive acquisitions and growth, and we wish him well in his retirement.

ESG

Five years ago, we acknowledged the need to do better across the whole ESG agenda and from then on, we have pushed it forward, continuing to make good progress. With the new appointments to the operating board during the year, we now have 45% female representation; a figure that has doubled in the last two years alone. As a next step, our focus is now to drive our DE&I strategy throughout the entire business, at every level.

I was fortunate to attend the opening session this year of the Female Accelerator Program, launched to ensure we identify talented women at all levels of the business and work to make our senior leadership team and operating board more equitable over time. At the session, we highlighted our clear commitment to hire from diverse candidate shortlists at a senior level, and that this will be cascaded throughout the entire business. It is our ambition that our business is an accurate representation and reflection of our communities and our customers.

Our sustainability goals also remain a focus and our green energy investments continued in all geographic areas this year. Our ambitious commitment to transitioning the business to 100% green energy by the end of 2024 remains and we are working hard to progress these and other Net Zero targets.

2024

As I reflected earlier, no two years at Element are the same and while 2024 will very much serve as a continuation of 2023 as we carry on with investments in our major sectors and strategies, we will be focusing particularly on delivering margin performance and organic market growth.

The year will also see groundbreaking innovations for our business and we will showcase a newly developed AI product for medical technologies. Through the year we will also make further significant organic investments in Aerospace and Defense and Connected Technologies and Mobility.

We are also looking forward to sharing our gender pay gap for the first time. As of 2023, our mean pay gap across the business sits at 2.6%, which is significantly lower than current averages in the UK, EU, and US. While our industry score is pleasingly low, we still have work to do, and the transparency created by releasing these figures will ensure we continue to push this forward.

Most importantly, we will remain committed to colleague engagement and retention to build on the incredible progress of 2023.

With all this change and growth, our ongoing purpose of **Making Tomorrow Safer Than Today** is what always guides us.

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CFO REPORT

The Group has demonstrated its defensive qualities through a diversified portfolio, the ability to pass through inflation and swift restructuring and integration actions. Alongside the significant equity funding from our shareholders, we have positioned the business to benefit from an improving macro-economic environment.

Ruth Prior, Group CFO

GROUP OVERVIEW

The end of 2023 marked 18 months since Temasek acquired the Element Group through the acquisition of Element Materials Technology Group Limited by EM Bidco Limited, a wholly owned company of EM Topco Limited. The 2022 audited comparatives are for the period 18th January to 31 st December 2022, however the consolidation of the results of the Element group was only effective from 6th July 2022 when EM Topco Limited acquired the underlying business. To assist in the understanding the underlying year on year performance of business proforma information has been provided showing a full year performance of the underlying Element business.

Element has demonstrated its defensive qualities through a diversified portfolio, the ability to pass through inflation and swift management restructuring actions. Our Aerospace, Space & Defense business units benefited from the continued medium term structural tailwinds that support above average growth, with the recovery of aerospace commercial build rates post-Covid 19. In our Built Environment business unit we have seen continued growth in both the fire and construction sectors, with growth driven across all of the sub-regions in EMEAA.

These growth areas offset the macro-economic headwinds from the war in Ukraine, associated supply chain problems and higher levels of embedded inflation (cost and wage), rising interest rates and a strengthened dollar. These headwinds caused a downturn in consumer spending and which impacted the Group s Connected Technology (CT) cellular end market and levels of Life Sciences expenditure on R&D. In response, to these market downturns, we implemented restructuring programs, principally in the Americas region, to right-size the operations.

Element reported consolidated group revenues of US$1,379 million for FY2023 compared with the US$607 million in 2022 (Proforma FY 2022 US$1,098 million). On a proforma basis and at constant currency revenue increased by 25% reflecting the growth in key end-markets and the positive impact of our acquisitions. The loss for the year was US $961 million compared with US

$732 million. Adjusted operating profit increased from US$18 million to US$33 million. However 2023 reflects a full year of finance costs resulting in a significantly larger loss for 2023. Adjusted EBITDA of US$280 million was achieved in FY2023 compared with US$125 million for the period 6th July to 31st December 2022.

In the Americas region revenue was US$799 million (up 25% on Proforma FY 2022[1]). These results include the full year revenues from the acquisition of NTS (acquired in September 2022). In 2023, there were considerable integration activities, including the consolidation of the NTS Labs part of the NTS US business under our Aerospace and Defense and Connected Technology business units, in order to deliver synergies and drive a concerted operational and commercial focus on these end-markets. We have seen continued strong growth in the Aerospace market offsetting the downturn in the Connected Technology and Life Science markets, and with the NTS synergies and other restructuring programs.

In the EMEAA region, revenue was US$580 million (up 27% on Proforma FY 2022[1]). There was strong revenue growth across all the region's business units driven by capacity expansion in Aerospace (Europe) and Connected Technology (UK), and demand in the environmental fire and construction end-markets across the region. These results include the revenues from the NTS Inspection & Certification business and the recent acquisitions of CTK and NCT, which expanded our Connected Technology offering in Korea, and Filton, a digital engineering business in UK.

On the statement of financial position, Element ended the financial year with net debt (excluding lease liabilities) of US $3,163million (FY2022 US $2,907million). The increase in the net debt was a result of utilization of our credit facilities required for funding our acquisitions, continued investment in capital expenditure, and funding exceptional spend on strategic and restructuring projects.

[illegible]

Element's annual cash interest was US$231 million in 2023 with interest rates climbing significantly (despite 55% of the cash-interest bearing capital structure being hedged until June 2025).

Capital expenditure in 2023 was US$145 million, with the key growth projects focused on our fire testing capacity in the UK, battery testing capabilities in the US, and expansion in our Aerospace testing capacity in the US and EMEAA.

During 2023 the Acquisition Credit Facility ("ACF") and the Revolving Credit Facility ("RCF") have been utilized to manage the cash constraints driven by higher interest costs, one-off restructuring costs, key acquisitions in Korea (x2) and the UK (x1), integration costs of the NTS business and strategic investments/ expansion projects. In December 2023, the Group implemented an exercise to restructure the capital structure, designed to reposition the company for growth at a point of increasing cash generation expected in 2024 from underlying growth. In December 2023, the Group received US$242 million of new equity from Temasek, the Majority investor (and some members of management who exercised pre-emption rights). The proceeds were used to repay certain maturing tranches of our RCF and improve cash held on balance sheet. In March 2024, a further US$576 million of new equity was provided.

The proceeds were used to fully repay the 2nd Lien Term loan B and reload our RCF and ACF facilities. Both these equity funding events have reduced the cash-interest cost burden, improved credit metrics and provided liquidity for future growth. There was no change to the maturity dates of the debt facilities which remain in 2029.

At 31st December 2023, cash on **statement of financial position** was US $173 million, with the available combined capacity under our ACF and RCF facilities of US$130 million. In line with our financial policy, no dividend was paid in 2023.

GROUP SEPARATELY DISCLOSED ITEMS

Separately disclosed items totaled US$653 million, US$498 million of which was goodwill impairment. The remainder primarily related to the integration of NTS and other M&A targets, enterprise-wide system transformations and restructuring of non-core business.

IMPAIRMENT

The Group recognized a US$498 million impairment charge in relation to Goodwill. The majority of the impairment was recognized across the Business Units Connected Technologies & Mobility US, Life Sciences EMEAA, Life Sciences US and NTS Technical Systems. As highlighted above, in Connected Technologies and Life Sciences, the impact of the economic downturn restricted growth below our expectations. In NTS Technical Systems, the expected revenue and profit growth in 2023 (post acquisition in September 2022), was constrained by the prolonged regulatory "ring-fencing" activities and the associated delayed implementation of synergies. The impairment across these Business Units was further impacted by an overall increase in discount rates driven by an increased cost equity.

US $MILLION		2023	2022	PROFORMA FY 2022[1]
Revenue	Americas	799	368	641
	EMEAA	580	239	457
	Total	1,379	607	1,098
Adjusted EBITDA		280	125	228
Adjusted EBITDA margin		20 3%	20 5%	20 8%

[1] The full year results of 2022 are unaudited, as the full year results were a combination of the audited group accounts for EM Topco Limited and the pre-acquisition unaudited group results under the Group s legacy ownership.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

MAKING TOMORROW SAFER THAN TODAY IS OUR PURPOSE THAT EXTENDS BEYOND THE TESTING, INSPECTION, AND CERTIFICATIONS WE PROVIDE TO CUSTOMERS. IT STARTS WITHIN ELEMENT. IT IS MORE THAN JUST OUR VITAL SAFETY OBJECTIVES WITHIN OUR LABORATORIES; IT ALSO APPLIES TO WHAT WE PASS ON TO THE WORLD. THIS IS WHY WE HAVE MADE SUCH STRONG COMMITMENTS TO OUR ESG TARGETS

With the scale of our global business, we know that improving Element's sustainability across the whole value chain can create real, positive change - not just for us, but for our customers as well. We have a key role to play in the global decarbonization journey and we are well positioned to support customers in their journeys to net zero.

This year saw the first in a series of investments in our hydrogen testing capability as we progress our $10m hydrogen investment program. Understanding the importance of hydrogen in the future energy system, we have adopted new state-of-the-art hydrogen testing equipment and expanded our dedicated hydrogen team around the world to increase our market-leading capabilities in this area. Our hydrogen-specific capabilities now support digital modeling and simulation; Carbon Capture Usage & Storage projects (CCUS); the development of aerospace and transportation fuel tanks and systems; and the establishment of pipeline and storage facilities for the energy sector.

With ambitious net zero targets and a drive to increase DE&I within our teams, we made good progress against environmental, social, and governance processes in 2023 to help accelerate our growth and reach our commitments.

ENVIRONMENTAL

In 2023, Element was recognized again by Sustainalytics, a global leader in ESG research and data, as the best-rated company within the testing, inspection, and certification sector. Noted this year as an ESG Regional Top-Rated company and placed within the top 1% of more than 15,000 companies rated around the world, Element is classified as at negligible climate risk. This recognition is another step in Element's deep-rooted commitments to ESG, including a strong environmental ambition and net zero emissions across our entire global business by 2035.

Our facility in Bowling Green, Kentucky has implemented multiple sustainability initiatives. In 2023, the site transitioned to being entirely powered by renewable electricity through participating in the local Green Switch program with the Tennessee Valley Authority, which offsets consumption with solar energy. The engine testing cells utilize regenerative electric dynos that generate electricity and feed excess back to the grid, saving around $60,000 annually in utility costs.

In addition to renewable energy and efficiency improvements, Bowling Green has prioritized sustainable operations. This includes launching an oil recycling program that repurposed 22,000 gallons of testing oil in 2023, as well as upgrading to energy-efficient LED lighting. Together, these efforts have significantly reduced waste and environmental impact by leveraging renewables, efficiency, and recycling.

Some of our teams this year, as part of their volunteering hours, also took time to provide hands-on support with tree planting initiatives. Our colleagues in Doha, Qatar participated in the 'One Million Trees' project, where volunteers planted native trees and plants to support local sustainable development. Our environmental testing team in the UK supported River Holme Connections, a nonprofit dedicated to conservation and sustainability efforts in the Peak District region, with its own tree planting event.

We have also strengthened our internal infrastructure to prioritize sustainability, particularly within our integration programs. Reaching net zero by 2035 is an ambitious target and is only possible with the support of every person. As we have acquired new businesses and welcomed new colleagues in many corners of the world, we are ensuring that our commitment to sustainability is clear, and it becomes a key part of their ethos as they join the Element family.

The energy and carbon information for the two UK entities in scope of Streamlined Energy and Carbon Reporting (Element Materials Technology Environmental UK Ltd and WarringtonFire Test & Cert Ltd) is included in their respective statutory accounts.

SOCIAL

Our people are at the center of all that we do. We are committed to creating a psychologically safe and inclusive environment where diversity is embraced, and our people empowered. This in turn leads to greater innovation and business performance.

Our work is underpinned by our 2025 ESG commitments

- **30% women in leadership**
- **25% ethnic representation in leadership (North America)**
- **10% ethnic representation in leadership (UK)**
- **Our figures currently lie at:**
- **23.53% women in leadership**
- **17.46% ethnic representation in leadership (North America)**
- **4.82% ethnic representation in leadership (UK)**

While we have made progress over the past 12 months, we know there is much more to do.

To support these targets, we have launched a range of initiatives, including sponsor and mentorship programs. Our Women's Accelerator program matches 16 colleagues from across the business with members of our leadership team. In addition to monthly sessions with their sponsors, participants take part in a tailored professional development program, focused on helping them advance their careers and lead with deeper purpose.

Our Colleague Resource Networks (CRNs) are colleague-led, Operating Board-sponsored groups, focused on cultivating a sense of belonging and inclusion. Each CRN supports an underrepresented community of colleagues, educates allies, and champion's internal change.

Our six-month Unity mentoring program supports our BIPOC (Black, Indigenous, People of Color) colleagues and in December 2023, we launched a program focused on those early on in their careers. Both these initiatives were championed and implemented by our CRNs.

In 2023, our CRNs developed a wide range of toolkits, focused on aiding understanding and supporting local conversations on a range of topics, from allyship to menopause. They delivered events, including two mental health sessions hosted by our Disability Empowerment Network, which more than 700 people attended. Colleagues heard from International Wellbeing Insights on how to understand and recognize stress, prioritize wellbeing, and support positive outcomes. In 2024, we will deliver a series of events focused on mental health.

At the end of 2023, we conducted focus groups and surveys to understand how our CRNs can best support our people in 2024 and beyond.

Our Ambassador Network, which we relaunched in November 2023, supports our CRN activity and delivery of our wider ESG objectives. Our global network is made up of more than 150 colleagues, each of whom represents one of our locations or teams. Our ambassadors embed Element's culture across our global business, from supporting local conversations around DE&I to organizing team-wide volunteering activity.

We have rolled out DE&I training to leaders and teams around the world, on topics such as unconscious bias and psychological safety, with a commitment to delivering a structured program in 2024. To support diverse hiring practices and ensure all our colleagues feel included, respected, and empowered, we have launched additional DE&I policies.

Element actively engages with local communities by giving 12 hours of paid volunteering time per year to all colleagues across the Group, which is equivalent to having up to 50 full-time colleagues dedicated to volunteering in our local communities. Our goal is to give back 25,000 hours of community service annually by 2025.

This year our colleagues used their volunteering hours for a variety of initiatives. One of our colleagues completed the Lake District Peaks Challenge in the UK to raise money for the Alzheimer's Society. In nine months, he climbed 214 peaks, walked 440 miles and ascended 145,000 ft, all for a great cause. Two members of our finance team also conquered the Great Glen Challenge in the UK this year, hiking nearly 80 miles to raise funds for the Roy Castle Lung Cancer Foundation. And our colleagues in Iowa supported the North Liberty Food Pantry, which provides food and clothing for community members in need, assisting hundreds of families each week.

These are just a few examples of the amazing work Element colleagues are undertaking to support our people and our communities all around the world, and we are so proud of their achievements in 2023.

GOVERNANCE

As we continue to grow and welcome new colleagues, it is paramount that our operations are compliant with relevant laws and regulations in every country we work in, and that we conduct our work with integrity.

To support this aim, Element joined the United Nations Global Compact (UNGC) and we align with the UNGC's ten principles on human rights, labor, environment, and anti-corruption; and in our work we develop, implement, and report on responsible business practices.

Safety is at the core of all that we do, and we are proud that 2023 recorded our highest ever safety index of 91. In 2023, our people worked 17 million hours, over 2 million more than the previous year, and achieved the lowest-ever incident rate of 0.5, marking a 41% decrease year-on-year since 2017.

Together, we re-launched our Safety Climate Survey to understand what is working well and where there are opportunities for improvement to our global Safety, Health, and Environment (SHE) program, with engagement reaching 75% and our Safety Performance Index (SPI) score increasing to a record high of +33.71, on a possible scale of -50 to +50. A full risk assessment of all Element facilities was conducted to determine priorities for the year ahead, and we initiated an upgrade to Intelex, our SHE management platform, in a major move away from paper processes. All NTS laboratories were integrated into Element without a single recordable injury.

SECTION 172(1) STATEMENT

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to

The likely consequences of any decision in the long term,

The interests of the Company's employees,

The need to foster the Company's business relationships with customers, suppliers and others,

The impact of the Company's operations on the community and the environment,

The desirability of the Company's maintaining a reputation for high standards of business conduct; and

The need to act fairly as between members of the Company

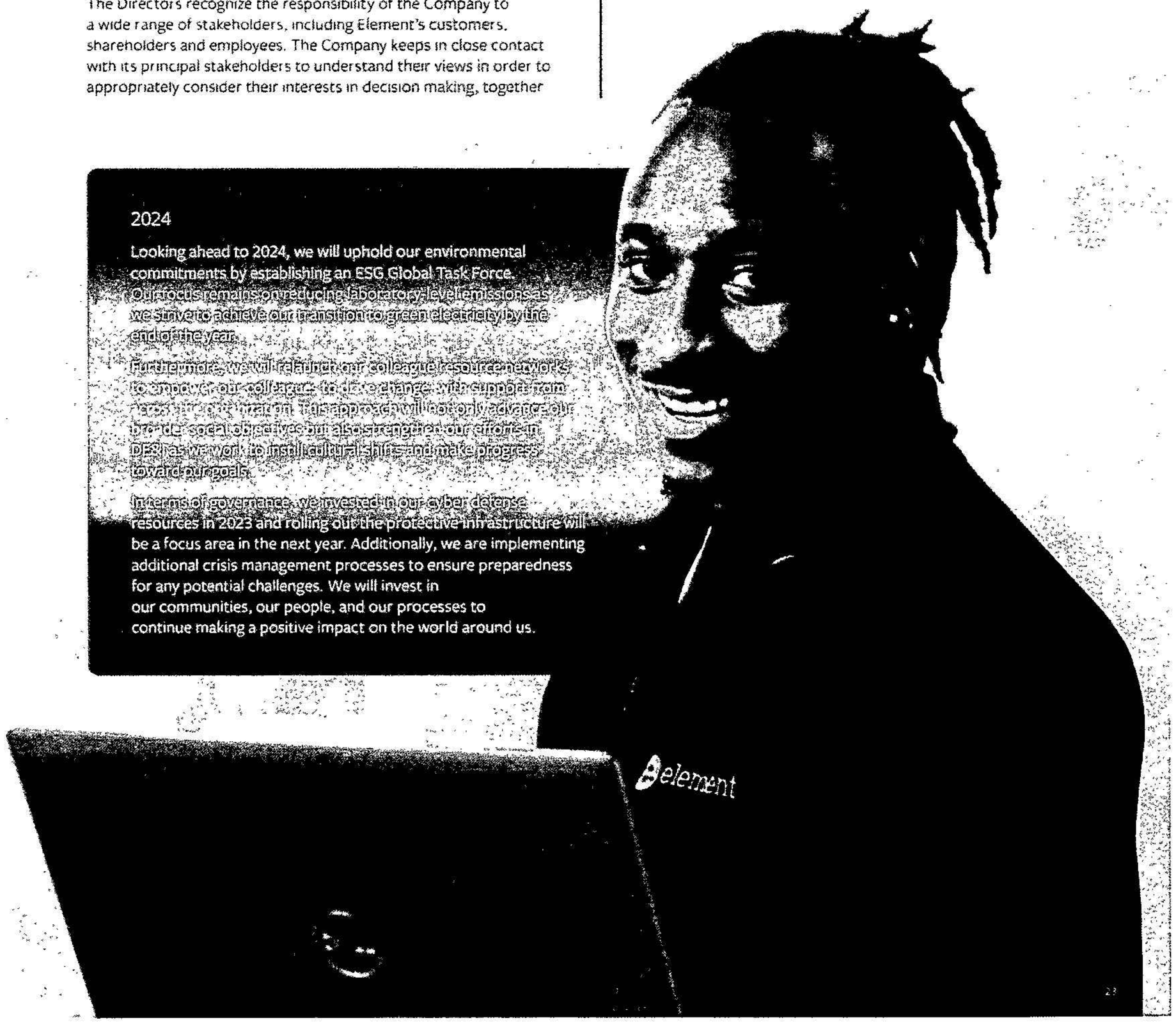
The Board also considers s.172(1) Matters where appropriate at Board Meetings as part of the decision making.

The Directors recognize the responsibility of the Company to a wide range of stakeholders, including Element's customers, shareholders and employees. The Company keeps in close contact with its principal stakeholders to understand their views in order to appropriately consider their interests in decision making, together with considering recommendations on how such engagement could be enhanced. The Board gives due consideration to the interests of minority shareholders during their decision-making process.

The Directors have had regard to the s.172(1) Matters in 2023 when considering new acquisitions. The Board considered a range of factors including the long-term impact on the Group, financing requirements, customers and suppliers of the acquired companies and their expectations before approving the acquisitions. Further information about Element's new acquisitions can be found on pages 48 to 53.

Further information on how the Directors have had regard to the s.172(1) Matters can be found on pages 32 to 35 (Our People) on pages 48 to 53 (Acquisitions and Integration) and on pages 64 to 67 (Corporate Governance Report) and on pages 72 to 74 (Directors' Report).

We have strong business ethics with data security and governance central to our operations. We offer extensive legal and digital training programs, and are TIC Council members. We also drive local improvement initiatives across the Group, ensuring broad engagement in our own sustainability journey.



NON-FINANCIAL AND SUSTAINABILITY INFORMATION

In accordance with Section 414CB of the Companies Act 2006, the following outlines the sections where you can find further information in the Annual Report on:

- **Governance arrangements in relation to assessing and managing climate related risks and opportunities and how these are identified, assessed and managed: page 24**
- **How our process for identifying, assessing and managing climate related risk is integrated into the company's risk management process: page 26**
- **A description of principal climate-related risks and opportunities and the time period in which those are assessed: page 25–26**
- **A description of actual and potential impact of these risks and opportunities on the company's business model and strategy: page 25 – 26**
- **Analysis of resilience of the company's business model and strategy taking into consideration these scenarios: page 25**
- **A description of the targets used to manage climate-related risks and the KPIs used to assess progress: page 27**

As a result of this and our commitment to the wider ESG agenda, Element was rated by Sustainalytics, a global leader in ESG ratings, within the top 1% of the over 15,000 companies rated globally and maintains our position as the highest rated company within the Testing, Inspection and Certification (TIC) sector.

In 2023 Sustainalytics, accredited Element as an ESG Regional Top-Rated company, and classified Element as a negligible risk, the top category available.

Element joined the United Nations Global Compact (UNGC) during 2022 and aligns with the UNGC's ten principles on human rights, labor, environment, and anti-corruption, and in working to develop, implement, and report on responsible business practices.

In 2023 we are very proud to launch our first ever ESG reporting responsive to the Climate Related Disclosure requirements under the Companies Act 2006. In preparing our disclosures we have been guided by the Task Force Climate Related Financial Disclosure (TCFD) framework. This supports the disclosure of a company's identified and managed climate-related risks and opportunities. It requires disclosure on four themes related to climate risk: Governance, Strategy, Risk Management, Metrics and Targets. The end goal is to ensure clear, comprehensive, and high-quality information on the impact of climate change is provided to investors and other stakeholders once the Group reach full compliance with TCFD requirements. For Element this includes but is not limited to the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in this unpredictable context.

As a company we report and track our carbon emissions enabling us to effectively monitor our progress towards Net Zero by 2035 (Scope 1,2 and 3) and report on progress to Element's Board and Operating Board, our investors, customers, and other stakeholders.

Our disclosure supports our existing investors, key stakeholders and other third parties in understanding and quantifying the risks and opportunities that are a function of climate change and the essential drive to net zero.

This report will provide an overview of the four key operational pillars identified by the TCFD:

- **Governance – oversight, structure, and reporting**
- **Strategy – our strategy that reflects the risks and opportunities associated with the impact of climate change**
- **Risk management – how we identify risks, mitigate and monitor**
- **Metrics and targets – measurements used to assess climate related risks and opportunities**

We have worked hard to embed the specific climate change requirements into existing structures, systems, and processes to ensure they are core to our ways of working both today and in the future.

In addition to our internal efforts we believe, as a leading TIC company, we have a key role to play in the global decarbonization journey and are uniquely positioned to support customers in their own journey to net zero. This is demonstrated through broadening our services through both organic and inorganic investment and ensuring we critically review and challenge how Element is responding to climate change and Element's own capacity to drive and support the wider change required in our world.

GOVERNANCE

Board Oversight

As part of the Temasek Group, Element is aligned with Temasek's goal of delivering a climate resilient Net Zero portfolio by setting an ambitious and industry leading target of Net Zero by 2035.

Element's Board has a key role in effectively monitoring our progress towards Net Zero by 2035 (Scope 1,2 and 3) and ensuring the physical and transition risks associated with climate change are identified and managed along with climate change related opportunities.

Element's Board is responsible for the management of Group strategy, direction, and the long-term success of the Company. It is responsible for ensuring our purpose and values are central to our strategy and how the Company succeeds today and in the future as the impact of climate change increases.

A strategy sub-committee including Operating Board members and select additional attendees was established in October 2022. The strategy committee reports into the Board and meets two to three times a year. The committee focuses on reviewing the future strategy, planning, investments and key climate risks and transition related opportunities emerging for the Element business.

MANAGEMENT'S ROLE

Our Purpose at Element is "Making Tomorrow Safer Than Today". Environmental, Social and Governance (ESG) responsibility are at the very center of how we bring our purpose to life.

Element is led by an Operating Board that meets every month to review the overall performance of the business and to determine

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group-wide priorities. The Operating Board is made up of the CEO, CFO, EVP's of EMEAA & Americas, and functional leadership for People, Commercial, Corporate Development, Digital & Technology, and the Group General Counsel.

The Operating Board is a key reporting, review and decision-making forum with both day-to-day operations and planning and strategy central to discussions. Strategy, risks, risk management and ESG are a material part of the agenda with subject matter experts presenting to the Operating Board to ensure alignment, support education and timely decision making.

The Operating Board members ensure the necessary goals, behaviors, thinking, and actions required to effectively manage the impact of climate change risks and opportunities on Element's business are incorporated and embedded into our way of working and strategic planning.

There is a formal network of sustainability champions across the business, who meet periodically to discuss proposals with the regional sustainability heads which form the basis for specific recommendations that are shared with members of the Operating Board for approval.

In 2023 a ESG task force, was established to ensure the appropriate focus on Element's ESG commitments and Net Zero targets. This task force is comprised of cross-functional and business representatives. This group reports and monitors progress in respect of Element's commitments and targets.

An extension of the ESG task force is to review the alignment of cross functional strategies and initiatives to the ESG strategy. Outputs are shared with, when required, the Operating Board.

STRATEGY

Resilience Strategy

As part of Element's core operational planning cycles the risk of the physical effects of climate change on Element's sites are reviewed and taken into consideration.

Management evaluates the changing probability and impact of climate events with support from our insurer and climate scenarios are reviewed over the short, medium, and long terms on a site-by-site basis, reviewing and incorporating these results into our local site planning, opportunity, and risk mitigation strategies.

Element is in the process of developing a full description of our impact and strategy in the following areas:

- **Products and services**
- **Our value chain (suppliers)**
- **Adaptation and mitigation activities**
- **Investment in research and development**
- **Operations (including types of operations and location of facilities)**

When complete, we will disclose our recommendations designed to help investors and other stakeholders to understand how climate-related issues may affect our organization and what that organization is doing to address those impacts. Climate risks under consideration at this stage include extreme adverse weather, global temperature increase, natural disasters and various resource constraint scenarios. The Group is assessing on an on-going basis, the market & regulatory implications of transition risk.

Element consistently monitors and reviews climate related risks to identify opportunities to diversify into other services, technologies, or geographies. Our strategy and service offerings are designed to support our customers through market changes due to climate impact. The climate change risk identification, assessment and evaluation embedded in Element's existing Enterprise Risk Management framework ensures robust evaluation of the risks and opportunities to enable confident investment into new technologies, capabilities and service delivery supporting both our customers and our own decarbonization journey to Net Zero.

Following guidance provided by TCFD and with support from our insurer we review climate risk and opportunity related scenarios with regards to their probability and impact on the business. The demand for lower emission sources of energy and shift in customer demands due to regulation have been identified as areas of opportunity for Element. These opportunities sit alongside climate related risks of rising temperatures, climate-related policy, and emerging technologies in an unpredictable context. Working towards requirements that an analysis of a company's business model and strategy should consider different climate-related scenarios, we will continue to develop our approach to climate scenario analysis of our main climate-related risks and opportunities for our future disclosures.

The scenarios reviewed below are benchmarked at a business-as usual level and reflect future risks and opportunities based on current operating model:

CLIMATE CHANGE RELATED OPPORTUNITIES

TYPE	CLIMATE-RELATED OPPORTUNITIES	IMPACT IDENTIFICATION	STRATEGY TO MAXIMISE OPPORTUNITY	TIME HORIZON	GEOGRAPHY
Energy Source	Use of lower emission sources of energy	An increased demand for low carbon technologies is resulting in new technologies emerging, faster and being made more affordable, in most cases	Our global Hydrogen strategy and capital investments into new technology such as Digital Engineering and Battery Testing supports our own and our customers' decarbonization journeys. The growth in sectors such as Hydrogen are key for Element as our core capabilities around fracture mechanics and corrosion are required to validate the use of existing gas infrastructure to transport Hydrogen. We have committed to increase our capacity and capabilities to support development of this market	Mid Term	Global
Market	Market changes due to developing legislation and regulation can have a significant impact on client demand for enhanced services	Shift in customer demands due to new legislation and regulatory requirement	To support our customers navigate the developing legislative and regulatory landscape we will continue to proactively invest into our testing capabilities and accreditations enabling us to quickly enhance and develop new service offerings	Mid – long term	Global

CLIMATE CHANGE RELATED RISKS

RISK CATEGORY	CLIMATE RISK	IMPACT DESCRIPTION	MITIGATION	TIME HORIZON	GEOGRAPHY
CHRONIC PHYSICAL	Increase in temperature	The increase in temperature could lead to physical asset destruction and disruption to infrastructure. As part of our consideration of physical risk the Group is undertaking an analysis of the impact on operations of a warming planet on a site-by-site basis	We identify, assess and manage climate-related risks in our operations through our Enterprise Risk Management framework. To support our climate mitigation strategy, we regularly review all risks, assessments and actions taken, or planned to mitigate risk, including climate related risks. Risk Assessments are carried out to support the business in determining the potential impact. We evaluate the potential risk to the business short, medium, and long-term, which will include a qualitative assessment of financial and operational impact. Chronic physical risk was assessed under a higher emissions scenario wherein global temperatures rise by more than 2 degrees Celsius over a mid-long-term horizon	Mid-long term	Global
TRANSITION RISK	Regulatory transition risk associated with provision of services	Shifts in regulatory requirements for the Group & its customers. Increased regulatory requirements imposed in order to offset global temperature increases impacting Group operations	The Group has considered possible impacts of changes in government policy required to align with net zero pathways and the possible impact on markets. Current benchmarking for regulatory transition risk considers low and med um emission scenarios under which global temperatures rise by fewer than 2 degrees Celsius over a mid-long-term horizon	Mid-long term	Global
MARKET	Changing customer behavior and uncertainty in the markets in which we operate signals increased cost of raw materials	Shift in types of testing services due to changing customer requirements	Investment strategy supports the capability to respond quickly to changing consumer demands. Investment in Connected Technology services, virtual testing such as digital engineering services. Hydrogen and Battery Testing allows for this flexibility and maturity in service offering capability	Mid-long term	Global

Following TCFD recommendations, which indicate that at least two scenarios should be used, we will continue to develop our approach to climate scenario analysis to include quantitative assessment of our main climate-related risks and opportunities for our future disclosures

Identifying and assessing climate-related risks

Natural catastrophe and severe weather conditions are now a more frequent occurrence and could impact our company and operations. These risks were identified as a stand-alone Group principal risk. The risks are considered, and we have worked on an analytical study with a concern analysis guided by our insurer to identify vulnerabilities, specifically in relation to physical risks.

To determine and assess the impact of climate change risks, both physical and transition risks, we analyze climate models and major industry trends and consider future regulatory and technology developments to ensure our view of risks is current. Supported by third-party agencies, and our insurer we model and review our portfolio's exposure to the physical impacts of climate change.

Managing climate related risks

Element's Operating Board evaluates the changing probability and impact of climate events with support from our insurer. We review scenarios over the short, medium and long terms on a regional and local basis, reviewing the results and incorporating into our local site planning, opportunity, and risk mitigation strategies. An example of the type of scenario we will review includes an increase in temperature that could lead to physical asset destruction and disruption to infrastructure.

We identify, assess, and manage climate change related risks in our operations through our Enterprise Risk Management framework. The framework allows us to manage and report risks to our key stakeholders, providing a clear overview and strategy.

How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

As part of our continuous reporting under our Enterprise Risk Management framework we have a Group Safety, Quality and Risk Committee that meets quarterly. This includes a review of all risks, assessments and actions taken or planned to mitigate risk, including climate related risks. A Safety, Quality and Risk report is provided to the CEO and the Operating Board.

We aim to capture all relevant data that may impact the business short, medium and long term and implement plans to mitigate and manage the identified risks. Our Business Units both regionally and locally work towards identifying risks associated with climate change. Risk Assessments are carried out to support the business in determining the potential impact, outlining the risk level and what support may be needed to implement a plan to mitigate. Once identified, we evaluate the potential risk to the business short, medium, and long-term, which will include a qualitative assessment of financial and operational impact.

We aim to audit all climate-related risk assessments on a half yearly basis to challenge and validate. This enables any key concerns to be highlighted and brings awareness to the mitigating action plan to address any potential impact. When appropriate these insights are shared with the Operating Board.

METRICS AND TARGETS

Element's ambitious climate commitments were set in 2020 and made public in October 2021. Net Zero Scope 1 & 2 by 2030 and Net Zero Scope 1,2 & 3 by 2035.

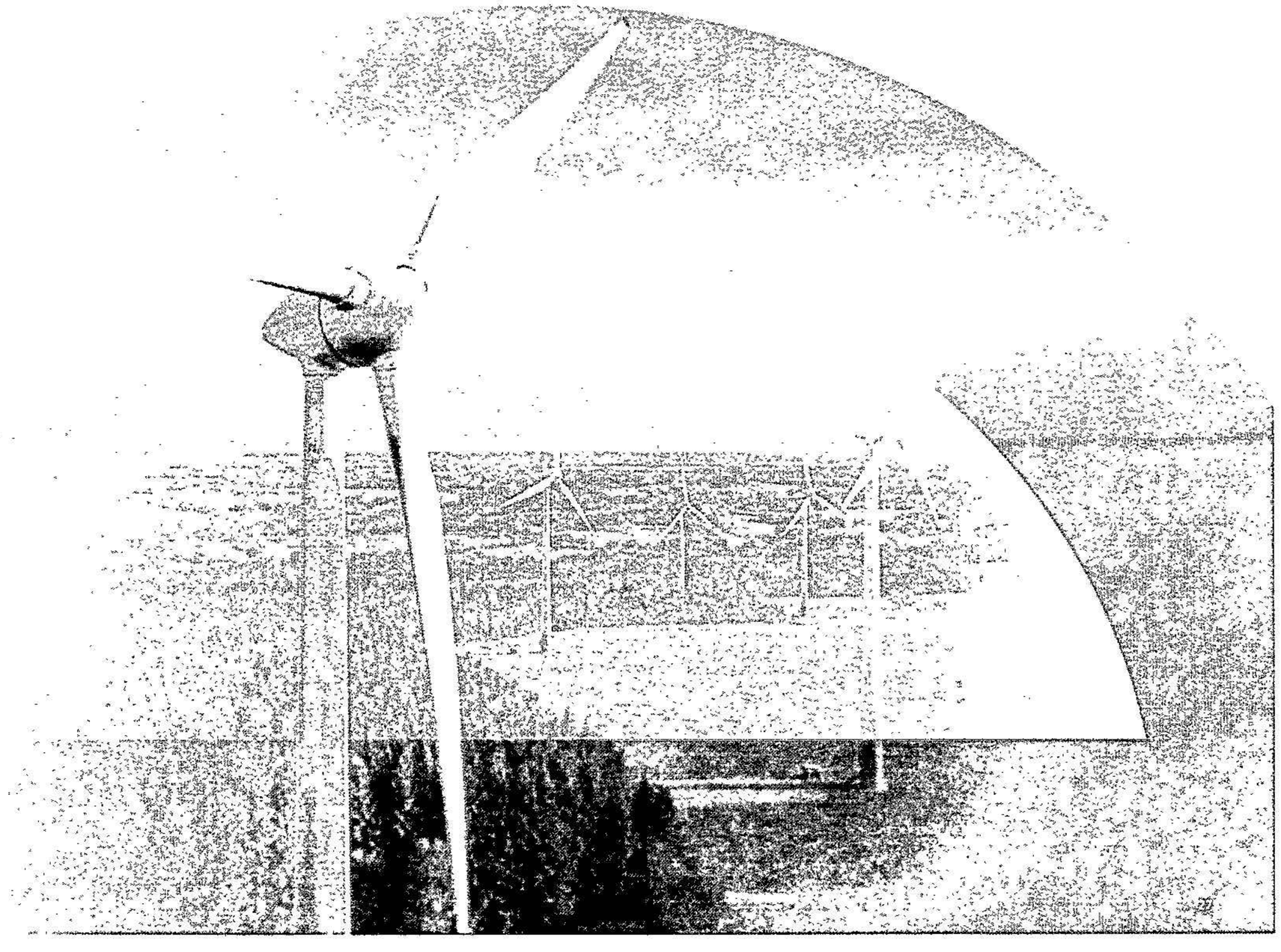
The [illegible] directly by the Operating Board of Element. We monitor, track, and report our carbon emissions. We [illegible] our carbon emissions as rapidly but where possible globally by us. This enables us to [illegible] Net Zero by 2035. Scope 1, 2 and 3 reporting to Element's main Board and Operating Board, [illegible] and our investment holders.

Additionally, each business unit is working towards local Carbon Reduction plans and initiatives. These plans and initiatives are driven by our regional sustainability managers where execution and delivery are supported by our local sustainability champions.

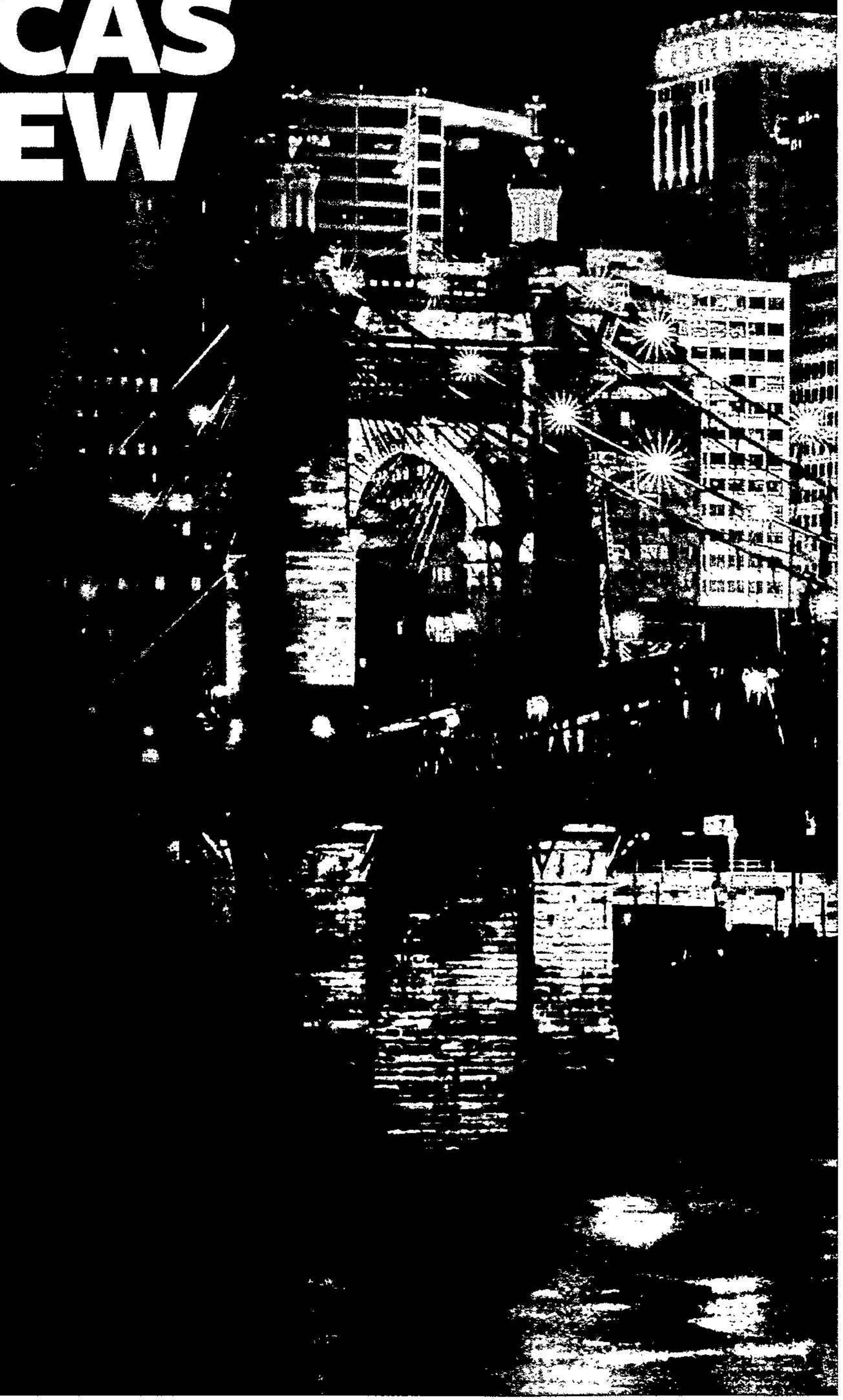
We continue to review and improve our sites' energy efficiency performance. Following (Energy Savings Opportunity Scheme) site audits we work closely with an accredited third party to implement the energy efficiency recommendations made. We also understand the importance of responsible energy usage and we report energy and carbon information for two UK entities in scope of SECR.

As a highly acquisitive company we are regularly reviewing the identified climate related risks and opportunities and how they are managed. As a result, we re-visit and reassess the appropriateness of our metrics, targets, and resilience strategy. We will disclose the key areas of our measurement and consolidation approach, and we will refer to any relevant regulations and guidance on which this is based. The 2023 data for overall total Scope 1, Scope 2 (location and market based) and Scope 3 (where deemed possible and concise) these emissions are calculated in alignment with GHG Protocol. We are currently refining our reporting process and, whilst data is tracked and reported internally, we will disclose our progress to net zero consolidated emissions in the future.

ELEMENT HAS A CRITICAL ROLE TO PLAY IN THE DRIVE TOWARDS A MORE SUSTAINABLE WORLD, THROUGH REDUCING THE DIRECT IMPACT WE HAVE ON THE ENVIRONMENT AND THE COMMUNITIES WE OPERATE IN, BUT ALSO CRITICALLY IN SUPPORTING CUSTOMERS WHO ARE CONTINUALLY INNOVATING TO CREATE PRODUCTS THAT HAVE A LOWER IMPACT ON THE ENVIRONMENT OR ARE KEY PARTS OF THE NEW SUSTAINABLE ENERGY ECONOMY.



AMERICAS OVERVIEW



FOLLOWING THE LARGE-SCALE ACQUISITION OF NTS IN 2022, A MAJOR FOCUS FOR THIS YEAR HAS BEEN ON INTEGRATION OF THE BUSINESS INTO ELEMENT, WHILE WELCOMING 1,000 NEW COLLEAGUES AND THEIR EXPERTISE INTO OUR TEAMS. THE MAJORITY OF NTS HAS TRANSITIONED INTO OUR AEROSPACE AND DEFENSE AND CONNECTED TECHNOLOGIES AND MOBILITY BUSINESS UNITS TO BECOME FULLY INTEGRATED INTO ELEMENT'S BUSINESS STRUCTURE, WHILE NTS TS CURRENTLY REMAINS A STANDALONE BUSINESS UNIT.

Our continued growth from acquisitions in 2021 and 2022 doubled our run rate since 2020, from $400m to $800m Revenue. To manage this growth across the region, we opened a new service center in Cincinnati, Ohio to increase our capacity for customer service and finance, while streamlining efficiencies for our customers and wider supply chain.

In 2023, we completed energy efficiency projects in every laboratory across the region, as we transition to green energy and make strides towards meeting our Net Zero targets. While this included standard lighting and ventilation upgrades at facilities, we also rolled out our fleet management project, as we transition to hybrid and electric vehicles across the Americas.

As people are at the heart of our business, we remain committed to our colleagues and we expanded our rewards program, which has led to significant colleague retention. While some of this can be attributed to market conditions, we have also made changes to vacation allowance, parental leave, and sickness pay to ensure that our colleagues understand how much they are valued by Element.

AEROSPACE, SPACE & DEFENSE

The recovery of the aerospace industry in the last two years has had a significant and positive impact. Before the NTS acquisition, Element was the largest provider of aerospace and defense testing in the Americas, and that position has only strengthened. While we previously concentrated on materials testing, NTS has given us product qualification capacity that makes us a fully comprehensive and trusted partner for many leading businesses in the sector.

There is currently a shortage of commercial aircraft, which has created an order backlog that has benefited our business in recent years. This will continue as we enter the next era of space flight too. A market currently dominated by the US, the next generation of satellites and spacecraft for space exploration to the Moon and to Mars will maintain a buoyant and exciting market for the foreseeable future.

To maintain our strong position as leaders in aerospace and defense, we continue to invest in capacity expansion, such as new thermal vacuum chambers for our space clients. Our aerospace investments also extend to the energy sector to improve our additional support services. At our Center of Excellence in Huntsville, Alabama, we invested in small-scale nuclear reactors to align with the industry's move towards carbon neutrality, a decentralized grid, and reduced waste.

CONNECTED TECHNOLOGIES & MOBILITY

Our Connected Technologies and Mobility business painted a mixed picture in 2023. The carrier and cellular part of the business struggled as it experienced market headwinds with key customers delaying product releases. This resulted in a lower than expected out-turn in 2023. Mobility performed strongly as we saw a surge in battery testing requirements, particularly in the automotive industry. There is a significant amount of ongoing development in new batteries and new battery systems that we are working on to ensure full safety and compliance. Following previous acquisitions in Detroit, Michigan, we are now the largest automotive testing provider in the area, with full electric vehicle testing capability.

The Connected Technologies sector investment reduced after the peak we experienced during the rollout of 5G. However, it remains a focus for our business, as cost and time to market are still as important to customers as ever. We also retain partnerships with every major telecom provider in the US, and we are the only company that can offer both field and laboratory testing for every major carrier.

Our next steps are around growing technologies like Augmented Reality and working with customers to utilize our existing capabilities to be part of the future development of this technology.

LIFE SCIENCES

Our Life Sciences business remains stable thanks to the breadth of our capabilities across environmental, pharmaceuticals, and medical devices. We are seeing good performance and demand in environmental testing due to increased regulatory enforcement in the US.

Following recent acquisitions, our pharmaceuticals business in the region focused on integration and we made good progress in building on the new capabilities we had welcomed. Although a lack of venture capital investment has reduced experimental drug discovery which has a knock-on negative effect for our business, and resulted in a lower level of profitability than expected, we still returned a profitable year because of operational improvements following our acquisitions and integration.

The medical device market remains strong and our position within it is also stable because of our capabilities in product safety testing approvals from both the FDA and FCC. This offers a stronger prospect for customers as our comprehensive range of all required services, including Connected Technologies, creates advantageous efficiencies in their test programs.

NTS TECHNICAL SYSTEMS

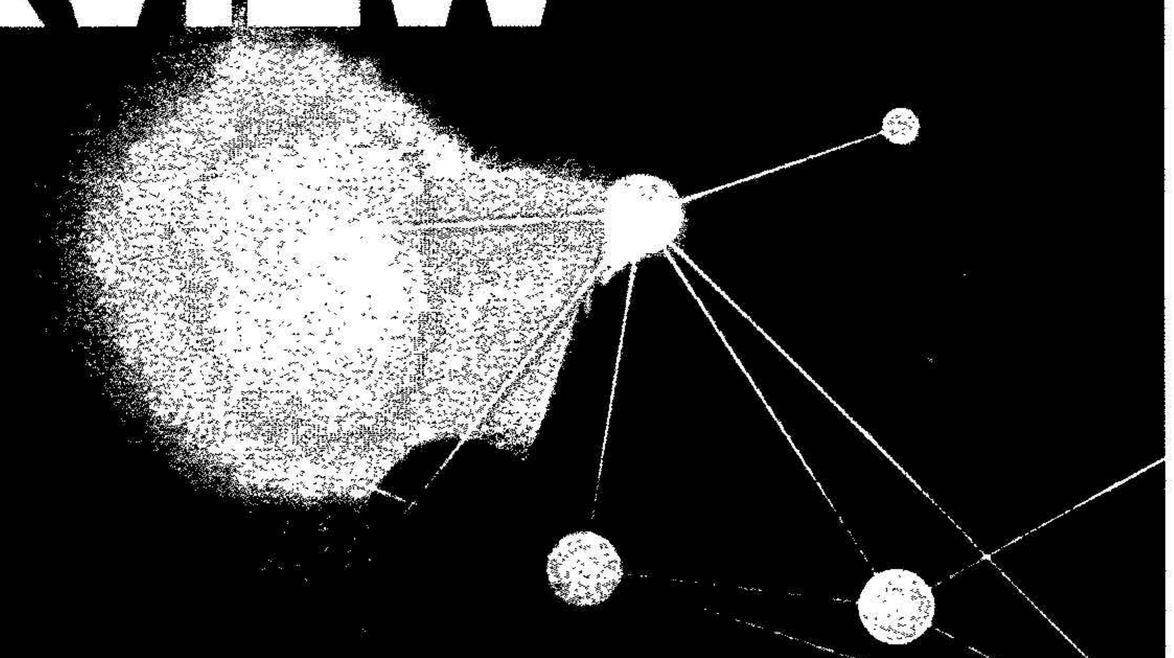
The NTS Technical Systems business operates from six laboratories with a focus on space and defense projects requiring an increased level of regulatory and security procedures. Following the acquisition in September 2022, the ring-fencing of these activities disrupted the business and led to slower than expected performance in the first half of 2023 which reduced revenue and profit growth against our expectations. However, from the platform established in 2023, the business is now positioned to deliver the expected growth in 2024.

2024

The next year will focus on further operational improvements as we manage the increasing scale of the business. We expect the pipeline of Aerospace and Defense projects to continue at pace, and we will make investments at the Huntsville facility as it grows, and at laboratories in Greenville, South Carolina; Huntington Beach, California; and Monterrey, Mexico.

We will continue to develop our Life Sciences offering and operations, and we will place significant focus on the expansion of battery testing and mobility services. We are also improving our services in Canada with two new laboratories in Toronto that service the Built Environment and Life Sciences sectors. We look forward to a year that will see both consolidation of our business and growth sitting at the forefront of significant program and product development.

EMEAA OVERVIEW



2023 WAS A GOOD YEAR ACROSS OUR EMEAA REGION WITH STRONG PROGRESSION AND A PARTICULAR FOCUS ON ORGANIC GROWTH, WHICH WAS ROBUST ACROSS ALL BUSINESS UNITS. OUR INVESTMENTS MAXIMIZED THIS GROWTH, WITH A STRATEGIC EMPHASIS ON AEROSPACE AND DEFENSE TESTING WITHIN A BUOYANT MARKET; CONSOLIDATING OUR SINGAPORE FACILITIES AFTER A PERIOD OF ACQUISITION; SIGNIFICANTLY INCREASING OUR HYDROGEN CAPABILITIES TO STAY AHEAD OF CUSTOMER DEMAND; AND BUILDING A NEW CONNECTED TECHNOLOGIES LABORATORY IN THE UK.

This organic growth was supplemented by the three key acquisitions of Filton Systems Engineering in the UK, and CTK and NCT in Korea. As leaders in aerospace engineering and testing services, connected technologies testing, and battery testing, respectively, they solidified our position as a company at the forefront of these sectors, ensuring that we have the brightest minds and greatest capabilities within our offering.

At an organizational level, the capabilities brought into the business via our strong acquisition strategy in 2022 have allowed us to renew our focus on legacy services in inspection and certification, with an increased capacity and a newly created Inspection and Certification business unit within EMEAA. This helped to streamline the integration of our new businesses and ensure we maximized the new offering, retaining customers and demonstrating our strength to the market.

To support our growth, we continue to build depth, strength, and diversity across our leadership team, with important hires in 2023 in the aerospace sector, and in key regions including Germany, Denmark, and the Middle East. To build leaders of the future we have invested further in our graduate schemes across EMEAA, developing the initial frameworks created in 2022 and using them to make additional appointments this year.

Safety remained a priority in 2023 with the highest performance on record. Even with the addition of new colleagues from Filton, CTK, and NCT, we retained our focus on colleague safety and communicated this priority as part of the integration process. We also made clear our commitment to sustainability, as we continued to roll out green energy across our laboratories, with significant steps toward meeting our Net Zero goals.

AEROSPACE, SPACE & DEFENSE

Much of our focus in EMEAA this year has been on ensuring we have the technical capabilities and industry leading capacity to meet growing demand for supply chain security across Europe. This has included significant investments across our Pilsen, Czech Republic, Toulouse, France, and Lancaster, UK laboratories. We have added 25 per cent testing capacity in key technical disciplines over 2023.

We have also invested in supplementary services across the aerospace and defense sectors, including upgrading our calibration facilities in Scandinavia. Our Center of Excellence in Linköping, Sweden completed a renovation which has further improved its provision of advanced materials and measurement technology in the key Nordic market.

We are also taking significant steps with our hydrogen capabilities in line with customer needs. These capabilities extend far beyond just aerospace and defense, and we are supporting our customers in accelerating the adoption of hydrogen as a clean energy vector. In 2023, Element made the first of a series of investments out of a $10m investment program, including new hydrogen state-of-the art testing equipment and expanding our dedicated hydrogen team.

[illegible]

The last 12 months have seen a period of concentration and consolidation for our Built Environment business with strong organic growth delivered, together with an increased focus on technical and quality leadership across all product lines.

Following the acquisition of FOSTA and STS in 2022, we brought nearly 500 people into the Element family in Singapore and we have been working with the team to fully integrate these colleagues and their expertise, consolidating our strength in the region. The Middle East also continues to drive business across Built Environment, especially in Saudi Arabia where the increased public investment in construction and environmental regulations is supporting our industry drivers.

Our core business in the UK remains a focus and we have made significant progress on our new facility in Warrington set to open in 2025. It will provide fire resistance testing, technical and assessment services, and certification. When complete, the new facility's footprint will be more than 75% larger than our existing laboratory in Warrington and ready to support the UK building industry's need for increased product assurance.

CONNECTED TECHNOLOGIES

Connected Technologies is linked to such a wide array of consumer products and industries and is a key market for us, so we are maintaining a level of investment to secure our place as one of the leaders in testing and certification.

Our acquisitions in South Korea cemented our position in one of the sector's most important markets. CTK added significant scale and scope to our customer electronics capabilities, increasing our regulatory and performance testing capacity and expanding our presence in Korea to become a leading regional hub for technological development.

Likewise, NCT was one of the principal battery testing companies in South Korea and it added unique destructive battery testing capabilities to our Connected Technologies business.

We also invested $10m to support the latest technological advancements in consumer electronics with a new Connected Technologies laboratory in Surrey Hills, UK. The 25,000 sq ft, purpose-built facility has created more capacity for essential Electromagnetic Compatibility, radio, and wireless testing, and introduced Specific Absorption Rate testing to our service portfolio in Europe.

DIGITAL ENGINEERING

Our digital engineering business continues to move from strength to strength as we roll out our capabilities across the entire Element network. We have seen over 20% year on-year organic revenue growth across this business, and our systems engineering, safety and reliability, design, simulation, and modeling capabilities have been expanded with the acquisition of Filton System Engineering.

We opened a new office in Houston, Texas to support the work globally, and we continue to service customers in aerospace and defense, automotive, power generation, and hydrogen, across multiple geographies. It is a great demonstration of our unification as One Element, and the strength of our collective business.

[illegible]

As mentioned above, we have capitalized on the acquisition of NTS in 2022 and the global inspection and certification capabilities that came with it, to create a wholly new business unit within EMEAA.

We delivered in excess of 10% organic growth throughout the integration process. The retention included key customers in the space sector, one of Element's most innovative markets, as we work with products operating in the most challenging conditions on Earth and in space.

LIFE SCIENCES

Previous investments in our Life Sciences business contributed to nearly 10% revenue growth in 2023. Despite lower than expected performance in the business unit, we have seen good performance across our chromatography services within the laboratory solutions division, and our environmental division also performed well, as we expanded our emissions capability with a focus on automation and efficiency.

This expansion and investment in environmental and emissions capabilities included digital engineering, the testing of per-and poly-fluoroalkyl substances (PFAS), and Syft technology for emissions analysis.

2024

In 2024, we will continue capitalizing on growth opportunities in important markets for our business. We will make further investments in battery technology in South Korea, and there will be a new focus on investments in Saudi Arabia as that market increases. We will continue our expansion of hydrogen capabilities, and we will also add to our capacity in the Nordic region with two new Center of Excellence laboratories in Denmark.

We anticipate that aerospace will remain active and growing over the next few years, so we will continue to upgrade and expand our facilities in line with customer demand.

OUR PEOPLE

Element's people are at the heart of all that we do. They are central to our business success, and we aim to support their growth and development, investing in their skills to create the expertise for which Element is recognized.

Throughout the last year, we have made significant progress in doing the right thing for all our colleagues around the globe and we are proud of the achievements that have seen our business transform and thrive. We are also proud of our colleagues' role in boosting our volunteering hours and making a difference in the communities in which we at Element work and live.

To drive our strategy and ensure it succeeds, we have strengthened our senior HR Leadership team by bringing new people into the business. We have made six senior hires, and these colleagues bring new expertise while driving many of the initiatives and programs that nurture talent throughout the business. During the year we also launched many initiatives that will transform Element and underpin our focus on diversity, equity, and inclusion (DE&I) include exciting new programs, such as the Women's Accelerator, new onboarding processes, and our Leadership Equity Appreciation Plan (LEAP) initiative, which has helped attract and retain more people.

EMPLOYEE ENGAGEMENT

It is from understanding and identifying the needs of our colleagues that we will create a more rewarding working environment for us all. Ongoing engagement is essential to maintain that dialogue and our most recent engagement survey, known as Our Voice has demonstrated the great strides we have made in better understanding and rewarding our colleagues.

Key outcomes from the survey included the highest ever response rate with the vast majority of employees participating, which is impressive given the 54% increase in the employee base since our last survey was conducted in 2021 and the huge amount of change in the last year, not least the NTS integration. The overall engagement figure was our highest ever, at 75 up from 73 the last time we surveyed our people.
There was also a very high index of 91 for safety which sits at the heart of our business and we saw a positive trend with indexes for fair pay and benefits, and employee growth and development.

DIVERSITY, EQUITY, AND INCLUSION

Our previous initiatives to create colleague resource networks to support our commitment to DE&I demonstrate how important it is to us. The networks now have a membership of 1,300 across the global business. The value they bring is enormous and already the importance of DE&I has moved from the operating board to be embedded throughout our teams. We continued to progress diverse, equitable, and inclusive hires at the leadership level and now more female leaders have joined since the start of 2023.

The Women's Accelerator Program is a great example of the change we are driving. This sponsorship initiative focuses on nurturing our female colleagues and developing Element's leaders of tomorrow. This vital program is part of our commitment to achieving 30% women in leadership by 2025.

Exceptional women from across the business have been selected for the pilot are undergoing a structured program focused on advancing their careers and enabling them to lead with deeper purpose. Participants have been paired with inspiring leaders within Element who are uniquely positioned to support them in their career growth and advancement. In addition to regular sessions with their sponsors, Jo Wetz, our CEO, will spend time with every participant during the program.

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TALENT ACQUISITION AND RETENTION

As a major employer, attracting and retaining the best talent is important to us. We value our longstanding colleagues, and we also enjoy welcoming new members to the Element family. Through the last year, we have onboarded 1,983 new colleagues, including those who joined us following our acquisitions.

We also know the value that long-term colleagues bring to Element and our customers and we are committed to retaining our people. We increased our retention rate target to 13.5% in 2023, a goal that we are proud to have achieved. To maintain these levels moving forward, we introduced our Retention Workshops this year, which provided additional training for 400 managers on recruitment and onboarding, and on plans to give greater consideration to our exit data. We have also furthered the LEAP initiative and created new rewards programs to attract and retain talent, including new and improved benefits covering maternity, parental leave policies, holidays, and sickness pay and ensuring we offer a living wage.

We maintained a focus on core development programs including our ongoing Leadership Development Program. This provides operations managers around the world with leadership training that brings empowerment and growth. We also continued to promote our Element Academy within the business to provide technical, functional, and leadership e-learning courses to all employees globally.

Two years in we are seeing the outcome of our graduate pilot program, which we launched in EMEAA to support talent development at graduate level across the Aerospace and Defense, Connected Technologies, and Built Environment business units. The framework for the graduate scheme has demonstrated the power of investing in young people to develop ambition and we will continue to focus on hiring graduates as our leaders of the future.

RECRUITMENT

Because Element aims to hire the best people, through 2023 we identified the need to improve our recruitment processes and we introduced a range of new initiatives. We filled 1,983 positions over the year and saw a reduction in the time it took to fill vacancies, which brought us cost savings and greater efficiency.

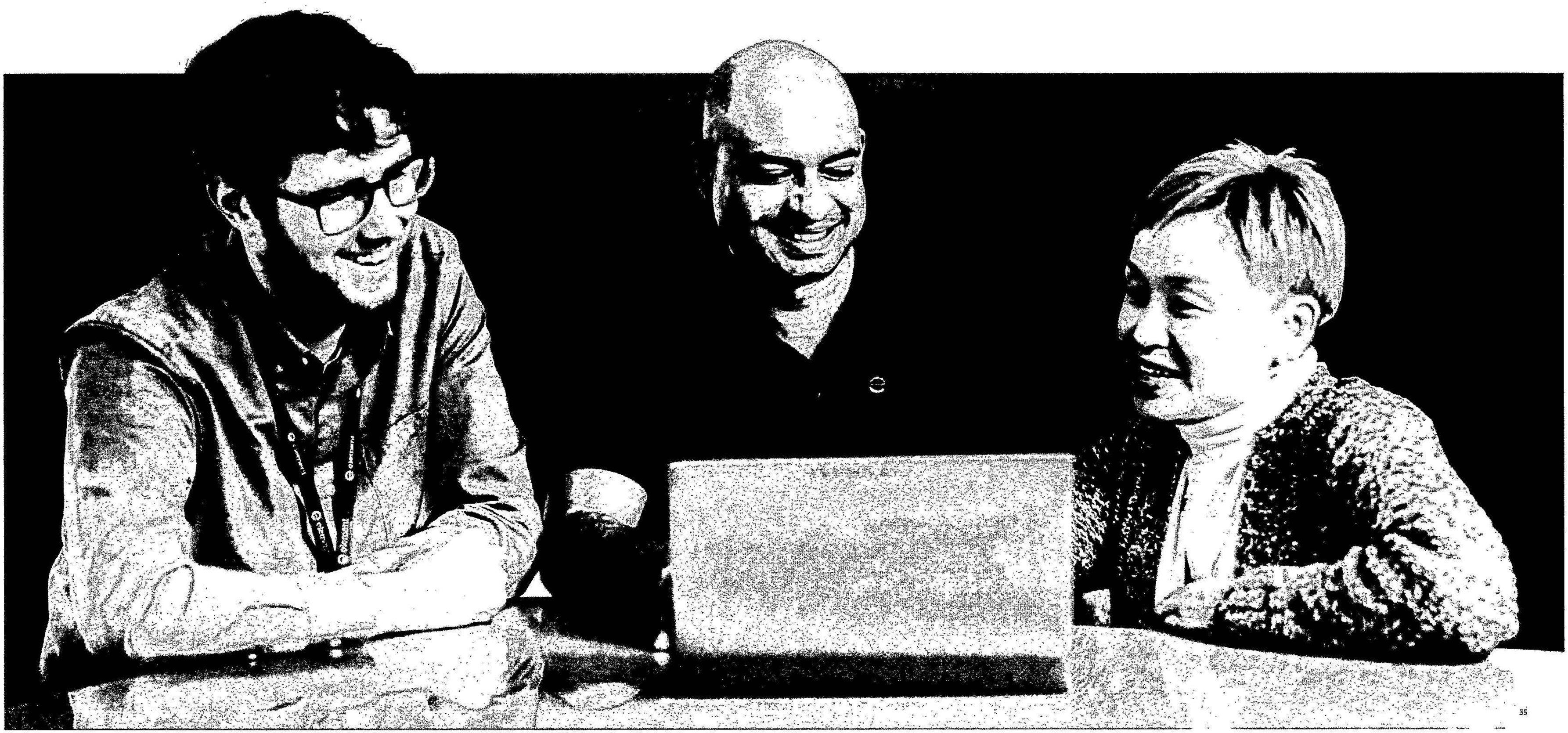
We have redesigned our recruiting process and concentrated on outbound recruiting, which saw a 300% increase. We have trained 1,000 hiring managers in best practices and we refined our executive search process, bringing a focus on capabilities and planning.

We are proud that our colleagues recognize the value we place in rewarding talent, and we believe that with a further focus on recruitment and onboarding, we will continue to attract the best talent who will stay with us longer.

2024

In the next year, we will launch our new onboarding program, our GM leadership program, and relaunch our Colleague Resource Networks. Our target for engagement is higher again at 78 as we want to ensure good dialogue with our global colleagues. We are committed to an increase in gender and ethnicity diversity at 2% each and our investment in HR will continue with new technology systems.

We aim to help everyone across the organization understand their role in supporting our purpose. It is those people who will help us drive our purpose to make tomorrow safer than today.



SINCE TEMASEK TOOK OWNERSHIP OF ELEMENT, WE HAVE FOCUSED STRONGLY ON A DIGITAL TRANSFORMATION OF THE BUSINESS. BEHIND OUR STRATEGY HAS BEEN THE AIM TO BRING ABOUT SIGNIFICANT IMPROVEMENTS IN MANY AREAS, SUCH AS CUSTOMER EXPERIENCE, ACQUISITION INTEGRATION, AND STRENGTHENING OUR SERVICE MODEL TO SUPPORT GLOBAL GROWTH. THIS INITIATIVE HAS BEEN IMPLEMENTED GLOBALLY AND AS A RESULT, WE HAVE SECURED IMPROVED OPERABILITY ACROSS THE WHOLE BUSINESS.

DIGITAL TRANSFORMATION

Our strategy has seen Element focus on scaling up investment in technology and we have had great success in improving the connectivity of our laboratories, in speeding up our customer services, and improving the security of our infrastructure.
As so many of our customers are at the forefront of R&D, offering good security is core to our offering. Whether that is in security of data or devices, it has been at the heart of our strategy.

In the last year, we have opened an impressive new Tech Operations Center in Cincinnati, Ohio and redesigned and evolved the EU service desk, which has brought better coverage and access to our services, and IT upgrades have improved the customer experience. On a broader scale, our digital transformation has seen us review and bring greater efficiency across our infrastructure and sites, including launching a chatbot internally to increase service through automation. It is a work in progress in many ways, but we can already see an improved NPS score, and significant benefits for business operations as well as our customer base.

During the year we made progress towards rationalizing Element's data center footprint into three global locations. By reducing our footprint, we save costs using new hardware that uses less energy, improves security, and makes operations more efficient and simpler.

A big focus of our digital transformation has been on the digitalization of our laboratories through the adoption of Laboratory Information Management Systems (LIMS) software, which digitalizes the whole testing cycle, improving accuracy, data speed, and accessibility for our clients. We are now in the process of consolidating and introducing more standardized LIMS. This project is enabling us to offer more modern and efficient laboratory technology, which ensures a more operationally efficient and secure estate. This in turn will support the delivery of our future objectives on digital, including improved remote access and a digital customer interface.

We are already seeing the impact of our focus on business systems following an EMEAA rollout and we are now doing the same across the Americas to bring integration and digitalization of our systems globally. This has brought improvements for our customers and for our internal processes.

Over the past 18 months, we have been investing a lot of time and resource exploring what role digital could play in offering enhanced and adjacent services to our customers beyond the core business of testing and certification. Through the course of 2024, we will be launching our first AI-powered digital product focused on helping start-ups and SMEs launch medical devices into the US-regulated market. We see this as the first of many such initiatives using the new Element Digital Incubator.

Internally, digitalization is allowing our teams to communicate and understand better what each of us is doing and where. This improves access for everyone to our global team of experts and has brought greater flexibility to the organization. This further helps us integrate businesses who have joined us through our acquisition program, and it will allow us to flex future integrations too, as we achieve our business growth ambitions.

Of course, we are a huge organization and scale is important because it drives our performance. With improved performance due to our ongoing digital transformation, we can scale even better where it is most needed, and in turn improve global performance for both our clients and our colleagues.

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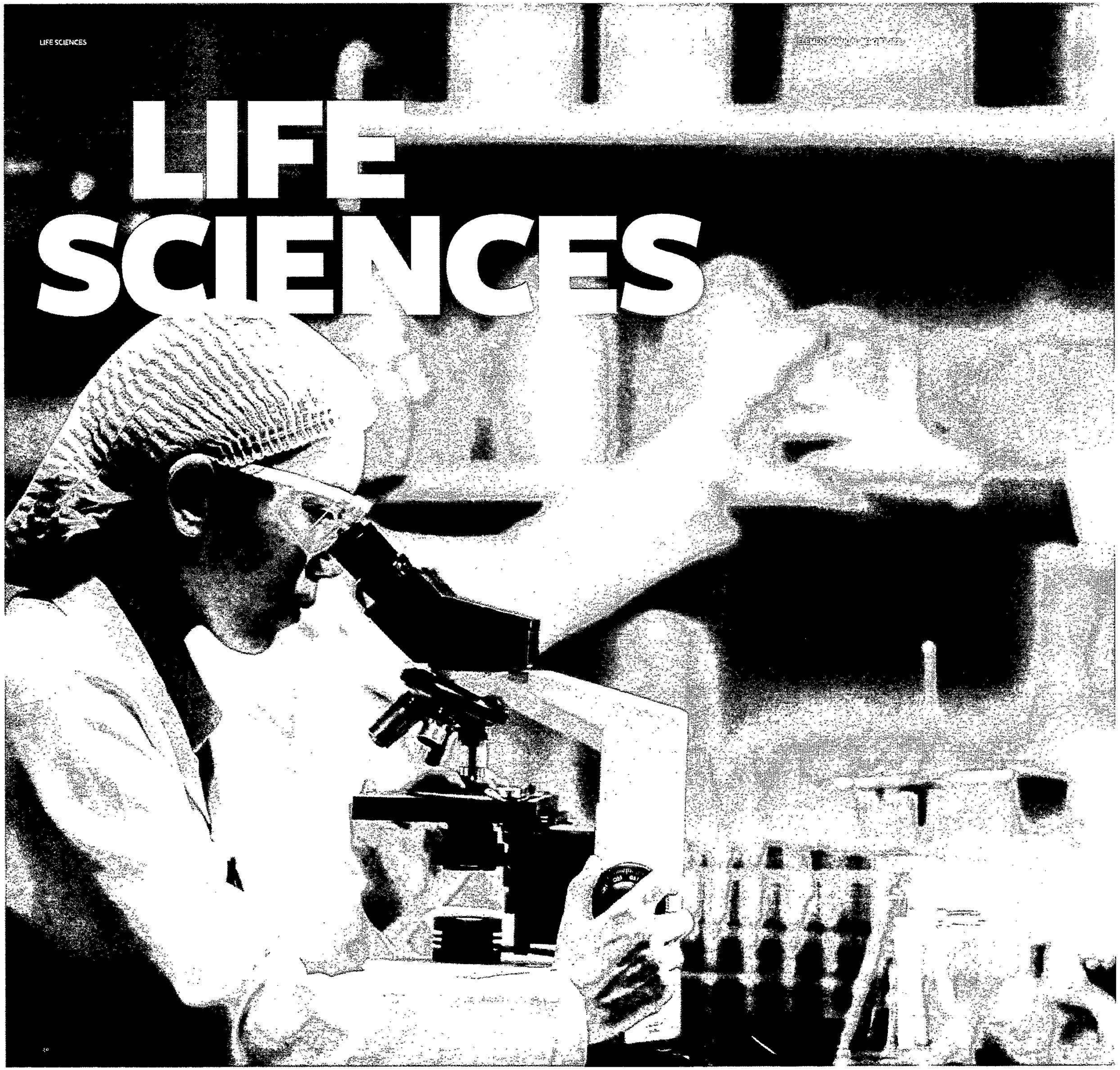
LIFE SCIENCES



[redacted]

Following a period of acquisition in the Americas in 2022, over the last 12 months the team has focused on integration across the region bringing new colleagues and capabilities into the Element family. Demand for environmental testing is growing as regulatory enforcement in the US and Canada increases. Element is well positioned in the growing medical device market and during 2023, our Irvine laboratory became an Occupational Safety and Health Administration approved NRTL (Nationally Recognized Testing Laboratory), providing all testing required for product safety, FDA, and FCC certification. Our comprehensive range of services creates efficiencies for our customers, getting their products to market faster

In EMEAA, strong previous investments contributed to 10% year on-year revenue growth in 2023. There was a good performance across our distribution services within the laboratory solutions division and our environmental division as we expanded our emissions capabilities. These investments included the testing of per-and poly-fluoroalkyl substances (PFAS) and Syft technology for emissions analysis, and they place us in a strong position for continued growth in the sector

CONNECTED TECH

FROM CONSUMER ELECTRONICS AND WEARABLES TO MEDICAL DEVICES, SELF-DRIVE VEHICLES, AND ROBOTS, MUCH OF OUR LIVES NOW REVOLVE AROUND CONNECTED TECHNOLOGIES. GROWTH IN RECENT YEARS HAS RAISED ELEMENT TO ONE OF THE MARKET LEADING POSITIONS IN TESTING SERVICES FOR THIS VITAL SECTOR

Element's team of nearly 1,000 engaged technology experts operate from 34 laboratories in the USA, UK, Germany, China, South Korea, and Japan. In an industry with ever-evolving technologies and devices, Element supports customers to ensure products meet all relevant, internationally recognized connectivity and interoperability standards, so that products and applications are safe, compliant, and fit for purpose.

Element's 2023 acquisitions of CTK and NCT in South Korea cemented our position in one of the sector's most important markets. As one of the top 10 Connected Technologies testing companies in the country, CTK has added capabilities and capacity, which supports our aims to expand our presence in Korea to become a leading regional hub for technological development.

Similarly, NCT is one of the principal battery testing companies in South Korea and our acquisition of the business provided us with unique destructive battery testing capabilities. Mobility performed strongly in 2023 due to a surge in battery testing requirements, particularly in the automotive industry. Following previous acquisitions in Detroit, Michigan, Element is now the largest automotive testing provider in this key regional hub, with a comprehensive electric vehicle testing capability.

Element also invested $10m to support the latest technological advancements in consumer electronics with a new Connected Technologies laboratory in Surrey Hills, UK. The 25,000 sq ft facility has increased capacity for essential Electromagnetic Compatibility, radio, and wireless testing, and introduced Specific Absorption Rate testing.

Connected Technologies remains a central focus for our teams, and we take pride in contributing to global innovation in consumer products, Internet of Things (IoT) devices, advancements in mobility, and medical end markets.

OUR DAILY LIVES REVOLVE AROUND CONNECTED TECHNOLOGIES AND ELEMENT IS ONE OF THE

MARKET LEADERS

IN THEIR TESTING

AEROSPACE, SPACE & DEFENSE

ELEMENT IS THE GLOBAL LEADER AND NUMBER ONE BY REVENUE PROVIDER OF MATERIALS TESTING, PRODUCT QUALIFICATION TESTING, CALIBRATION AND ADVISORY SERVICES TO THE GLOBAL AEROSPACE TESTING SECTOR. IT HAS ONE OF THE MARKET LEADING TECHNICAL SKILLS AND CAPABILITIES, A NETWORK OF STRONG TECHNICAL EXPERTS AND FASTER, MORE RELIABLE TURNAROUND TIMES COMPARED TO OUR COMPETITORS

Element has decades of experience in working with many leading aerospace manufacturers and operators. We are the leading global provider of materials testing, product qualification testing, calibration, and advisory services to the global aerospace testing sector. As the market leader, Element's technical capabilities and network of experts offer customers faster and more reliable turnaround times compared to our competitors.

Providing NADCAP, a global cooperative accreditation program, product qualifications, materials testing, and calibration, Element is a trusted partner for the testing of avionics, engines, fuel systems, fuselage landing gear, wings, and interiors. Across our global network of aerospace laboratories, we test every single part of an aircraft you see flying in the sky.

The integration of NTS in 2023 strengthened Element's leadership position in aerospace, space, and defense, increasing its offering to include space capabilities and additional defense capacity. While Element had a prior focus on materials testing, NTS has brought additional product qualification capacity to provide a comprehensive, global service offering to create efficiencies and reduce costs for customers.

Our priority in 2023 was to invest in capacity expansion to ensure we maintain our strong position as leaders in the sector. From Pilsen, Czech Republic to Huntsville, Alabama, our key aerospace, space, and defense laboratories have the technical strength, expertise, and capacity to meet the testing, inspection, and certification demands of the entire sector.

Our aerospace expertise and capability are of great significance currently as the market expands and our focus is to meet customer demand, helping them get products to market with certainty and speed.

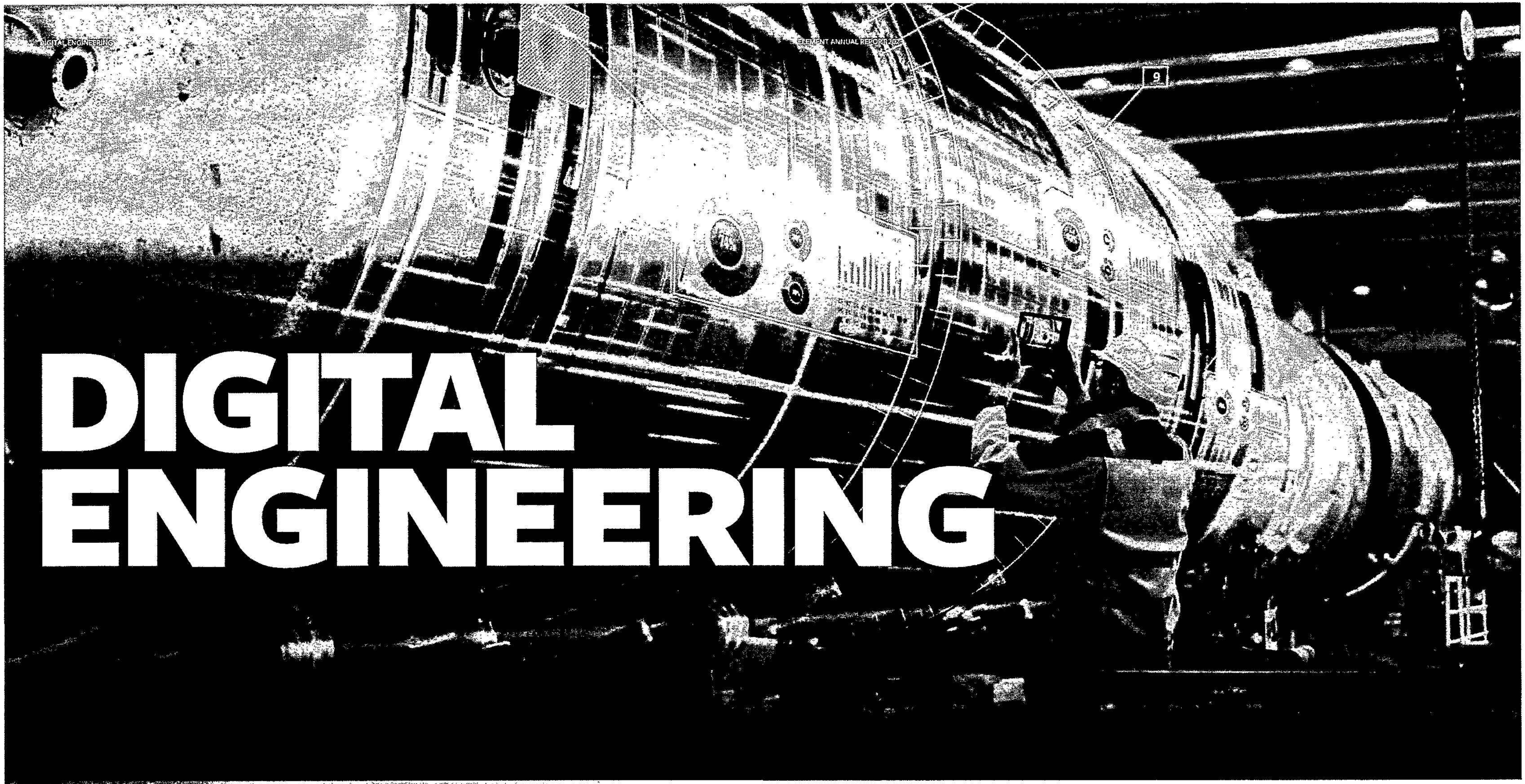
Element has supported the safe development of the built environment in construction and infrastructure markets around the world for many years. Our expert teams work with key stakeholders at every stage of a project from architects and designers, contractors and developers, planning and local authorities, building owners and operators, and product manufacturers.

2023 was a year of consolidation following a previous year that focused on building strength through acquisition. After bringing nearly 500 people into Element in Singapore with the acquisition of FOSTA & STS in 2022, we initiated a period of integration as these new colleagues and their capabilities become part of our business in Asia. Our growth in Singapore means that Element is now a leading TIC player in the region, while we also continue to invest in the Middle East as construction and regulatory programs increase.

Element is proud of our 50-year legacy in the UK's built environment sector and the country remains a focus for our investment. 2023 saw significant investment and progress on our new Warrington facility, which is due to open in 2025. When it opens, the new site's footprint will be more than 75% larger than our existing laboratory in Warrington, expanding our capacity to meet increasing demand from the industry. With a focus on the most advanced technical capabilities and an agile level of increased capacity, the facility will offer fire resistance testing, technical and assessment services, and certification.

The built environment remains a core sector globally for Element and our expertise and strength, underpinned by our longevity, is of great support to our customers.

DIGITAL ENGINEERING



CREATION OF ELEMENT'S DIGITAL
BUSINESS UNIT IN 2022, IT CONTINUES
STRENGTHEN AS WE INCREASE OUR
AROUND THE WORLD. WE HAVE ACHIEVED
YEAR REVENUE GROWTH ACROSS THE
IS YEAR WE ACQUIRED FILTON SYSTEM
HAS BROUGHT INCREASED
ENGINEERING, SAFETY AND
SIMULATION, AND MODELING.

Element also opened a new office in Houston Texas to specifically support our digital engineering work globally and the site became fully operational in 2023 We continue to service customers in aerospace and defense, automotive, power generation, and hydrogen, across multiple geographies Our digital engineering expertise and capability is a strong example of how Element is able to support our customers' needs beyond testing, inspection, or certification

The primary focus of digital engineering within Element is to find truly innovative solutions, rather than simply digitizing existing capabilities We aim to act an as engineering service provider, supporting customers with design and innovation in their R&D and development, using the latest technology and a truly global perspective It provides lifecycle support from initial strategy through to execution Element's diverse range of capabilities across multiple engineering disciplines complements our customers' existing in-house skill sets and provides additional capacity and expertise as needed. We believe in fostering partnerships and collaboration to achieve mutual success

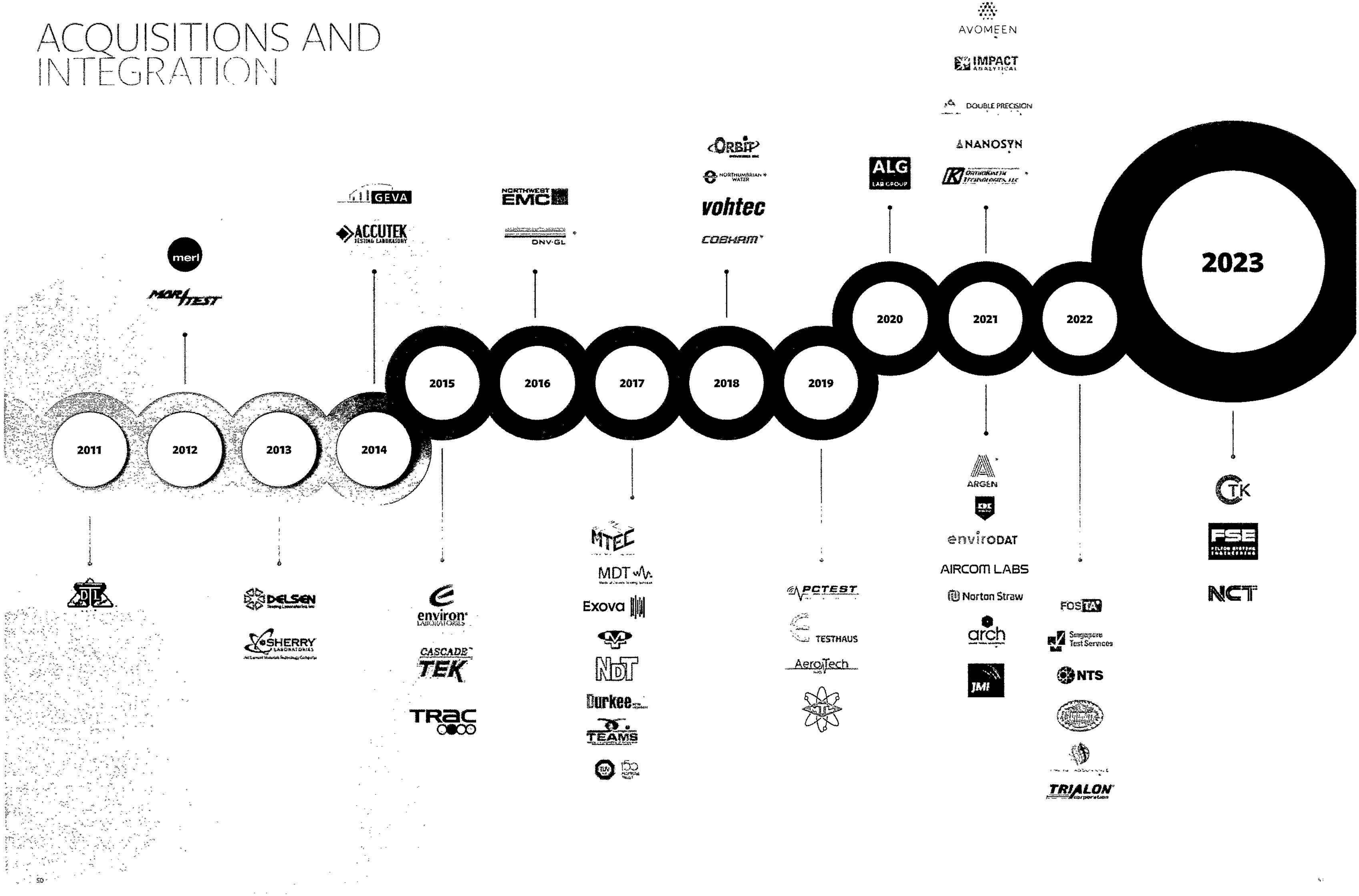
ACQUISITIONS AND INTEGRATION

Element's acquisition strategy supports our aim to create a business that leads on vital global sectors that require technically complex safety testing. The acquisition of Filton Systems Engineering in 2023 was Element's 50th since 2011 and in that time, we have grown from 860 people to circa 9,000 people today working across 270 locations in 30 countries. The implementation of the acquisition strategy and concurrent period of growth have contributed to much of our success to date. Our strategy has positioned us as a trusted leader in key markets around the world.

The strategic acquisitions this year of Filton, CTK, and NCT, which are all industry-leading in their respective fields, have expanded our offering in digital engineering, connected technologies, and battery testing. These are three areas that have been identified as growth markets and CTK and NCT also increase our presence in South Korea, a region that we see leading on innovation in the tech industry.

In addition to our acquisitions, Element continues to invest in the development of our talented people, providing them with growth and development opportunities that empower them to lead.

ACQUISITIONS AND INTEGRATION



NCT

NCT CO., LTD. – JUNE 2023

Element's acquisition of NCT, one of the principal battery testing companies in South Korea, marks our continued expansion in Asia and adds unique destructive battery testing capabilities to our connected technologies business and the region.

Headquartered in Dongtan, Hwaseong, NCT provides comprehensive testing and certification services across battery and electrical safety, reliability testing and analysis, and wireless, for the mobility, consumer goods, medical device, and telecommunication markets. From this acquisition we have welcomed 50 colleagues who bring great expertise in the safety, performance, regulatory, and abuse testing areas for small, medium, and large format cells, modules, and packs. NCT accreditations and certifications include KOLAS, KATS, RRA, and IEC, covering Korea and worldwide.

CTK

CTK CO., LTD. – AUGUST 2023

We expanded our presence in Asia further, and enhanced our connected technologies testing capabilities, with the acquisition of CTK.

Established in 1998, CTK has grown to become one of the top 10 connected technologies testing companies in South Korea. With over 140 employees across four sites, the Radio Research Agency (RRA) and KOLAS 17025 accredited business specializes in Electromagnetic Compatibility (EMC) and wireless, product safety, and certification. Its expertise serves customers in the consumer, Internet of Things (IOT) devices, mobility, and medical end markets. CTK has long standing and strong relationships with some of the major technology companies globally.

This acquisition adds significant scale and scope to our existing services both globally and in the region. CTK's test equipment includes three 10m chambers, two 3m chambers, a debug lab, and the largest lab in South Korea for ingress protection (IP) testing. It increases our regulatory and performance testing capacity and expands our presence in Korea to become a leading regional hub for technological development.

FSE
FILTON SYSTEMS ENGINEERING

FILTON SYSTEMS ENGINEERING – NOVEMBER 2023

Element took a significant step in advancing our capabilities in the digital engineering and aerospace sectors through the acquisition of Filton, a distinguished aerospace engineering and testing services firm with notable hydrogen capability.

Headquartered in Bristol, UK, Filton specializes in designing fuel, air, hydraulic, inerting, and engine systems. The business delivers solutions from concept to manufacture and provides a single source for system mechanical design, simulation, analysis, prototyping, technical writing, and testing. The company, with its team of 50 experts, has extensive expertise including gaseous and liquid hydrogen. Notably, Filton boasts a dedicated facility in Kemble, UK, featuring an in-house-designed and constructed hydrogen liquefaction plant.

This extensive knowledge, technical depth, and specialist intellectual property bolsters our aerospace and digital engineering capabilities. And as Filton has established relationships with leading UK defense prime contractors, it bolsters our presence in the UK defense sector and complements our existing experience in the sector.

In preparing the Strategic Report, the Directors have complied with section 414c of the Companies Act 2006.

By order of the Board

Ruth Prior, CFO

30 April 2024

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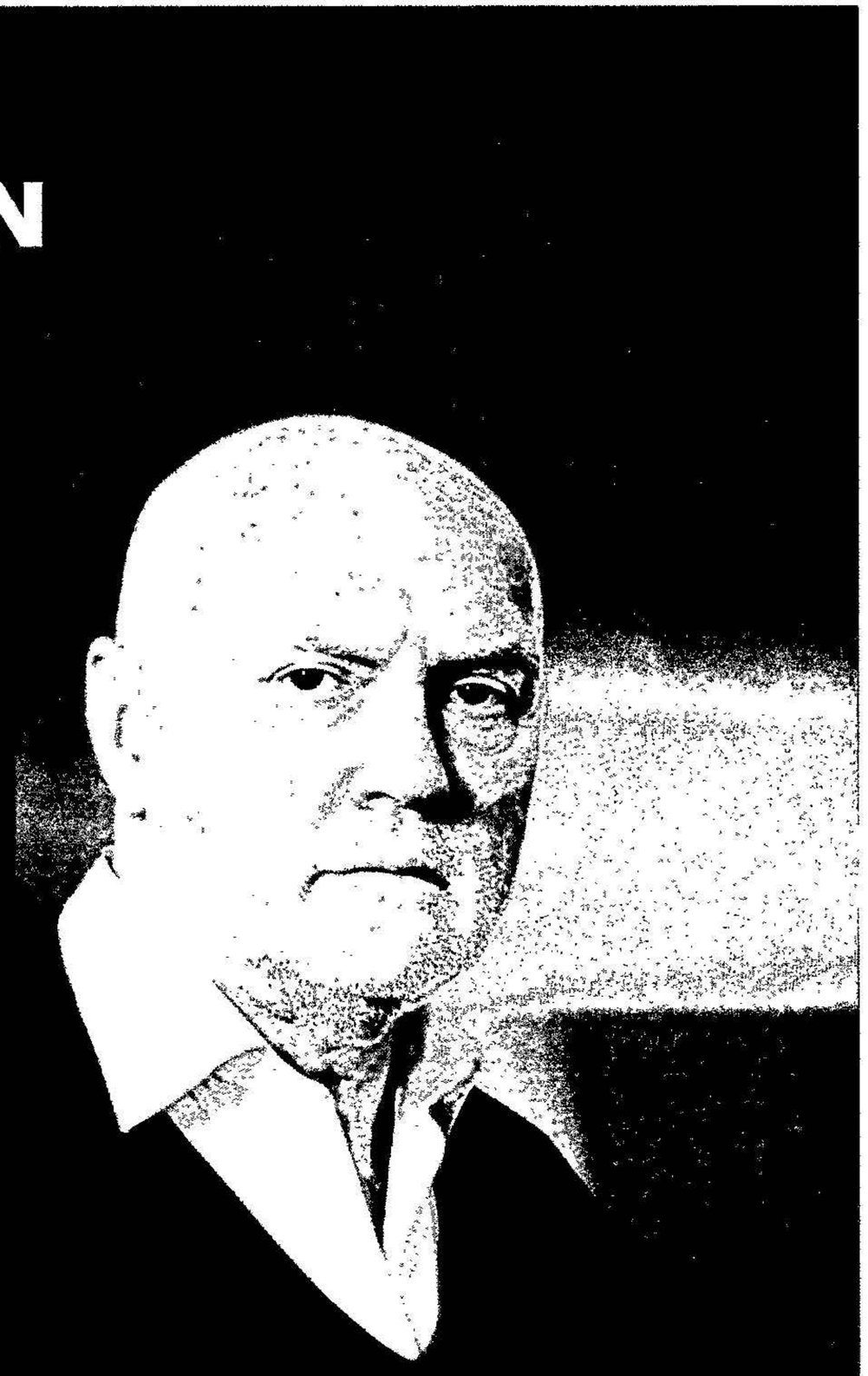
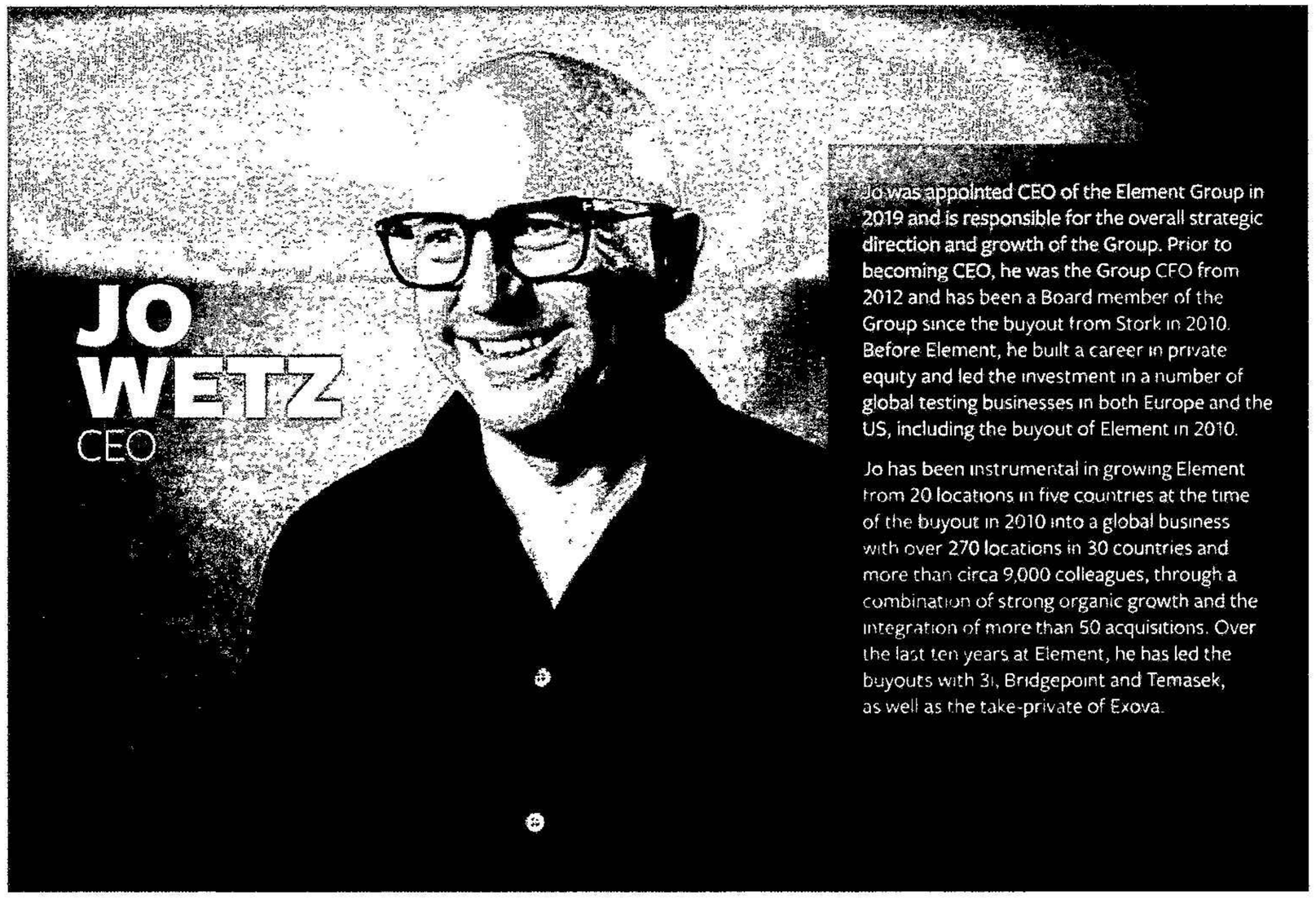
BOARD OF DIRECTORS

ALLAN LEIGHTON
NON-EXECUTIVE CHAIRMAN



Allan is a non-executive member of the Element Group Board. He has had an extensive and varied business career holding a series of high profile roles for major corporations in the food, retail, FMCG and communications sectors including that of Chief Executive of Asda and Pandora; Non-Executive Chair of the Co-operative Group; and Non-Executive Chairman of the Royal Mail, Entertainment One plc, and Wagamama Ltd.

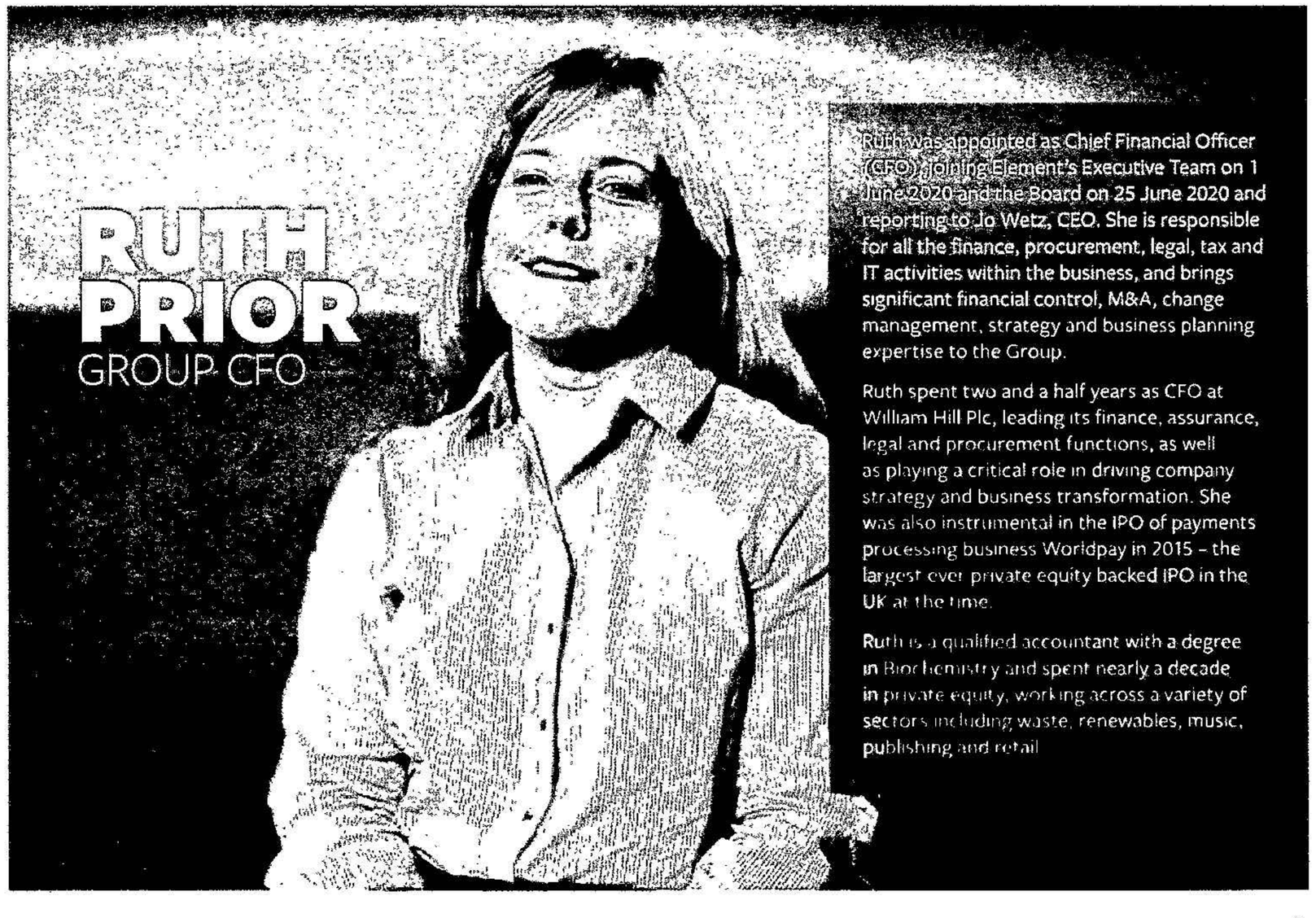
Allan holds an honorary degree from Cranfield University, an honorary fellowship from the University of Central Lancashire, and an Honorary Doctor of Letters from York St. John University.



JO WETZ
CEO

Jo was appointed CEO of the Element Group in 2019 and is responsible for the overall strategic direction and growth of the Group. Prior to becoming CEO, he was the Group CFO from 2012 and has been a Board member of the Group since the buyout from Stork in 2010. Before Element, he built a career in private equity and led the investment in a number of global testing businesses in both Europe and the US, including the buyout of Element in 2010.

Jo has been instrumental in growing Element from 20 locations in five countries at the time of the buyout in 2010 into a global business with over 270 locations in 30 countries and more than circa 9,000 colleagues, through a combination of strong organic growth and the integration of more than 50 acquisitions. Over the last ten years at Element, he has led the buyouts with 3i, Bridgepoint and Temasek, as well as the take-private of Exova.



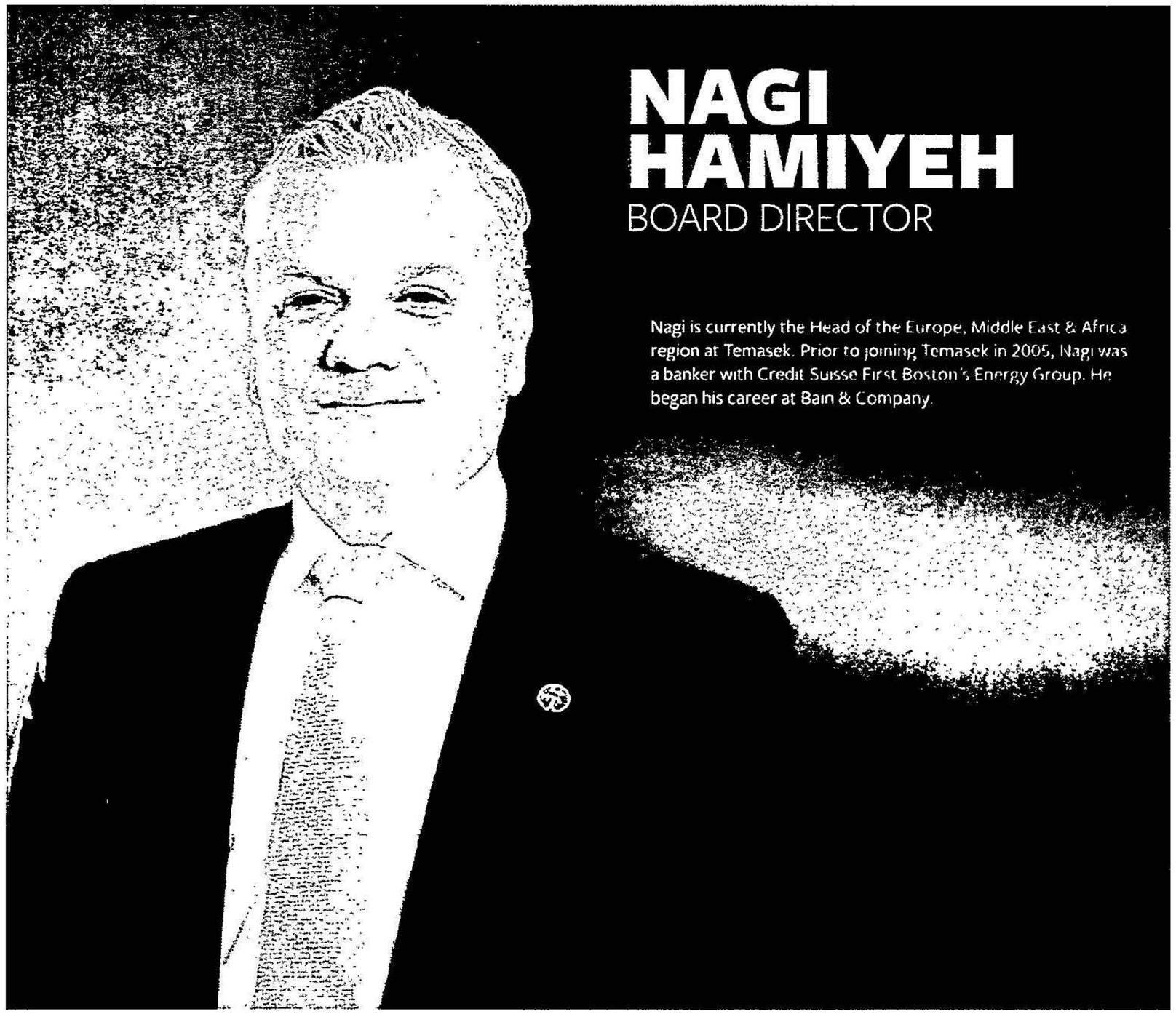
RUTH PRIOR
GROUP CFO

Ruth was appointed as Chief Financial Officer (CFO), joining Element's Executive Team on 1 June 2020 and the Board on 25 June 2020 and reporting to Jo Wetz, CEO. She is responsible for all the finance, procurement, legal, tax and IT activities within the business, and brings significant financial control, M&A, change management, strategy and business planning expertise to the Group.

Ruth spent two and a half years as CFO at William Hill Plc, leading its finance, assurance, legal and procurement functions, as well as playing a critical role in driving company strategy and business transformation. She was also instrumental in the IPO of payments processing business Worldpay in 2015 – the largest ever private equity backed IPO in the UK at the time.

Ruth is a qualified accountant with a degree in Biochemistry and spent nearly a decade in private equity, working across a variety of sectors including waste, renewables, music, publishing and retail.

BOARD OF DIRECTORS



NAGI HAMIYEH
BOARD DIRECTOR

Nagi is currently the Head of the Europe, Middle East & Africa region at Temasek. Prior to joining Temasek in 2005, Nagi was a banker with Credit Suisse First Boston's Energy Group. He began his career at Bain & Company.

PROF. DR. DR.H.C. UWE KRUEGER FRENG
BOARD DIRECTOR

Uwe is currently Vice Chairman of the Europe, Middle East & Africa region at Temasek. Prior to joining Temasek in 2018, Uwe was CEO of WS Atkins plc, a global engineering firm. Previously, he held roles as President of Cleantech Switzerland, Operations Director and Senior Advisor with TPG Capital, CEO of OC Oerlikon Management AG, and various positions at Hoerbiger AG. He started his career with A.T. Kearney.

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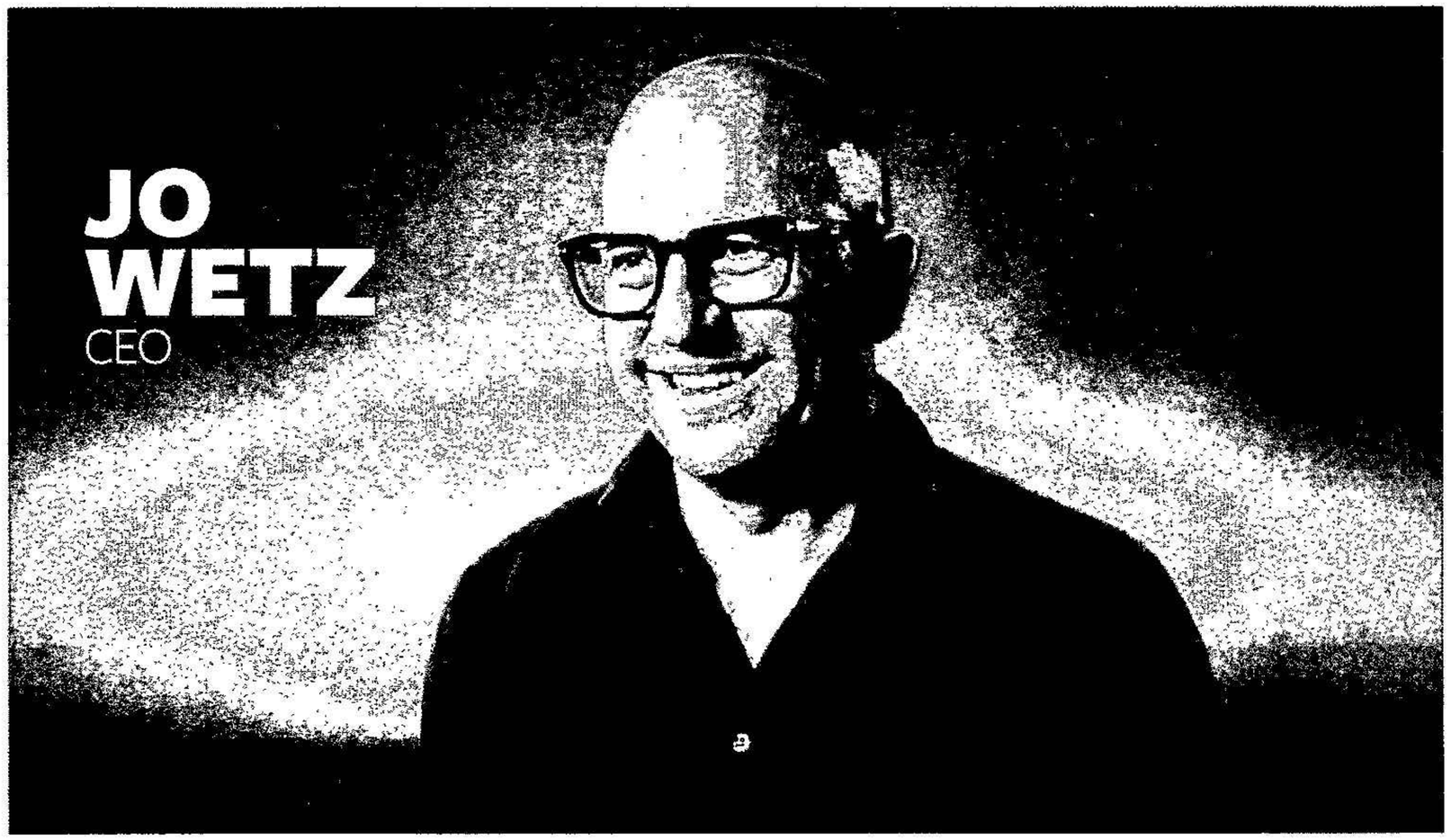
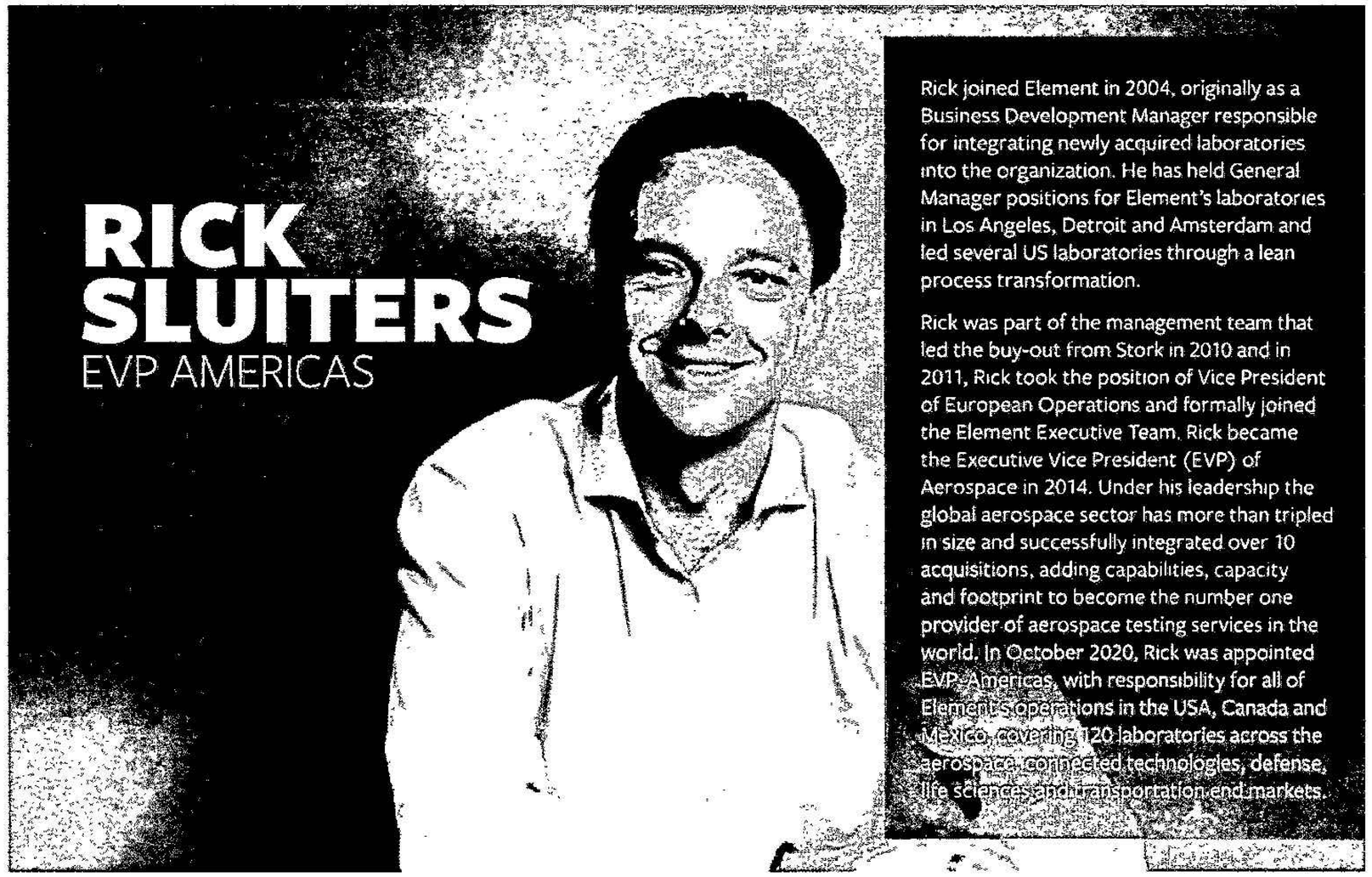
OPERATING BOARD

ELEMENT'S EXECUTIVE LEADERSHIP BOARD WITH MANY YEARS OF EXPERIENCE IN TESTING, INSPECTION AND CERTIFICATION, PROVIDES STRATEGIC DIRECTION AND MANAGEMENT OVERSIGHT TO THE OPERATING BOARD AND MEMBERS OF SENIOR LEADERSHIP ACROSS THE BUSINESS. THE BOARD ALSO DETERMINES GROUP POLICIES





Rick joined Element in 2004, originally as a Business Development Manager responsible for integrating newly acquired laboratories into the organization. He has held General Manager positions for Element's laboratories in Los Angeles, Detroit and Amsterdam and led several US laboratories through a lean process transformation.

Rick was part of the management team that led the buy-out from Stork in 2010 and in 2011, Rick took the position of Vice President of European Operations and formally joined the Element Executive Team. Rick became the Executive Vice President (EVP) of Aerospace in 2014. Under his leadership the global aerospace sector has more than tripled in size and successfully integrated over 10 acquisitions, adding capabilities, capacity and footprint to become the number one provider of aerospace testing services in the world. In October 2020, Rick was appointed EVP, Americas, with responsibility for all of Element's operations in the USA, Canada and Mexico, covering 120 laboratories across the aerospace, connected technologies, defense, life sciences, and transportation end markets.

Matt joined Element in December 2018, initially as EVP for Element's global Energy business. In October 2020, Matt was appointed EVP for the Europe, Middle East, Asia and Africa region (EMEAA) with responsibility for six business units covering Aerospace and Defense, Connected Technologies, Life Sciences, Built Environment, Inspection & Certification, and Digital Engineering.

Matt has twenty years of experience in the Testing, Inspection and Certification sector, holding operational and commercial leadership roles based in Europe, South America and North America. Principally this has covered leading global laboratory networks, as well as leading teams focused on account management, technical governance, systems development and new growth initiatives. Before his role at Element, Matt was a member of the Group Executive Leadership Team at Bureau Veritas.

OPERATING BOARD

DITTE MARSTRAND WULF
CHIEF PEOPLE OFFICER

Ditte joined Element in September 2022, and is responsible for setting and executing our global people strategy across all of Element's geographies. With more than 25 years of international experience in HR, Ditte brings significant capabilities in business transformation, M&A, integration and change, as well as leading global HR functions and teams.

Ditte has been a trusted advisor and business partner to executive teams, leaders and employees across an array of sectors including Animal Health, Technology, Distribution, Financial Services, Retail and Manufacturing. Most recently, Ditte led as Global Chief Human Resources Officer for Covetrus, a global animal health technology company operating in 27 countries and serving over 100,000 customers.

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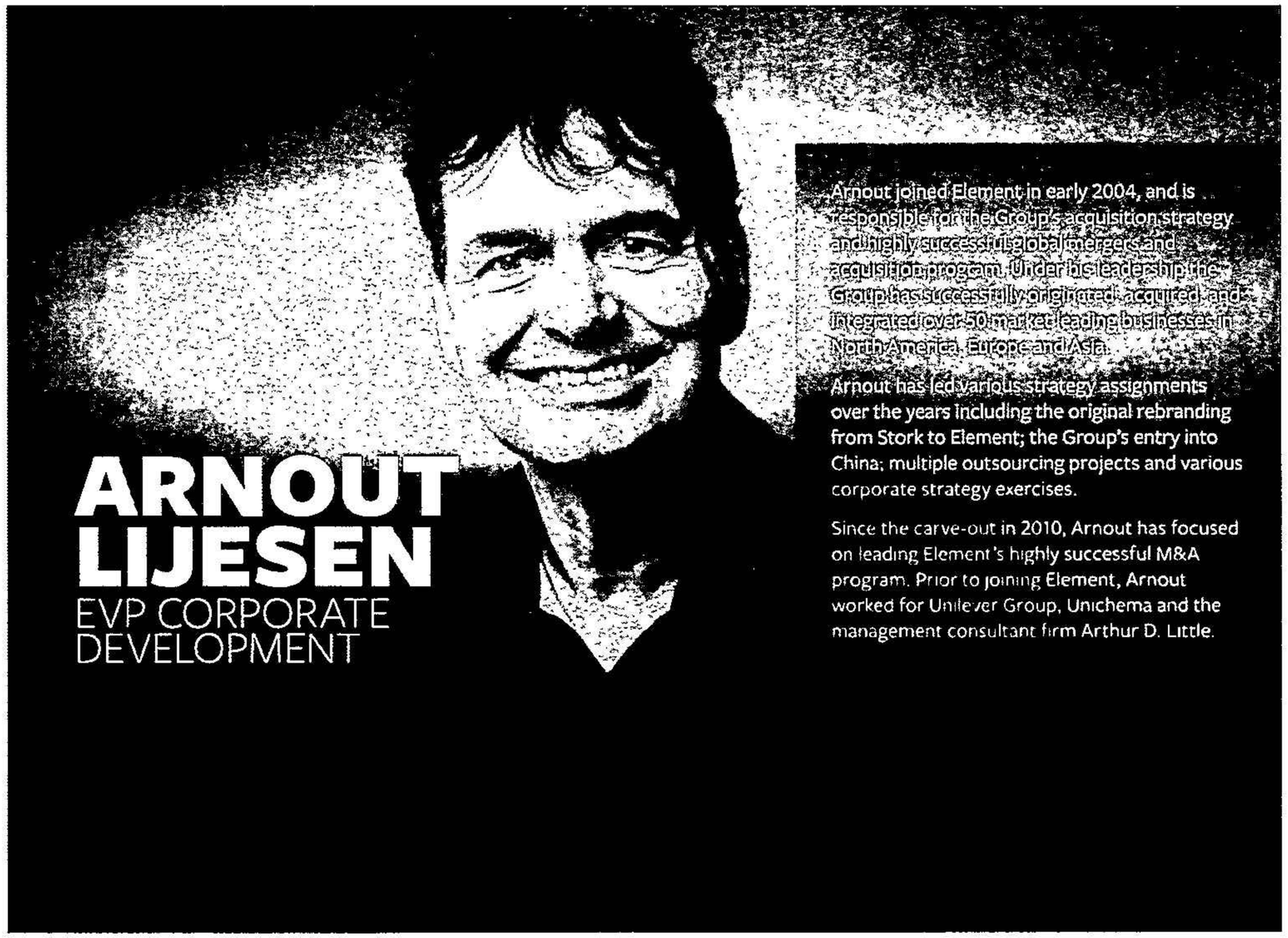
RENAE LEARY
CHIEF COMMERCIAL OFFICER

Renae Leary was appointed as Chief Commercial Officer and joined Element's Operating Board in September 2023. Renae is responsible for leading the company's commercial strategy, aimed at driving accelerated growth and ensuring that customers remain central to strategic and operational decisions.

Renae brings over 25 years of global experience to her role, with previous experience as Chief Commercial Officer at Ansell, a global leader in health and safety protection solutions for healthcare and industrial sectors. During her tenure at Ansell, she led commercial efforts and was a member of the Executive Leadership Team. Prior to that, Renae held senior global commercial positions at Johnson Controls and Tyco.



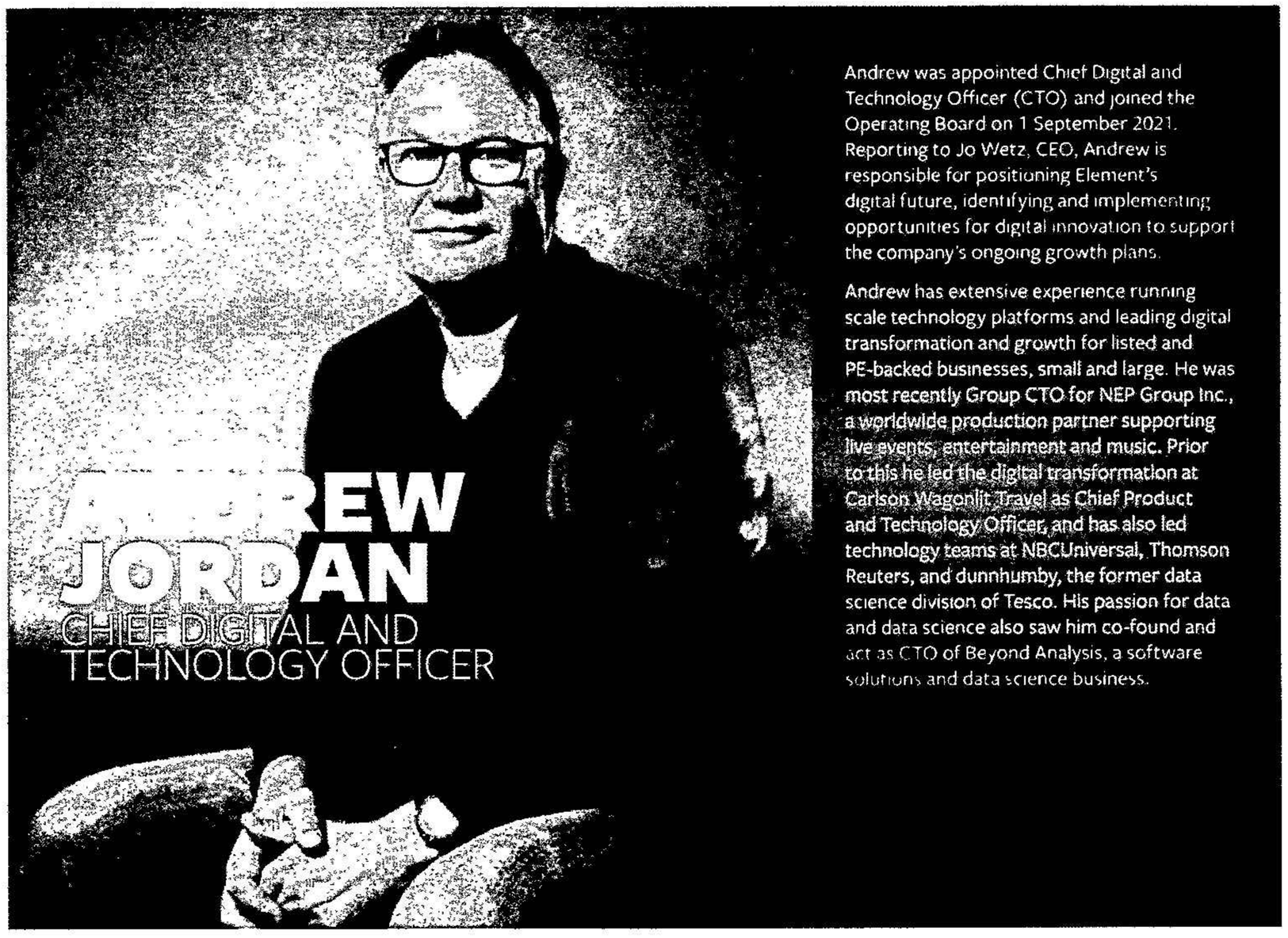
ARNOUT LIJESEN
EVP CORPORATE DEVELOPMENT

Arnout joined Element in early 2004, and is responsible for the Group's acquisition strategy and highly successful global mergers and acquisition program. Under his leadership the Group has successfully originated, acquired, and integrated over 50 market leading businesses in North America, Europe and Asia.

Arnout has led various strategy assignments over the years including the original rebranding from Stork to Element; the Group's entry into China; multiple outsourcing projects and various corporate strategy exercises.

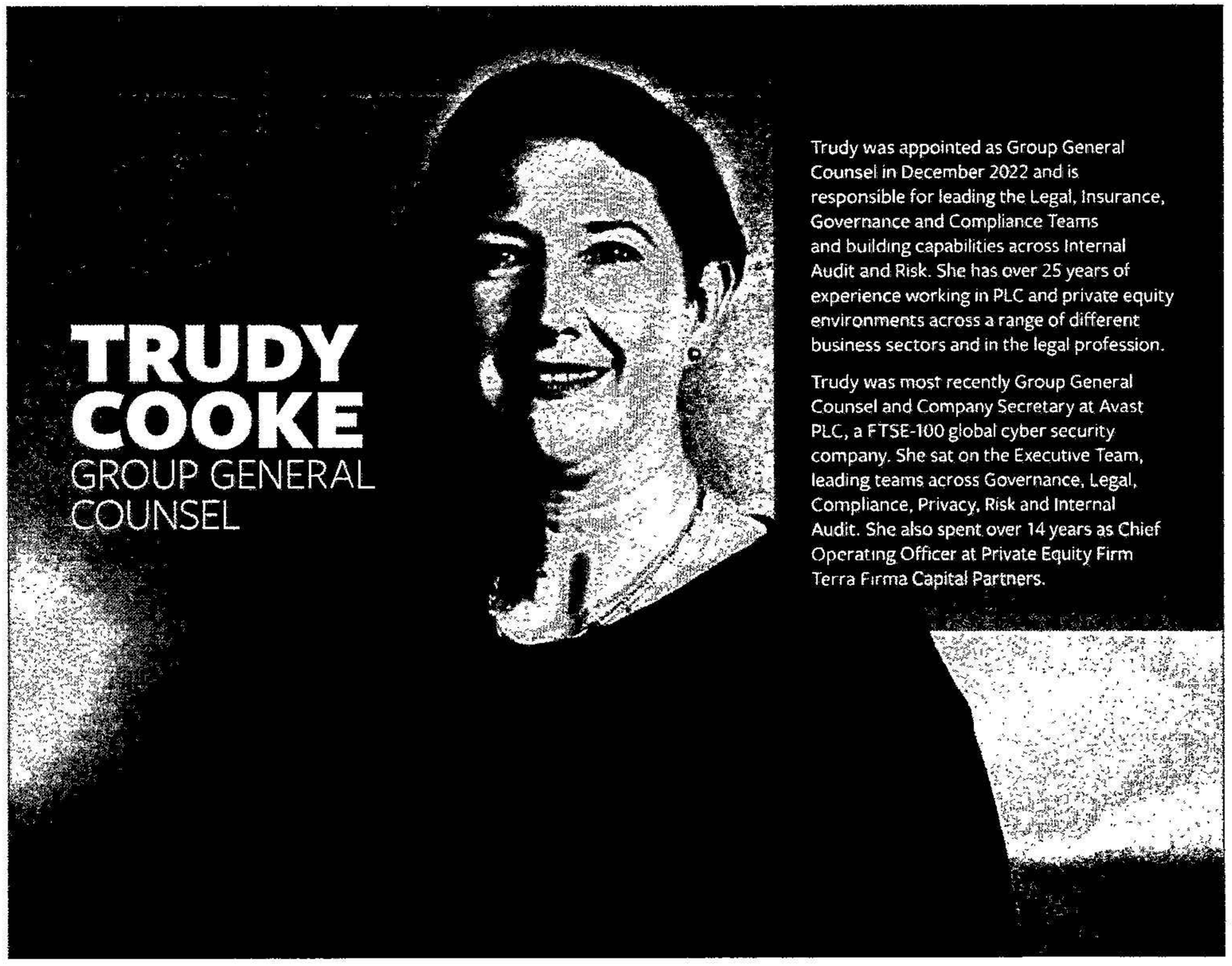
Since the carve-out in 2010, Arnout has focused on leading Element's highly successful M&A program. Prior to joining Element, Arnout worked for Unilever Group, Unichema and the management consultant firm Arthur D. Little.

OPERATING BOARD



Andrew was appointed Chief Digital and Technology Officer (CTO) and joined the Operating Board on 1 September 2021. Reporting to Jo Wetz, CEO, Andrew is responsible for positioning Element's digital future, identifying and implementing opportunities for digital innovation to support the company's ongoing growth plans.

Andrew has extensive experience running scale technology platforms and leading digital transformation and growth for listed and PE-backed businesses, small and large. He was most recently Group CTO for NEP Group Inc., a worldwide production partner supporting live events, entertainment and music. Prior to this he led the digital transformation at Carlson Wagonlit Travel as Chief Product and Technology Officer, and has also led technology teams at NBCUniversal, Thomson Reuters, and dunnhumby, the former data science division of Tesco. His passion for data and data science also saw him co-found and act as CTO of Beyond Analysis, a software solutions and data science business.



Trudy was appointed as Group General Counsel in December 2022 and is responsible for leading the Legal, Insurance, Governance and Compliance Teams and building capabilities across Internal Audit and Risk. She has over 25 years of experience working in PLC and private equity environments across a range of different business sectors and in the legal profession.

Trudy was most recently Group General Counsel and Company Secretary at Avast PLC, a FTSE-100 global cyber security company. She sat on the Executive Team, leading teams across Governance, Legal, Compliance, Privacy, Risk and Internal Audit. She also spent over 14 years as Chief Operating Officer at Private Equity Firm Terra Firma Capital Partners.

CORPORATE GOVERNANCE REPORT

WATES CORPORATE GOVERNANCE PRINCIPLES FOR LARGE COMPANIES

The Element Group has over 9,000 colleagues working from over 270 facilities in countries around the world. Element is committed to operating in accordance with the highest standards of corporate governance. The Company is a holding company employing fewer than 2,000 employees. The Company does not meet the qualifying conditions for the financial year to report against the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council in December 2018. The Board is, however, accountable to shareholders and given that on a consolidated basis the Group would meet the qualifying conditions, is committed to meeting the standards of corporate governance for large private companies as set out in the Wates Corporate Governance Principles for Large Private Companies. This report describes how the Board has applied the main principles of good corporate governance during the period of review, being the year ended 31 December 2023.

PURPOSE AND LEADERSHIP

Element is one of the world's leading independent providers of testing, inspection and certification services. When failure in use is not an option, we help customers make certain that their products, materials, processes, and services are safe, compliant and fit for purpose. At Element, we help to make certain that the materials and products we test, inspect and certify for our customers are safe, quality compliant, and fit for purpose. **'Making Tomorrow Safer Than Today'** is Element's purpose.

Our three brand values drive our everyday behavior:

- **Integrity:** we do what is right;
- **Care:** we care about the impact we have; and
- **Progress:** we strive to create a more positive future.

Our management team has built a people-first, collaborative culture that enables us to deliver on our commitments. Our passion for testing is demonstrated through our technical, commercial and operational excellence.

The Board provides leadership to the Group and the directors promote the success of the Company. The Board promotes the Group's culture, purpose and strategy. The Board is responsible for the proper management of Group strategy and direction. It oversees the activities and direction of the Group.

The Board meets every month to review the overall performance of the business and also to determine Group-wide strategies and drive performance. The Board ensures that the Group has the necessary financial and human resources in place to meet its objectives, reviews management performance and strategy against set objectives and helps to deliver long-term success. Details of the matters specifically reserved for the Board are set out on page 73.

BOARD COMPOSITION

The Board is responsible for the management of Group strategy and the long-term success of the Company. It also oversees the activities and direction of Element Group.

The Board currently has five members and includes a combination of Executive and Non-Executive Directors. It comprises the Non-Executive Chairman, two Executive Directors and two Non-Executive Directors. The Board benefits from the wide range of sector experience of its Directors. Details of the Directors and their biographies can be found on pages 54 to 57.

Allan Leighton is a Non-Executive Director and Chairman of the Board. He has had an extensive and varied business career holding a series of high profile roles for major corporations in the food, retail, FMCG and communications sectors including those of Chief Executive of Asda and Chairman of the Royal Mail.

Jo Wetz is the Chief Executive Officer. He previously served as the Group CFO from 2012 to 2019. Before Element, he built a career in private equity and led the investment in a number of global testing businesses in both Europe and the US, including the buyout of Element in 2010.

Ruth Prior is the Group Chief Financial Officer. Ruth is responsible for all financial, tax, procurement and IT activities across the Group. Prior to this role, Ruth was CFO at William Hill Plc.

Uwe Krueger (Non-Executive Director) and Nagi Hamiyeh (Non-Executive Director) are representatives of Temasek, the majority shareholder. They both bring extensive sector and international experience and make a significant contribution to the activities of and decisions made by the Board.

The roles of the Chairman and Chief Executive Officer are separate, clearly defined, set out in writing and approved by the Board.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The Chairman sets the agendas and timetables for Board meetings, facilitating debate and dialogue during the meetings. The Chief Executive Officer is responsible for the day-to-day leadership of the Group's business and managing it within the authorities delegated by the Board. Ongoing training and development is provided to all Directors to ensure that they keep abreast of relevant regulatory and legislative requirements. During 2023, the Board was briefed on a range of subjects including: ESG matters, monitoring risk management and internal controls; the Group's financial processes; operational excellence and safety initiatives; litigation and claims; taxation matters; Cyber Security; compliance and whistleblowing.

Directors may seek independent professional advice at the Company's expense where they consider it appropriate in relation to their duties.

DIRECTOR RESPONSIBILITIES

ACCOUNTABILITY

The Board has established and maintains corporate practices that provide clear lines of accountability and responsibility to support effective decision-making.

The Board is responsible to shareholders for providing leadership and setting the values and standards of the Company and the Group. The Board approves the Group's business strategy and objectives, budget and forecasts and any material changes to them. It reviews significant investment proposals and the performance of past investments and maintains an overview and control of the Group's operating and financial performance. The Board sets policies for monitoring the Group's overall system of internal controls, governance and compliance and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The Board has adopted a schedule of matters reserved for its attention, details of which are set out in the Directors' Report.

The Board believes that documented roles and responsibilities for Directors, with a clear division of key responsibilities between the Chairman and the Chief Executive Officer, are essential elements in the Group's governance framework and facilitate the effective operation of the Board. Accordingly, the Board has agreed the division of responsibilities between the Chairman and the Chief Executive Officer.

The Non-Executive Directors scrutinize the performance of Management. They also have a prime role in succession planning for the Executive Directors.

COMMITTEES

The Board has delegated specific responsibilities to the Audit and Remuneration Committees to assist it with the direction and control of the Group. These committees, together with the Operating Board, are the principal operating committees of the Group. A Compliance Committee has also been established and meets at least twice per year. If the need should arise, the Board may set up additional committees as appropriate.

INTEGRITY OF INFORMATION

Detailed papers and presentation materials are circulated in advance of Board and Committee meetings to each of the Directors to allow Directors to be properly briefed in advance of meetings. Board and Committee packs include detailed financial and operational information. Presentations are given at the meetings and minutes of previous meetings and the status of agreed actions are considered. Separate strategy meetings and meetings with senior executives are also held throughout the year.

Key financial information is provided from the Group's accounting and financial systems. The Group's finance team is appropriately qualified to ensure the integrity of this information and is provided with the necessary training and support to keep up to date with regulatory change. Financial information is currently audited by EY on an annual basis.

OPPORTUNITY AND RISK

OPPORTUNITY

The Group considers its long-term opportunities to create and preserve value as part of its annual strategy review As described in the Strategic Report, the Group's key objectives include driving strong organic growth across the business, attracting, retaining and developing technical talent, and investing and growing the business through targeted capital expenditure investment and mergers and acquisition activity The Board promotes these activities with the aim of making the Group the best and most trusted testing partner in the world

The Board has carried out a robust assessment of the principal risks and uncertainties facing the Company and how those risks affect the prospects of the Company Please refer to pages 68 to 71 for further information on the Company's principal risks and uncertainties and their impact on the prospects of the Company

The Board leads on the establishment of internal controls and transparent policies that underpin our values and reflect our commitment to conducting business with honesty and integrity wherever we operate These controls and policies range from health and safety, quality, anti-bribery and corruption to trade compliance and whistleblowing Policies are widely communicated to colleagues and reinforced through targeted programs and training, as required, to ensure they are understood and adopted

RESPONSIBILITIES

The Group has implemented a range of operating rules, processes, best practices and operating standards The Board approves a number of reserved matters including mergers and acquisitions, capital expenditure above stated levels, contracts above certain values and other matters This helps promote the long-term sustainable success of the Company

REMUNERATION

The Remuneration Committee scrutinizes the performance of Management and is responsible for determining levels or remuneration of the Executive Directors of the Company and such other senior employees as the Board may determine from time to time Remuneration is set at a level which allows the Company to attract and retain the best talent who can help deliver the Company's strategic plans

The Remuneration Committee makes recommendations to the Board in relation to the Group's remuneration strategy, recruitment and incentivization of senior executives In doing so, the Committee takes advice from independent external remuneration consultants and advisers in relation to best market practice, remuneration benchmarking, diversity of senior management and legislative developments

The Group ensures that colleagues are treated fairly and equally regardless of age, gender nationality, ethnic origin, religion, marital status disability and sexual orientation We strive to make decisions which are made free from bias and provide a working environment that is respectful, engaging and creates opportunities for all

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

With a diverse team spread across our laboratories and offices worldwide, the effectiveness of our communications is key to ensuring that all our people are aligned with the business strategy and are fully aware of the role that they play in making Element successful

OUR PEOPLE

Element is defined by its people and we are committed to supporting all colleagues across the Group through programs which keep them safe, healthy, engaged recognized and rewarded The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company

How we listen and engage

- CEO location visits,
- 'Your Voice' engagement surveys,
- Formal and informal meetings·
- Colleague resource groups that champion Racial equality, Disability empowerment, LGBTQ+ and our Women's network,
- Regular Group-wide town hall meetings,
- Regular Group communications and newsletters,
- The Company's intranet site,
- Presentations for employees of the financial and operational performance of the Group, and
- Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests

Further information can be found at the Our People section on pages 32 to 35 and Directors Report on pages 72 to 74

OUR CUSTOMERS

Customers are at the heart of everything we do How we listen and engage

- Key Account Management programs,
- Net Promoter Score (NPS) program
- Feedback processes through online and traditional channels, and
- The Board receives updates on matters relating to customers (e g results of customer surveys)

OUR INVESTORS / SHAREHOLDERS

How we listen and engage

- Investor meetings,
- Ongoing dialogue with the Company's major shareholders through a program of meetings,
- Shareholder communications,
- Detailed papers and presentation materials are circulated in advance of Board and Committee meetings to each of the Directors, and
- Board approval of the full year results and the Annual Report and Accounts

OUR SUPPLY CHAIN

We are developing long-term, collaborative supply chain partnerships and aim to work responsibly with our suppliers How we listen and engage

- We utilize tender processes and supplier pre-qualification questionnaires to ensure responsible procurement, and
- Annual review and approval of the Modern Slavery Statement by the Board

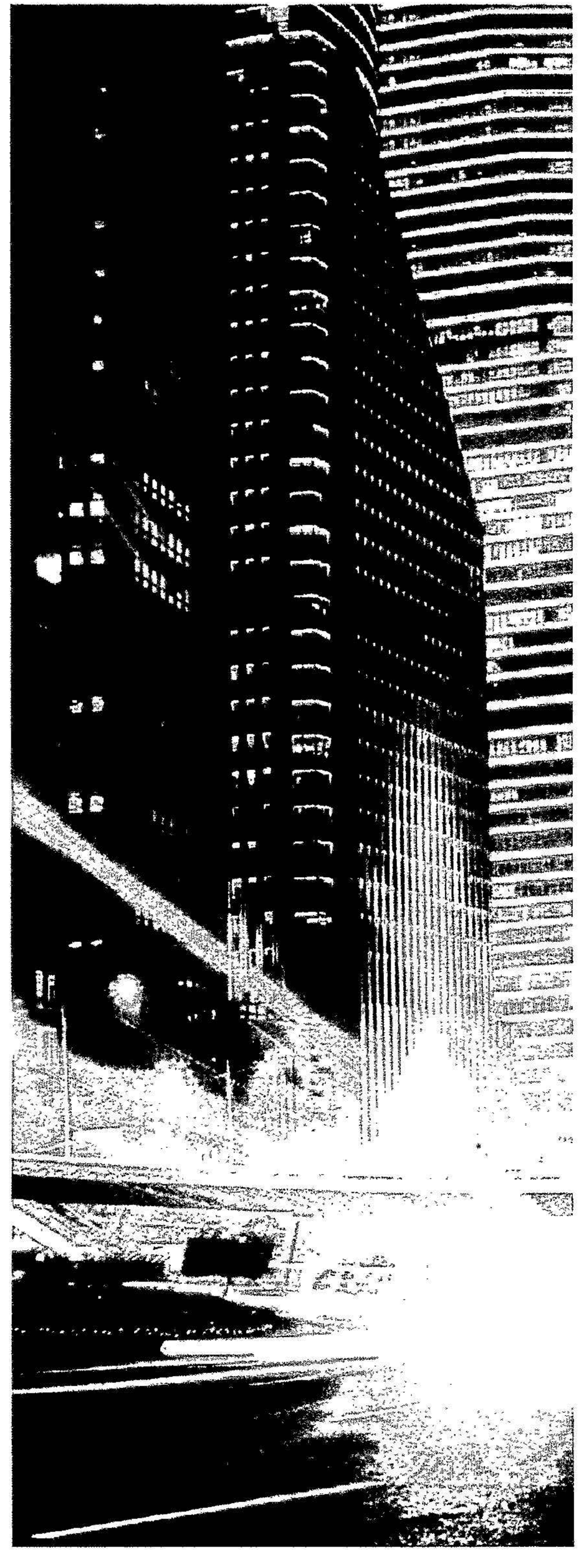
COMMUNITY ENGAGEMENT

Our approach to corporate responsibility is founded on Element's values Integrity Care and Progress. In 2023 corporate responsibility played a central role in ensuring we met stakeholder expectations and our commitment to conduct business responsibly and ethically to protect the health and safety of all our team members, visitors and the communities in which we operate

Further information can be found in the Corporate Responsibility section on pages 20 to 27

The Company provides a confidential whistleblower service, which is managed by a specialist third party provider, across our global business, giving all colleagues and third parties the opportunity to raise concerns The service encompasses a telephone hotline, email and web-based reporting facility and is available in relevant languages in all countries in which Element has a presence This service may be used to report incidents of wrongdoing including fraud, bribery and corruption, discrimination, bullying or harassment, supplier labor practices, modern slavery, tax evasion, breach of competition laws, health, safety and quality matters and environmental concerns Any whistleblowing reports are reviewed and investigated appropriately

During 2023, Element received 25 whistleblowing reports through the external whistleblowing service Most reports were of an HR nature but the hotline was also used to report quality and other issues All reports were reviewed and investigated· 4 allegation was substantiated, 5 allegations were partially substantiated, 16 allegations were unsubstantiated The results of the investigations were reported to the Audit Committee



PRINCIPAL RISKS AND UNCERTAINTIES

DETAILS OF THE PRINCIPAL RISKS AND UNCERTAINTIES WHICH COULD HAVE A MATERIAL IMPACT ON THE GROUP'S BUSINESS MODEL, STRATEGY, FUTURE PERFORMANCE OR REPUTATION ARE SET OUT BELOW. THE PRINCIPAL RISKS ARE IDENTIFIED BASED ON THE LIKELIHOOD OF OCCURRENCE AND THE POTENTIAL IMPACT ON THE GROUP AS A WHOLE. THE SECTION BELOW IDENTIFIES THE RISK AND MITIGATING ACTIONS ASSOCIATED WITH EACH RISK.

While risk cannot be eliminated altogether, actions are taken to mitigate risk wherever possible. As a matter of policy, the Group does not enter into speculative activities. The material business and operational risks that the Directors consider the Group to be exposed to are:

ENVIRONMENT, HEALTH AND SAFETY RISKS

RISK	MITIGATING FACTORS/ACTIONS
Workplace Health & Safety The Group's operations involve working with materials and chemicals that by their nature have inherent safety risks. Incidents may occur which could result in harm to employees, the temporary shutdown of facilities or other disruption to processes. The Group may be exposed to financial loss, regulatory action and potential liabilities for workplace injuries and fatalities.	Safety is our chosen purpose and remains a core value in the year. The Group puts continued emphasis on the promotion of a culture which puts safety first and encourages employees to take personal responsibility for their actions. Health and safety guidelines are issued to all employees Group wide. The Group has also increased capital investment in legacy facilities to improve health and safety conditions.

STRATEGIC RISKS

RISK	MITIGATING FACTORS/ACTIONS
Global Economic Recovery and Market Conditions Unmitigated delays in the receipt of orders or cancellation of existing contracts could affect the Group's financial performance. If the Group's businesses are unable to continue trading profitably during periods of lower order intake, financial performance will deteriorate, and assets may be impaired.	The strength of our end markets is an important driver for our growth. Our business is well diversified both geographically and by end customer. Our business activities expose us to a wide range of business practices. We have a strong Group culture of integrity and ethical behaviour to ensure a consistent approach regardless of local custom. We actively monitor lead economic indicators in the market. Given the nature of the business and its high variable cost base, this allows Management to control costs and limit the impact of any global downturn on our profitability.

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STRATEGIC RISKS

RISK	MITIGATING FACTORS/ACTIONS
Business Continuity The Group's laboratories are exposed to business continuity risk arising from natural disasters as well as potential terror attacks impacting one or more laboratories. This could cause short to medium term disruption to the Group's operations and could result in revenue loss.	This is mitigated by the Group's diverse geographical presence and customer base. None of our laboratories individually generates more than 10% of Group revenue. Equally, none of our customers constitutes more than 10% of the Group's revenue. Therefore, any potential operational disruption and consequent revenue loss caused by a natural disaster or terror event will be isolated to that geographical location.

STRATEGIC RISKS

RISK	MITIGATING FACTORS/ACTIONS
Innovation and Digitization The risk that new entrants or new ways of working could seriously disrupt the testing and certification sector.	Digitization and novel ways of delivery to customers in the longer term provide growth and position the Group well against its competitors. In line with the digitization strategy, the Group has invested in businesses in innovation and digital markets to stay ahead of the competition. Our investments in Plastometrex, OpenBuilt, DPC and Norton Straw are aligned with Management's commitment to grow through innovation and diversify into new markets and services. A material change in outsourcing (or moving work in-house) is unlikely as Element can leverage simulators/software and offer best-in-class services/rates.

OPERATIONAL RISKS

RISK	MITIGATING FACTORS/ACTIONS
Loss of Reputation due to non-compliance The Group is exposed to potential liabilities arising from quality issues in the provision of services and associated warranty claims. The Group requires a significant number of permits, licenses and approvals to operate its business, which may be subject to non-renewal or revocation. Loss of key operating permits and approvals could result in temporary or permanent site closures, and loss of revenue.	The Group has quality control procedures and operational KPIs in place to mitigate this risk which are under constant review and subject to regular external audit by accreditation bodies and customers. Strict quality control measures as well as deployment of experienced quality control expertise enables the Group to maintain standard operating procedures.

OPERATIONAL RISKS

RISK

Consolidation of Customer Base, Competition and Pricing Pressure

Market consolidations and reduced customer base could lead to pressure in pricing

MITIGATING FACTORS/ACTIONS

The Group is improving its customer service, creating and expanding focused Strategic Accounts Management and Key Accounts Management programs and improving operational delivery and regularly monitoring performance against expectations

The Group continues to pursue a successful diversification strategy and maintain a diversified customer profile

FINANCIAL RISKS

RISK

Liquidity and Cash Flow Risk

The Group is exposed to a range of financial risks, both internally and externally driven, such as an unexpected movement in interest rates or fluctuation in foreign exchange rates

As a result of past events, the Group is exposed to a number of potential liabilities in the ordinary course of business. These potential liabilities may or may not result in future cash outflows Where a cash outflow is considered probable, based on its best estimate of likely outcome for each material past event, the Group calculates and records a provision Any potential future cash outflows could result in financial loss and adversely impact the Group's ability to compete for future contracts.

Further details of the financial risks to which the Group is potentially exposed, and details of mitigating factors are set out in note 22 of the Group financial statements.

MITIGATING FACTORS/ACTIONS

In order to ensure that sufficient funds are available to fund ongoing operations and future developments, Management regularly reviews the cash flow forecasts and financing arrangements of the business to ensure that there is sufficient funding in place

The Group closely monitors the interest rare risks associated with servicing its debt and the potential impact on its statement of financial position and cash flows

The Group will implement economic hedging where appropriate

The Group closely monitors the exchange rate risks associated with servicing its debt and the potential impact on its statement of financial position

COMPLIANCE AND REGULATORY RISKS

RISK

Ethics and Risk of Non-compliance

Non-compliance with Element values and legislation, both within the Group and with trading partners, including non-adherence to legal competition requirements

MITIGATING FACTORS/ACTIONS

The executive management regularly holds town hall meetings and communicates the Group's values and ethical policies

Specific competition law matters and any changes to competition law are also communicated by the Group legal team

PEOPLE RISKS

RISK

Recruitment and Retention of Key personnel

Failure to recruit or retain qualified personnel in key areas of the business may result in the Group failing to achieve its future growth aspirations.

MITIGATING FACTORS/ACTIONS

The Group intends to continue investing in recruiting and retaining the best technical experts and ensuring that the management team and other highly skilled personnel are invested in the business alongside the Group's shareholders

In addition the Group performs background checks of potential employees joining Element to ensure people with appropriate and relevant skill sets are recruited

Retention of team members is a key deliverable for Management. A range of programs are being delivered to help reduce employee turnover, including leader development programs, succession planning for senior leaders; formal employee feedback opportunities; employee assistance programs, and investments to support improved communications and engagement

INFORMATION TECHNOLOGY AND SECURITY RISKS

RISK

Cyber Security Risk

Cyber-security and related risks are key emergent areas of critical importance for all businesses. Cyber threats can emanate from a wide variety of sources and could target various systems for a wide range of purposes, making response particularly difficult. In addition to business interruption and financial loss, the Group may suffer reputational damage

MITIGATING FACTORS/ACTIONS

The Group's IT teams continually monitor cyber security developments as a business as usual activity Working with a number of specialist and industry leading technical partners, multiple layers of business protection have been created through the use of advanced intrusion detection and protection systems, web access firewalls and advanced content filtering to combat denial of service attacks

Business processes are also kept under review and user education regularly carried out to minimize the possibility of ransomware incidents Regular third-party penetration testing is performed on the Group's core IT systems

New IT system developments are subject to rigorous penetration testing prior to release Disaster recovery plans are in place across the network which are tested and improved regularly

In accordance with its risk management guidelines, the Group raises awareness of business risks at all operational management levels, and encourages all management teams to assess and minimize risk The Group ensures the appropriate cover of all essential liability and claims risks

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023. THE PRINCIPAL ACTIVITIES OF THE GROUP ARE MATERIALS AND PRODUCT QUALIFICATION TESTING. A DESCRIPTION AND REVIEW OF THE GROUP DURING THE FINANCIAL YEAR AND INDICATIONS OF FUTURE DEVELOPMENT ARE SET OUT IN PAGES 36 TO 53 WITHIN THE STRATEGIC REPORT THAT ALSO INCORPORATES THE REQUIREMENTS OF THE COMPANIES ACT 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards.

The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK adopted International Accounting Standards have been followed for the Group financial statements and UK accounting standards followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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DIRECTORS

The Directors, who served throughout the year and subsequently, were as follows:

- Allan Leighton
- Jo Wetz
- Uwe Krueger
- Ruth Prior
- Nagi Hamiyeh (Appointed 10/11/2023)
- Ranjit Dandekar (Resigned 10/11/2023)

ORGANIZATIONAL STRUCTURE

Element Materials Technology is led by a dynamic group of individuals with years of experience in their respective leadership and management fields. The Board meets every month to review the overall performance of the business and also to determine group-wide strategies and priorities. Details of the Board members are set out on pages 54 to 57.

The Board is responsible for the proper management of Group strategy and direction. It oversees the activities and direction of the Group.

THE BOARD'S RESPONSIBILITIES

The Board is responsible to shareholders for providing leadership and setting the values and standards of the Company and the Group. The Board has adopted a schedule of matters reserved for its attention.

The Board approves the Group's business strategy and objectives, budget and forecasts and any material changes to them. It reviews significant investment proposals and the performance of past investments and maintains an overview and control of the Group's operating and financial performance.

The Board sets policies for monitoring the Group's overall system of internal controls, governance and compliance and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

CHIEF EXECUTIVE OFFICER

Joseph Wetz is the Chief Executive Officer of the Group. The Chief Executive Officer reports to the Chairman and to the Board directly. The Chief Executive Officer is responsible for leadership of the Group's business and managing it within the authorities delegated by the Board.

THE CHIEF EXECUTIVE OFFICER'S KEY RESPONSIBILITIES INCLUDE

- Managing the Group on a day-to-day basis within the authority delegated by the Board;
- Developing and proposing the Group strategy, annual plans and commercial objectives to the Board;
- Leading the Operating Board in the day-to-day management of the Group;
- Identifying and executing strategic opportunities for the Group;
- Ensuring that the development needs of the Executive Directors and senior management are met,
- Making plans for the succession and replacement of key personnel; and
- Recommending budgets and forecasts for Board approval.

BOARD RESERVED MATTERS

The Board reserved matters are set out in the Investment Agreement. Decisions on operational matters are delegated to the Executive Directors under documented policies and procedures. In advance of scheduled Board meetings, each Director receives documentation providing updates on the Group's strategy, finances, operations and development. A formal schedule of matters reserved for Board approval is in place which includes matters relating to:

- The Group's business strategy and objectives, budget and forecast and any material changes to them;
- Changes in capital structure;
- Approving the Annual Report & Consolidated Financial Statements including the Corporate Governance Report;
- Ensuring the Group has effective systems of internal control and risk management in place, including approving the Group's risk appetite and procedures for the detection of fraud and the prevention of bribery;
- Approving major capital projects, corporate actions and transactions;
- Reviewing the performance of the Board and its committees and the Group's overall Corporate Governance framework; and
- Approving other matters reserved for decision by the Board by law or where likely to have a material impact on the Group's finances, operation, strategy or reputation.

ELEMENT OPERATING BOARD

Element is led by a dynamic group of individuals with many years of experience in their respective leadership and management fields. The Operating Board meets every month to review the overall performance of the business and also to implement Group-wide strategies and priorities.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of a team member becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, the Company newsletter, the Company's intranet site, Element Connect and presentations for employees of the financial performance of the Group.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

PROPOSED DIVIDEND

The Directors do not recommend the payment of a dividend.

POLITICAL CONTRIBUTIONS

The Group made no political donations or incurred any political expenditure during the year.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Group understands the importance of responsible energy usage. The Group remains committed to presenting data appertaining to energy usage and carbon footprint. For two UK qualifying entities, details of their greenhouse gas emissions, are disclosed in respective statutory financial statements.

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The Group is exposed to a variety of risks and actively manages them through risk management procedures Whilst risk cannot be eliminated altogether, actions are taken to mitigate risk wherever possible

The principal risks that the Group is exposed to are presented in the Principal Risks and Uncertainties Report on pages 68 to 71

In accordance with its risk management guidelines, the Group raises awareness of business risks at all operational management levels and encourages all management teams to assess and minimize risk The Group ensures the appropriate cover of all essential liability and claims risks

Details of the Group's financial risk management objectives and policies of the Group and exposure to foreign exchange risk, interest rate risk, credit risk and liquidity risk are given in note 22 to the consolidated financial statements

[illegible]

The Group's business activities, together with factors likely to affect its future development, performance and position are considered by the directors on an annual basis Note 20 includes details of the Group's treasury activities, long term funding arrangements financial instruments, and financial risk management activities

The Group has sufficient financial resources which, together with internally generated cash flows and the ability to implement cost management plans if required, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments as set out in note 30. The directors assess forecasts and make financing and liquidity reviews on a regular basis

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue to adopt the going concern basis of accounting in preparing these financial statements. Further detail is contained in the statement on going concern (note 2 3)

Details of future developments are discussed in the Chairman's, CEO and CFO Reports, events after the reporting date can be found in note 28 of the notes accompanying the financial statements

DIRECTORS' INSURANCE AND INDEMNITIES

As permitted by the Companies Act 2006, the Company purchases and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs incurred by the Directors and Officers of the Group companies in the performance of their duties The Company has also granted an indemnity to each of its Directors in relation to the Directors' exercise of their powers, duties and responsibilities as Directors of the Company, the terms of which are in accordance with the Companies Act 2006

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report was approved has confirmed that.

- So far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- That Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information

The auditor, Ernst and Young LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the Board on 30 April 2024 and signed on its behalf.

Ruth Prior

Ruth Prior, CFO

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER'S OF EM TOPCO LIMITED

Opinion

We have audited the financial statements of EM Topco Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023, which comprise the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows and the related notes 1 to 30, including material accounting policy information, the Company statement of financial position, the Company statement of changes in equity and the related notes 1 to 11 , including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent Company's ability to continue as a going concern for a period to 31 December 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to

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liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards, FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations in relation to health and safety, employee matters, environmental matters and anti-bribery and corruption practices across the various jurisdictions in which the Group operates.

- We understood how the Group is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures. We corroborated our enquiries through reading papers provided to the Operating Board, and consideration of the results of our audit procedures across the Group.

- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included reading board minutes to identify any non-compliance with laws and regulations; reading the reporting to the Audit Committee on compliance with regulations; reading legal documents; and enquiries of in-house and external general counsel, those charged with governance and management. We involved our own specialists on any more complex legal matters. If we identify instances of non-compliance, we understand how management and those charged with governance responded to them, including understanding the remediation actions taken, through enquiry of management and inspection of relevant documentation and correspondence. We also consider the appropriateness of the accounting for the impact of any such non-compliance, and the adequacy of the financial statement disclosures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud; discussing the

matter with the Audit Committee; reading documentation of the Group's policies and procedures including the Group Code of Conduct; and assessing whistleblowing incidences for those with a potential financial reporting impact. We also considered performance targets and whether they might influence management to manipulate revenue and/or adjusted EBITDA. As a result, we identified fraud risks relating to inappropriate journals to revenue and the classification of Separately Disclosed Items (SDIs). We considered the controls that the Group has established to address the risks identified, or that otherwise prevent, deter, or detect fraud; and how senior management monitors those controls.

- We designed our audit procedures to identify non-compliance with such laws and regulations as follows:
    - For all components for which revenue was in scope, our procedures included obtaining an understanding of the expected nature of postings to revenue and testing a sample of journals outside of this expectation.
    - We obtained third party support for the nature and amount of a sample of SDIs and assessing whether the classification as SDIs is in line with the accounting policy. We tested the allocation to the different categories and challenged management where required in relation to the classification. We also challenged the appropriateness and sufficiency of disclosures in relation to SDIs.
    - We also, as part of the overall response to the risk of fraud performed journal entry testing procedures to cover areas where we considered there is higher risk of management override using specific criteria to identify journals for testing. We performed procedures on key estimates and unusual transactions.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Cameron Cartmell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 01 May 2024

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in US $million		Year ended 31 December 2023			Period ended 31 December 2022 [2]		
Continuing operations	**Note**	**Adjusted results**	**Separately disclosed items[1]**	**Total**	**Adjusted results**	**Separately disclosed items[1]**	**Total**
Revenue from contracts with customers	6	**1,379.2**	—	**1,379.2**	**607.1**	—	**607.1**
Staff costs	7	(645.0)	(57.4)	(702.3)	(277.0)	(29.4)	(306.4)
Impairment	12, 24	—	(504.5)	(504.5)	—	(544.9)	(544.9)
Depreciation and Amortization	13, 14, 24	(244.3)	—	(244.3)	(111.9)	—	(111.9)
Loss on sale of subsidiary	5	—	(26.9)	(26.9)	—	—	—
Other operating expenses	4	(457.5)	(64.3)	(521.8)	(200.0)	(70.5)	(270.5)
Operating Profit/(Loss)[1]	4	**32.4**	**(653.1)**	**(620.6)**	**18.2**	**(644.8)**	**(626.6)**
Finance income	9	39.5	—	39.5	57.0	—	57.0
Finance costs	10	(419.9)	—	(419.9)	(175.3)	—	(175.3)
Share of profit of associates and joint ventures	15	2.5	—	2.5	0.8	—	0.8
Loss before tax		**(345.5)**	**(653.1)**	**(998.5)**	**(99.3)**	**(644.8)**	**(744.1)**
Taxation	11	24.0	13.9	37.9	6.9	4.8	11.7
Loss for the period		**(321.5)**	**(639.2)**	**(960.6)**	**(92.4)**	**(640.0)**	**(732.4)**
Attributable to:							
Equity holders of the Parent		(321.5)	(639.2)	(960.6)	(92.6)	(640.0)	(732.6)
Non-controlling interest		—	—	—	0.2	—	0.2
Loss for the period		**(321.5)**	**(639.2)**	**(960.6)**	**(92.4)**	**(640.0)**	**(732.4)**

[1]Refer to note 4 for Adjusted EBITDA and analysis of separately disclosed items.

[2]As described in note 1, this reflects the consolidated financial results for the post acquisition period from 6th July 2022 to 31st December for the Element Legacy Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OR LOSS

in US $million	Note	Year ended 31 December 2023	Period ended 31 December 2022
Loss for the period		**(960.6)**	**(732.4)**
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension schemes	23	(11.9)	(1.3)
Deferred tax credit on items recognized in other comprehensive income		2.7	0.6
Total items that will not be reclassified to profit or loss		**(9.2)**	**(0.7)**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation difference of foreign operations		75.6	3.7
Total items that may be reclassified subsequently to profit or loss		**75.6**	**3.7**
Total comprehensive loss for the period		**(894.2)**	**(729.4)**
Attributable to:			
Equity holders of the Parent		(894.2)	(729.6)
Non-controlling interest		—	0.2
Total comprehensive loss for the period		**(894.2)**	**(729.4)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in US $million	Note	Share capital	Share premium	Preference shares	Translation reserve	Accumulated Losses	Total Equity	Non-controlling interest	Total
As at 18 January 2022 on incorporation		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Profit/(Loss) for the year		—	—	—	—	(732.6)	(732.6)	0.2	(732.4)
Other comprehensive income/(loss)		—	—	—	15.4	(0.7)	14.7	—	14.7
Total Comprehensive income for the period (restated)		**—**	**—**	**—**	**15.4**	**(733.3)**	**(717.9)**	**0.2**	**(717.7)**
Transactions with owners in their capacity as owners:									
Issue of shares	25	—	55.7	3,857.5	—	—	3,913.2	—	3,913.2
Acquired non-controlling interest	5	—	—	—	—	—	—	12.4	12.4
Dividends		—	—	—	—	—	—	(0.9)	(0.9)
Accumulated accrued dividends		—	—	181.0	—	(181.0)	—	—	—
		—	**55.7**	**4,038.5**	**—**	**(181.0)**	**3,913.2**	**11.5**	**3,924.7**
As at 31 December 2022 (restated)		**—**	**55.7**	**4,038.5**	**15.4**	**(914.3)**	**3,195.3**	**11.7**	**3,207.0**
As at 1 January 2023		**—**	**55.7**	**4,038.5**	**15.4**	**(914.3)**	**3,195.3**	**11.7**	**3,207.0**
Profit/(Loss) for the year		—	—	—	—	(960.6)	(960.6)	—	(960.6)
Other comprehensive income/(loss)		—	—	—	75.6	(9.2)	66.4	—	66.4
Total Comprehensive income for the period		**—**	**55.7**	**4,038.5**	**91.0**	**(1,884.1)**	**2,301.1**	**11.7**	**2,312.8**
Transactions with owners in their capacity as owners:									
Issue of shares	25	—	0.8	241.2	—	—	242.0	—	242.0
Dividends	26	—	—	—	—	—	—	(0.4)	(0.4)
Accumulated accrued dividends	25	—	—	404.7	—	(404.7)	—	—	—
			0.8	**645.9**	**—**	**(404.7)**	**242.0**	**(0.4)**	**241.6**
As at 31 December 2023		**—**	**56.5**	**4,684.4**	**91.0**	**(2,288.8)**	**2,543.1**	**11.3**	**2,554.4**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

US $million	Note	2023	Restated 2022
Non-current assets			
Goodwill	12	4,109.2	4,499.9
Other intangible assets	13	1,204.3	1,273.6
Property, plant and equipment	14	689.8	623.6
Right of use assets	24	167.3	165.8
Investment in associates and joint ventures	15	5.6	5.4
Derivative financial instruments	22	34.7	54.8
Deferred tax assets		—	—
Other non-current assets		3.4	2.8
		6,214.3	**6,625.9**
Current assets			
Trade and other receivables	16	399.9	355.0
Contract assets	6	16.8	14.6
Inventories		6.3	5.7
Income tax receivable	11	13.2	6.4
Cash and cash equivalents	17	172.8	134.3
		609.0	**516.0**
Current liabilities			
Trade payables		(47.7)	(44.3)
Other payables	18	(212.1)	(175.4)
Lease liabilities	24	(39.7)	(28.6)
Tax liabilities	11	(7.3)	(7.4)
Provisions	19	(13.1)	(12.2)
Deferred and contingent consideration	21	(18.2)	(9.3)
Interest bearing loans and borrowings	20	(275.5)	(143.0)
		(613.6)	**(420.2)**
Net current assets / (liabilities)		**(4.6)**	**95.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US $million	Note	2023	Restated 2022
Non-current liabilities			
Interest bearing loans and borrowings	20	(3,060.6)	(2,897.8)
Redeemable shares	20	(181.6)	(169.4)
Retirement benefit obligation	23	(4.8)	(4.8)
Provisions	19	(59.7)	(60.0)
Lease liabilities	24	(137.0)	(131.7)
Deferred tax liabilities	11	(175.4)	(217.7)
Corporation tax	11	(1.4)	(2.4)
Contingent consideration	21	(20.2)	(13.8)
Other payables	18	(14.6)	(17.1)
		(3,655.3)	**(3,514.7)**
Net assets		**2,554.4**	**3,207.0**
Equity			
Share capital		—	—
Share premium		56.5	55.7
Preference shares		4,684.4	4,038.5
Translation reserve		91.0	15.4
Retained earnings		(2,288.8)	(914.3)
		2,543.1	**3,195.3**
Non-controlling interests		11.3	11.7
Total shareholders' equity		**2,554.4**	**3,207.0**

The financial statements of EM Topco Limited (Company registration number 13855635) were approved by the Board of Directors and authorised for issue on 30 April 2024. They were signed on its behalf by

Ruth Prior
Director
30 April 2024

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

US $million	Note	2023	Restated 2022
Cash flows from operating activities			
Loss after tax		**(960.6)**	**(732.4)**
Adjustments for:			
(Profit)/Loss on disposal of property, plant and equipment	4	(0.4)	(1.5)
(Profit)/Loss on disposal of subsidiary	5	26.9	—
Income tax credit recognized in profit and loss		(37.9)	(11.7)
Finance income	9	(35.1)	(0.4)
Finance cost	10	396.4	168.1
Impairment of goodwill	12	497.5	544.9
Impairment of right of use assets	24	7.0	—
Foreign currency translation adjustments	10	3.5	7.2
Amortization of other intangible assets	13	98.9	47.2
FV loss/(gain) – Derivatives	10	20.1	(49.9)
Net FV loss/(gain) – Liabilities	9	(4.4)	8.0
Depreciation of property, plant and equipment	14	105.4	45.9
Share of profit of an associate and a joint venture	15	(2.5)	(0.8)
FV loss /(gain) on contingent consideration re-measurement	21	9.8	(4.1)
Non-cash movement in provision	19	(2.0)	7.7
LEAP Costs	19	1.3	—
Gain on Insurance claim		(4 2)	—
Pension contributions	23	(12 9)	(0.6)
Depreciation of right of use assets	24	40.0	18.8
Share based payments	19	0.9	1.9
		147.7	**48.3**
Movements in working capital:			
Increase/(decrease) in trade and other receivables		(48.3)	12.1
Payment of LEAP		(2.6)	—
(Increase)/decrease in trade and other payables		34.1	(126.8)
Cash generated from operations		**130.9**	**(66.4)**
Income taxes paid		(11.2)	(4.5)
Net cash flows from operating activities		**119.7**	**(70.9)**
Cash flows from investing activities			
Purchase of intangible assets	13	(9.5)	(6.7)
Purchase of property, plant and equipment		(135.4)	(53.1)
Proceeds from disposal of property, plant and equipment		16.1	3.6
Proceeds from sale of subsidiary	5	5.2	—
Interest swap Interest received	9	33.2	—
Cash outflow on deferred and contingent consideration	21	(11.1)	(241.6)
Payment for Investment in Associates		(0 5)	(0.5)
Dividend received	15	2.3	2.3
Cash outflow on business acquisitions (net of cash acquired)	5	(58.5)	(3,635.2)
Net cash used in investing activities		**(158.2)**	**(3,931.2)**
Cash flows from financing activities:			
Bank Loan Interest Paid	10	(231.0)	(76.2)
Drawdown of borrowings	20	248.5	2,136.6
Repayment of borrowings	20	(139.1)	(1,763.4)
Payment of debt issue costs	20	—	(108.1)
Issue of preference shares	20, 5	241.2	53.2
Payment of lease liabilities	24	(45.2)	(19.4)
Proceeds from issue of shares	25	0.8	3,913.3
Dividends paid to non-controlling interest	26	(0.4)	(0.9)
Net cash generated by financing activities		**74.8**	**4,135.1**
Net increase/(decrease) in cash and cash equivalents		**36.3**	**133.0**
Cash and cash equivalents at the beginning of the period		**134.3**	**—**
Effects of exchange rates on cash and cash equivalents		2.2	1.3
Cash and cash equivalents at the end of the period	17	**172.8**	**134.3**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE AND PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements of EM Topco Limited (the "Company") and its subsidiaries (together referred to as the "Group"), have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Group is a global provider of testing, inspection and certification services for a diverse range of materials and products.

The accounting policies in accordance with UK adopted International Accounting Standards are included in the relevant notes to the consolidated financial statements.

The Company was incorporated on the 18th of January 2022. The Company was established solely for the purposes of acquiring the majority interest in the Element legacy Group. Prior to the acquisition date of 6th July 2022, EM Topco Limited and its wholly owned subsidiaries incurred immaterial administrative expenses only. Comparative information therefore reflects the consolidated financial results for the post-acquisition period from 6th July 2022 to 31st December 2022 for the Element Legacy Group.

The Company and entities controlled by the Company (its subsidiaries, together the "Group") are disclosed in Note 30.

The Company is a private company incorporated and domiciled in England and Wales. The Company's registered office is The Scalpel 18th Floor, 52 Lime Street, London, United Kingdom, EC3M 7AF

The financial statements were approved by the Board of Directors and authorized for issue on 30 April 2024.

2 ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are described below.
These accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period. Presentation currency of the financial statements is United States Dollars (US $) which is the Company's functional currency. All information provided in United States Dollars (US $) has been rounded to the nearest hundred thousand, unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

The interests of non-controlling shareholders that represent ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

2 ACCOUNTING POLICIES (CONTINUED)

2 2 BASIS OF CONSOLIDATION (CONTINUED)

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The Group has a number of joint arrangements where more than half of the voting power is not owned. As the Group is exposed, or has rights, to variable returns from its involvement with these companies and has the ability to use its controlling power over these companies to affect the amount of the company returns, these investments are accounted for as subsidiaries.

The Group's subsidiaries and associated companies which are included in the consolidated financial statements are listed in Note 30.

Prior year restatement

When preparing the financial statements for 2023, the Group restated the Consolidated statement of financial position as at 31 December 2022 to reflect finalisation of purchase price allocation related to the acquisition of NTS in 2022 (note 5), and to correct a misstatement caused by a calculation error relating to the same business combination. This calculation error incorrectly impacted translation reserve in 2022.

in US$ million	31 December 2022	Restatement	Restated 31 December 2022
Goodwill (note 12)	4,468.8	31 1	4,499.9
Deferred tax liabilities (note 11)	(198.3)	(19.4)	(217.7)
Translation reserve	(3.7)	(11.7)	(15.4)

The above resulted in a reclassification of US $11.7 million cash outflow from operating cash flow (movement in trade and other payables) to cash outflow from investing activities (Cash outflow on business acquisitions) in 2022.

On review of the Contract assets balance the Group identified unbilled revenue which was incorrectly presented as Contract assets and is now included in Trade and other receivables rather than within Contract assets. This has been corrected in the current year and the prior year restated as shown in the table below.

in US$ million	Note	31 December 2022	Restatement	Restated 31 December 2022
Trade and Other receivables	16	318.8	36.2	355.0
Contract Assets	6	50.8	(36.2)	14.6

2.3 GOING CONCERN

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in note 22 to the financial statements.

The Group's business activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an annual basis. Notes 20 and 22 include details of the Group's treasury activities, long-term funding arrangements, financial instruments, and financial risk management activities.

During the period to 31 December 2023 the Group incurred a loss of US $(960.6) million which is mainly driven by finance costs of US $(419.9) million, non-cash items such as depreciation and amortization of US $(244.3) million and impairment of US $(504.5) million. Management's key focus is the adjusted EBITDA for the period which was US $280.3 million. The operating loss for the period was US $(620.6) million.

The net current liabilities position as of 31 December 2023 was US $(4.6)m million and overall net debt (excluding deferred financing fees) was US $3,430.70 million. Net cash inflow from operating activities was US $119.7 million with closing cash of US $172.8million.

As highlighted in note 22 to the Group financial statements, the Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit facilities and capex/acquisition facilities, and new equity from shareholders. At 31 December 2023, and following new equity funding of US$242 million in December 2023, the Group had credit facilities of US $400.0 million, of which US US $265.6 million had been drawn down leaving US $134.4 million undrawn. The Group held cash of US $172.8 million at the end of the period.

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Directors have performed a going concern assessment for the period to the 31 December 2025 which is used to be consistent with the forecast period that is presented to and approved by the Directors. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group would be able to operate within the level of its current committed facilities As part of a regular assessment of the Group's working capital and financing position, the Directors have prepared a detailed bottom-up trading budget and cash flow forecast for the period through 31 December 2025.

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2. ACCOUNTING POLICIES (CONTINUED)

In assessing the going concern status, the Directors have considered:

- Global economic downturn impacting underlying end–markets,
- Susceptibility to inflation and interest rate movements,
- The status of the Group's existing and future credit arrangements,
- Technological disruption due to simulation and software potentially reducing traditional testing and/or outsourcing of testing activities,
- Difficulties in recruiting/retaining technical talent to support organic growth,
- Delivery of NTS synergies, and
- Overall margin pressure due to significant cost inflation, and the availability of mitigating actions including price increases and managing capital expenditure.

The Directors have considered the potential impact of the conflict in Ukraine and Gaza/Israel on our business, assessing possible supply chain disruptions and evaluating risks to future earnings. At this stage we do not anticipate a material impact to the Group's performance. However, if the Group is impacted, we are confident that mitigating actions and cost management plans within management's control could be implemented to alleviate risk.
The going concern assessment takes into account the Group's cash flow, available undrawn credit facilities and, includes additional equity funding of $242m on 18th Dec 2023 by the majority investor in EM Topco Limited. Based on the going concern assessment performed over the period to 31 December 2025, the Group and Company directors have a reasonable expectation that the Group will continue in operation, settle its liabilities as they fall due, and remain compliant with banking facilities and have adequate liquidity to trade.
Sensitivity analyses have been performed on the forecasts to consider the impact of severe, but plausible scenarios on the headroom on cash and available credit facilities. These scenarios, which sensitized the forecasts for specific identified risks, modelled the reduction in anticipated levels of underlying EBITDA and the associated increase in net debt and considered the impact of higher than forecast interest rates. The EBITDA reduction scenario modelled the sustained decline in Group performance due to a variety of macroeconomic issues including, but not limited to, cost inflation and is modelled on a 16% reduction in forecast EBITDA to 31 December 2025.

Throughout this downside scenario, and scenarios in which interest charges are higher than forecast, the Group continues to have sufficient liquidity headroom on its existing facilities and against the revolving credit facility covenant (note 20). Further considerations were made to assess a further deterioration to the downside scenario that would result in a break-even liquidity position for the Group. Consideration was also given to the plausibility of the occurrence of this deterioration and the Directors concluded that it is implausible that such a scenario would occur.

As a result of the Group wide going concern assessment described above, the Directors are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future and will be able to meet its liabilities as they fall due during the period from the date of the approval of these financial statements to 31 December 2025.
Therefore, the financial statements of the Group and Company have been prepared on a going concern basis.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group has adopted all the new and revised UK adopted International Accounting Standards and interpretations that are relevant to its operations and effective for accounting period covered by the financial statements. The accounting policies have been applied consistently to all periods presented in the financial statements. There were no changes from the adoption of these accounting standards and interpretations.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions within which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions. See Note 11.
For FY23 the Group has taken the mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

At the date of authorization of the financial statements, the following standards and interpretations that are potentially relevant to the Group and which have not yet been applied in these reported results were in issue but not yet effective (and in some cases had not yet been adopted by the UK Endorsement Board):

- Amendments to IAS 1 Presentation of Financial Statements, Classification of Liabilities as Current or Non-current– effective from 1 January 2024.
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback – effective from periods beginning on 1 January 2024.
- Amendments to IAS 7 and IFRS 7 , Disclosures of Supplier Finance Arrangements - applicable for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 12: International Tax Reform Pillar Two Model Rules - applicable for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 21, Lack of exchangeability - applicable for annual periods beginning on or after 1 January 2025.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. It is not expected that the adoption of these standards and amendments will have a material impact on the consolidated financial statements of the Group.

2 ACCOUNTING POLICIES (CONTINUED)

2.5 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognizes revenue from the rendering of materials and product qualification testing, inspection, certification, calibration and services pursuant to written contracts with its customers. These services are recognized through the output method of revenue recognition as the performance obligations are satisfied over time and reflect the transfer of rights to testing data to the customer. Set up costs do not generally represent a separate performance obligation.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT and other sales-related taxes. Total transaction price is apportioned to performance obligations in line with the relative cost to perform the testing.

Revenue is reduced for estimated and agreed liquidated damages resulting from failure to meet the agreed service performance levels set out in the contract. For contracts with single performance obligations, customers are billed in accordance with the contractual terms and revenue is recognized as the performance obligations are satisfied.

Revenue from short-term contracts is generally recognized when the relevant service is completed, that is when the report of findings or test/ inspection certificate is issued. Short-term contracts are considered to be those that have a duration of less than two months.

The Group recognizes revenue on long term contracts with multiple performance obligations as each performance obligation is satisfied, with the corresponding amount being included in trade receivables if the customer has been invoiced and the amount is unconditional, or as a contract asset, if billing has yet to be completed. Performance obligations & payment terms vary across business lines and regions, and on a contract-by-contract basis. Long term contract durations vary from two months to multiple years Contract assets also include elements of cost directly attributable to the delivery of performance obligations not yet satisfied and are held as work in progress on the balance sheet. Unbilled revenue represents contracts where the performance obligation have been fully satisfied however an invoice have not been issued yet. Contract liabilities are constituted of balances paid by customers for which performance obligations have not yet been satisfied.

2.6 BUSINESS COMBINATIONS

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized within operating expenses in the statement of profit or loss as incurred

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of a contingent consideration qualifying as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent accounting for changes in fair value of contingent consideration that do not qualify as measurement period adjustments depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognized in the statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized at that date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

2.7 GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

Goodwill which has been allocated to a cash-generating unit or group of cash-generating unit is tested for impairment annually, or more frequently when there is an indication that the goodwill may be impaired. If the recoverable amount of the goodwill and other assets is less than their carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Intangible Assets

Intangible assets that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. The estimated useful life and amortization method are reviewed at the end of each reporting period, if necessary, any changes in estimates are accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date, together with any related deferred tax liability. Amortization is charged on a straight-line basis to the statement of profit or loss over the expected useful economic lives as follows:

Customer relationships	5 - 20 years
Technology	5 - 10 years
Trade names	10 years
Software	1 - 4 years

The internal costs directly attributable to the development of software and infrastructure projects are capitalized as "other intangible assets" if the future economic benefits to the Group are reasonably certain. The capitalized costs are amortized on a straight-line basis over the expected useful economic life of the asset.

An intangible asset is derecognized on disposal, or when no further economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the net carrying amount of the asset, are recognized in the statement of profit or loss when the asset is derecognized.

Cloud computing arrangements

In a cloud computing arrangement, the Group is granted a right to access software and other technology capabilities through a third-party provider using a web-based solution.

License agreements to use cloud software are treated as a service contracts and expensed in the income statement over the life of the service agreement, unless the Group has both the contractual right to take possession of the software anytime without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the software is capitalised within intangible assets. Costs to configure or customise a cloud software license are expensed alongside the related service contract in the Group statement of profit or loss, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised. If the configuration constitutes a distinct service, the costs are expensed in the year.

2.8 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS (CONTINUED)

Other intangible assets with indefinite useful lives and other intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than it's carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

2.9 FOREIGN CURRENCY TRANSLATION

In preparing the Group's financial statements, transactions in currencies other than the Group's presentational currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the statement of profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to the statement of profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity and attributed to non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

2.10 FINANCIAL INSTRUMENTS – DERIVATIVES

The Group does not hold or issue derivative financial instruments for trading purposes. The Group enters into derivative financial instruments to manage its exposure to interest rate risk. The Group does not apply hedge accounting.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each statement of financial position date.

The gain or loss on re-measurement to fair value is recognized immediately in the statement of profit or loss.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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2 ACCOUNTING POLICIES (CONTINUED)

2.11 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Refer to note 25 for the classification of Group's instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Debt issuance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs, are charged to the statement of profit or loss on an accruals basis over the term of the instrument, using the effective interest method, where it is materially different to the straight line method.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (A2 redeemable shares) are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

- Financial liabilities at amortised cost

Other financial liabilities (loans and borrowings) are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest rate basis.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

2.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment is the purchase cost, together with any directly attributable costs. Costs include professional fees and for qualifying assets, borrowing costs capitalized if the recognition criteria are met.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	2 – 5%
Leasehold improvements	Lower of useful life or contractual lease term
Plant and equipment	6 – 33%

Assets under construction are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets is determined by the asset category and commences when the assets are completed and ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

2.13 PROVISIONS

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

The best estimate of the consideration required to settle the present obligation at the end of the reporting period is measured by considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

2 ACCOUNTING POLICIES (CONTINUED)

2.13 PROVISIONS (CONTINUED)

A restructuring provision is recognized when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the Group.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.14 LEASE ACCOUNTING

The Group holds leases primarily on land, buildings and motor vehicles used in the ordinary course of business. The Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases (except for low-value and short term lease arrangements) conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The leases held by the Group are split into two categories: property and non-property. The Group leases various properties, principally offices and laboratories, which have varying terms and renewal rights that are typical to the territory in which they are located. Non-property includes all other leases, such as motor vehicles, printers and other small office equipment.

All leases where the Group is the lessee (except for low-value and short term lease arrangements) are recognized in the statement of financial position. A lease liability is recognized based on the present value of the future lease payments, and a corresponding right-of-use asset is recognized. Lease payments are apportioned between finance charges and a reduction of the lease liability.

The right-of-use assets are initially measured at cost, which comprises:

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

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost of a right-of-use asset also includes an estimate of costs to be incurred in restoring the underlying asset to the condition required by the terms and conditions of the lease (dilapidation).

The Group depreciates the right-of-use asset over the shorter of the useful life and the lease term, given as the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable; and
- variable lease payments that depend on a fixed rate, as at the commencement date.

The Group has several lease contracts that include extension and termination options. The Group evaluates whether it is reasonably certain whether or not the Group will exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Variable lease payments not included in the initial measurement of the lease liability are recognized in the consolidated statement of profit or loss as they arise.

The lease payments are discounted using the incremental borrowing rate at the commencement of the lease contract or modification. Generally, it is not possible to determine the interest rate implicit in the land and building leases. The incremental borrowing rate is estimated taking account of the economic environment of the lease, the currency of the lease and the lease term. The lease term determined by the Group comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

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2 ACCOUNTING POLICIES (CONTINUED)

2.14 LEASE ACCOUNTING (CONTINUED)

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The right-of-use asset and lease liability balances are calculated with reference to the underlying functional currency and then translated to USD.

2.15 EMPLOYEE BENEFIT PLANS

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Group operates several defined benefit plans in the UK, Sweden and Germany all of which require contributions to be made to separately administered funds or insurance schemes. The cost of providing benefits under the defined benefit plans are determined using actuarial valuations that are carried out at the end of each reporting period. Remeasurements, comprising of changes in assumptions and return on plan assets (excluding interest income), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the defined benefit liability or asset. Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Re-measurement

The current and past service costs are presented within operating expenses in the consolidated statement of profit or loss. Curtailment gains and losses are accounted for as past-service costs.

Net interest expense or income is recognized within finance costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the schemes or reductions in the future contributions to the schemes.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

2.16 SHARE BASED PAYMENTS

The Group provides benefits to employees and Directors in the form of cash-settled share-based payment transactions, whereby employees and Directors render services in exchange for share rights, which are settled in cash.

A liability is recognized for the fair value of cash-settled transactions (note 19). The fair value is determined by reference to the fair value of the share rights granted using an option-pricing model (Black-Scholes or Monte Carlo), excluding the impact of any non-market vesting conditions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in staff costs in the consolidated statement of profit or loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

2.17 SHORT TERM EMPLOYEE BENEFITS

The Group accrues for all short-term accumulating compensated balances such as holiday entitlement earned but not taken at the statement of financial position date within Other Payables.

2.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 ACCOUNTING POLICIES (CONTINUED)

2.19 RELATED PARTIES

Parties are considered to be related to the Group if they have the ability, directly or indirectly to control the Group or exercise significant influence over the Group in making financial or operating decisions, or vice versa, or where the Group is subject to common control or common significant influence Related parties may be individuals or other entities.

2.20 TRADE AND OTHER RECEIVABLES

Trade receivables recognized by the Group are carried at original invoice amount less an allowance for any non-collectable or impaired amounts. The Group uses the IFRS 9 expected credit loss ("ECL") model to measure loss allowances at an amount equal to their lifetime expected credit loss.

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.21 TRADE AND OTHER PAYABLES

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.22 BORROWINGS

Interest bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the consolidated statement of profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.23 TAXATION

Income tax expense represents the sum of current tax charge and deferred tax.

Current tax

Current tax charge is based on taxable profit or loss for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. A key difference between the accounting result and the taxable result for the group, is that interest deductions are restricted in the US and the UK for tax purposes. The Group's liability for current tax is calculated using tax rates that have been enacted or subsequently enacted at the statement of financial position date in the relevant jurisdiction where the profits are earned.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized, or there is a deferred tax liability in the same jurisdiction against which they can be offset. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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2 ACCOUNTING POLICIES (CONTINUED)

2.23 TAXATION (CONTINUED)

Deferred tax (continued)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in the relevant jurisdiction where the deferred tax is being recognized. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in the statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.24 JOINT VENTURES AND INTEREST IN ASSOCIATES

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities requires consent of the parties sharing control.

An associate is an entity over which the group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions.

The Group's investments in joint ventures and associates are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture or associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture or associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

Unrealized gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate. The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the statement of profit or loss, where material.

2.25 DIVIDEND INCOME

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

2.26 CONTINGENT AND DEFERRED CONSIDERATION

Contingent consideration arises when settlement of all or any part of the cost of a business combination is deferred and becomes payable only when the acquiree meets certain financial performance criteria at a date pre-determined on the date of acquisition. It is stated at fair value at the date of acquisition which is determined by discounting the amount due to present value at that date. It is measured at fair value through profit and loss subsequent to acquisition. At each statement of financial position date, contingent consideration comprises the remaining contingent consideration valued at acquisition plus any fair value remeasurements calculated on such amounts from acquisition to the statement of financial position date.

Any changes to the fair value of the contingent consideration is recognized in the statement of profit or loss with the exception of business combinations where the change in fair value occurs during the 'measurement period' (further details are given in note 2.6).

Deferred consideration is a portion of an agreed-upon purchase price that will be paid at a future day. The amount is discounted to present value where the effects of discounting are material.

2.27 ALTERNATIVE PERFORMANCE MEASURES

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately in note 4. Separately disclosed Items are items which by their size and/or nature, in the opinion of the Directors, should be excluded from the adjusted EBITDA to provide readers with a clear and consistent view of the business performance of the Group and its operating units.

2 ACCOUNTING POLICIES (CONTINUED)

2.27 ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

The Group believes that EBITDA before separately disclosed items (termed "adjusted EBITDA") is the most significant indicator of operating performance and allows a better understanding of the underlying profitability of the Group. The Group defines adjusted EBITDA as operating profit/(loss) before transaction, acquisition and other income and expense items that are material by virtue of their size and/or nature, depreciation, amortization, gains/losses on sale of assets and share based payments.

Adjusted EBITDA, which is a non-GAAP measure, excludes the costs of restructuring activities and integration projects where they represent fundamental changes in individual operations around the Group and reflect the refinement of our operational structure. The costs associated with successful, active or aborted acquisitions and share based payment charges are excluded from adjusted operating profit to provide useful information regarding the underlying performance of the Group's operations. Other costs include items that, in the Directors' opinions, should be excluded from adjusted EBITDA. These are mainly related to consultancy fees incurred on strategic projects and non-recurring tax expenses.

The Directors define separately disclosed items as those expense and income items which fall into one or both of the following categories:

1. A transaction that results from a corporate activity that has neither a close relationship to our businesses' operations nor any associated operational cash flows (for example, costs incurred in connection with a refinancing activity)
2. A transaction that is so material in size and/or nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, restructuring activities and reversals of any provisions for the costs of restructuring)

Alternative performance measures are used as the primary measure of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- Management and Board reviews of performance against expectations and over time, including assessments of sector performance
- In support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making
- Assessments of compliance with quarterly leverage test as defined in the Senior Facilities Agreement; and
- Widely recognized measure of performance and valuation by shareholders, lenders and stakeholders

The Group's policies on separately disclosed items will be consistently applied over time, but they are not defined by IFRS and, therefore, likely to differ from separately disclosed measures used by other companies.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies, described in note 2, the Directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3.1 CRITICAL ACCOUNTING JUDGEMENTS

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Separately disclosed items

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the statement of profit or loss. Separately disclosed Items are items which by their size and/or nature, in the opinion of the Directors, should be excluded from the adjusted EBITDA to provide readers with a clear and consistent view of the business performance of the Group and its operating business units.

Further detail is provided in note 4.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONTINUED)

Legal provisions

The Group is subject to litigation and other claims in the ordinary course of its business. Judgement is required in assessing the likelihood of cash outflows arising as a result of such matters and the timing of any potential outflows. Management bases its judgement on the circumstances relating to each specific claim or instance of litigation, internal and external legal advice, prevailing commercial terms and legal precedent where appropriate. The process of making judgements in respect of these matters around the timing of potential outflows of cash and the likelihood of payment are complex. The Group's litigation and other claims are reviewed, at a minimum, on a quarterly basis by executive management. Further detail is provided in notes 19 and 29.

Deferred Tax on acquisition

The Group recognizes deferred tax on acquired intangibles assets (other than goodwill). The deferred tax is calculated using the local tax rate for the relevant location of the intangible asset.

The consolidated opening balance sheet of Element Material Technology Group Limited in 2022 included US $96.6 million of deferred tax asset recognized in the US on certain acquired intangibles, including goodwill. These intangibles have been calculated under US tax legislation on historic acquisitions of businesses made in the US. Management concluded that these US legacy intangibles are unrelated to the goodwill recognized on the acquisition of the Element Materials Technology Group Limited by the Group. As a result, the deferred tax asset of US $96.6 million remained recognized on the opening balance sheet of Element Materials Technology Group Limited in July 2022.

3.2 KEY SOURCES OF ESTIMATION

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Goodwill is tested annually for impairment or more frequently when there is an indication that the goodwill allocated to a group of CGUs may be impaired. Determining whether goodwill is impaired requires an estimation of the recoverable amount which is the higher of fair value and value in use.

The value in use calculation requires estimation of future cash flows as well as the assumptions about growth rates expected to arise from the group of cash-generating units and a suitable discount rate in order to calculate present value.

The fair value of groups of CGUs used for the purposes of goodwill impairment includes the estimated fair value of future bolt on acquisitions. The forecast is consistent with past acquisition activities of the legacy Element Group.
The Group performed sensitivity analysis to identify risk associated with goodwill impairment. Note 12 provides further details of the key assumptions used for the impairment assessment.

Goodwill and other intangible assets

Acquired other intangible assets and goodwill represented US $1,204.3 million and US $4,109.2 million, respectively, in the consolidated statement of financial position at 31 December 2023. Acquired other intangible assets and goodwill arise out of business combinations. Business combinations are accounted for under the acquisition method of accounting, which requires to identify and attribute values to the intangible assets acquired based on their estimated fair value as well as to estimate their useful lives. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital. The excess of acquisition cost over the fair value of identifiable net assets acquired is recorded as goodwill (Note 5).

Dilapidation provision

Provisions for dilapidation liabilities are made when there is a present obligation and where it is probable that expenditure on restoration work will be required and a reliable estimate can be made of the cost.

In estimating the dilapidation liability, Management uses their best estimate regarding cost of restoring operating sites to their original condition in accordance with the terms of the lease contracts where relevant. The inputs to the provision calculation include assumptions around the restoration cost per square foot of the leased property. Management's estimate is generally the midpoint of a possible range and hence the final outcome could be higher or lower than the current provision. These estimates are reviewed annually, and the amount expected to be paid on termination or expiry of the leased property is recognized as a dilapidation provision as at period end.

There are significant uncertainties with regards to the final amounts of any future payments. These uncertainties can also result in the reversal of previously established provisions once final settlement is reached with the third party. The timing of the cash outflows is expected to be over the next 1-15 years as leases expire.

4 ADJUSTED EBITDA AND SEPARATELY DISCLOSED ITEMS

The Directors believe that EBITDA before separately disclosed items (termed "adjusted EBITDA") is the most significant indicator of operating performance and allows a better understanding of the underlying profitability of the Group. The Group defines adjusted EBITDA as operating profit/(loss) before transaction, acquisition and other income and expense items that are material by virtue of their size and/or nature, depreciation, amortization, gains/losses on sale of assets and share based payments. Adjusted EBITDA for the period is calculated below:

Reconciliation of consolidated statement of profit or loss to non-statutory measures (in US $ million)	Note	Year ended 31 December 2023	Period ended 31 December 2022
Operating profit/(loss)		**(620.6)**	**(626.6)**
Add:			
Depreciation and Amortization	13, 14, 24	**244.3**	**111.9**
Share on JV's EBITDA	15	**3.5**	**0.7**
Separately disclosed items			
Impairment of Goodwill	12	497.5	544.9
Impairment of Right of use assets	24	7.0	—
Costs related to acquisition of Element Materials Technology Group Limited		4.4	49.0
Other acquisitions and new business set-up costs		14.6	16.0
Integration costs		50.9	6.9
Strategic projects, restructuring and reorganization of the Group		17.4	5.0
Systems transformation		16.1	5.5
Fair value of redeemable A2 Shares		—	14.7
Share based payments	19	0.9	1.9
Legal matters and professional fees		8.0	0.9
Loss / (Profit) on disposal of property, plant and equipment		(0.4)	(1.5)
Loss on sale of subsidiary	5	26.9	—
Fair value loss / (profit) on contingent consideration re-measurement	21	9.8	(4.1)
		653.1	**639.2**
Adjusted EBITDA (Alternative performance measure as defined in note 2.28)		**280.3**	**125.2**
Adjusted EBITDA margin		**20.3%**	**20.5%**

Costs related to acquisition of Element Materials Technology Group Limited

The acquisition of Element Materials Technology Group Limited (note 5) in July 2022 incurred material, one-off buy-side and sell-side directly attributable transaction fees. Costs incurred relate to external due diligence, transaction related bonuses, insurance premiums, internal staff time of those dedicated to the project, professional and legal advisory fees which totalled US $49.0 million in 2022 and US $4.4 million in 2023. Costs in 2023 relate to ongoing insurance premiums, professional fees and majority investor reporting set-up fees.

Other acquisitions and new business set up costs

The Group successfully completed a number of business combinations (note 5) in the period which resulted in directly attributable due diligence, internal staff time dedicated to the project, and third party legal and professional fees.

The costs related to the acquisition of NCT, CTK and Filton (note 5) were US $1.7 million. In 2022 the costs related to the acquisitions completed during the period (Trialon Corporation, Fosta Pte Limited, Singapore Test Private Limited, and National Technical systems) were US $14.5 million. Furthermore, the Group has incurred US $1.7 million costs relating to acquisitions not completed yet (2022: US $0.8 million).

In addition to acquisition costs, the Group incurred set up costs relating to new strategic business areas some of which were aborted before becoming operational. Such costs have been treated as separately disclosed until the business becomes operational. The Directors consider a business to be operational when the locations or revenue stream are substantially accredited with the necessary technical or regulatory approvals. The Directors do not consider costs associated with the setting up of a new facility or entering a new service line to be in the ordinary course of business and therefore these costs are presented as separately disclosed items.

The Group incurred a total of US $11.3 million (2022: US $1.2 million) set up costs in the period of which US $1.7 million (2022: nil) related to aborted projects. Also included in this category are costs in respect of the development of new technology and automated solutions of US $5.2m (2022: nil). These costs are deemed as acquisition and new business set up costs due to their nature being customer products rather than internal back office system.

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Integration costs

The Group has incurred integration costs of US $2.7 million relating to current year acquisitions (2022: US $3.5 million), and US $48.2 million relating to acquisitions completed in previous years (2022: US $3.4 million). The integration costs were included in Other acquisitions and new business set-up costs in previous year and were reclassified to a separate category for presentation and comparative purposes in the current year.

The integration costs include US $32.6 million of costs relating to NTS (note 5). Following the acquisition of NTS in September 2022, the Group has undertaken significant integration activities in order to deliver synergies and improve commercial and operational effectiveness in line with the Group's policies and procedures. The Group established an integration team to project manage the integration activities which included site closures and consolidations, rebranding, system integrations and implementing severance programs. The integration activities included the implementation of new regulatory procedures and approvals relating to NTS Technical Systems. The integration activities are expected to continue to the end of 2024 but at a reduced level.

Strategic projects, restructuring and reorganization of the Group

The Group incurred US $17.4 million (2022: US $5.0 million) restructuring and reorganization costs in the period due to right-sizing activities across non-core end markets of the business. The costs include severance payments in relation to permanent reduction in headcount, internal staff time of those dedicated to the project, associated legal and professional fees incurred during the consultation process, site closure costs and relocation expenses. Also included within the reorganization costs are the closure of non-core businesses US $0.3 million (2022: nil).

System transformation

The Group embarked on a transformational IT infrastructure project in 2021 to implement one standardized ERP solution across the global organization. The associated implementation costs and migration costs of existing data and platforms do not meet the criteria for capitalization (note 2.7 – Cloud computing arrangements) and have been recognized in the consolidated statement of profit or loss as incurred. There were also further projects initiated or completed during the year, including a new Corporate performance management system and a new Quality monitoring system.

Costs incurred in the period totalled US $16.1 million (2022: US $5.5 million) and relate to external consultancy costs, professional fees, project management costs and internal staff time of those dedicated to the projects.

Fair value of redeemable A2 Shares and Share based payments

In 2022, US $14.7 million of fair value cost represents the difference between the option pricing model valuation of A2 shares, under IFRS and presented as a liability at fair value through the statement of Profit & Loss, and the fair market value of the shares on issuance established in accordance with International Valuation standards.

The Group recognized US $0.9 million (2022: US $1.9 million) of share-based payment charge (note 19) related to share-based payment transactions during the financial period.

Legal matters and professional fees

The Group incurred US $8.2 million (2022: US $0.9 million) of expenses which are considered material by virtue of their nature and the subject matter which the Group considers are not in the ordinary course of business. These costs represent external legal costs and internal staff time incurred in relation to providing support and input into a multi-party regulatory matter, and other activities linked to this matter, which is one-off in nature.

The Group also incurred professional fees of US $6.2 million (2022: nil) for its involvement in other legal cases and costs of settlements which are not considered to be in the normal course of business. The Group received net insurance proceeds of US $3.5 million which are included in this category as they relate to a settlement of a significant fire damage claim, which is not in the normal course of business.

Also included in other are US $1.3 million of one-off professional fees in relation to the buy out of the UK pension scheme, and US $4.2 million gain on recognition of insurance receivable relating to legal claims covered by insurance proceeds not yet received.

5 BUSINESS COMBINATIONS

Acquisitions in 2023

NCT

On 31st May 2023, the Group acquired 100% of the voting share capital of NCT Co. Ltd. (NCT). NCT specializes in battery testing for small to large products in the consumer goods, medical device, telecommunication and automotive sectors. NCT offers various testing and certification services for the connected technologies market, with a key focus on the battery sector. The acquisition of NCT significantly strengthens Element's position in growing connected technologies end-markets in Korea, outside of cellular, with a diverse customer base and strategic location positioning to big players in the market.

The net assets recognized in the 31 December 2023 financial statements were based on a provisional assessment of their fair value. The provisional fair values of the identifiable assets and liabilities of NCT as at the date of acquisition were:

In US $million	**Fair value recognized on acquisition**
Intangible assets	1.1
Property, plant and equipment	15.1
Trade and other receivables	1.0
Cash and cash equivalents	0.3
Long term debt	(8.1)
Trade and other payables	(1.8)
Deferred tax	(1.1)
Net assets acquired	**6.5**
Goodwill	10.0
Purchase consideration	**16.5**
Cash consideration	7.0
Contingent consideration	6.0
Deferred consideration	3.5

Acquisition expenses of US $0.9 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss (other operating expenses). From the date of acquisition to 31 December 2023, NCT Co. Limited contributed US $4.9 million to revenue and US $2.1 million to profit for the period If the acquisition had been made at the beginning of the financial year, the business would have contributed US $7.4 million to revenue and US $2.6 million of Profit before tax.

Goodwill of US $10.0 million represents intangible assets which do not qualify for recognition, including testing capabilities and industry certifications / accreditations, assembled workforce, and significant market share. Goodwill includes contingent consideration related to completion of the NCT acquisition. Goodwill also arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	0.9
Cash consideration paid, net of cash acquired	6.7

CTK

On 31st July 2023, the Group acquired 100% of the voting share capital of TK CTK Co. Ltd. (CTK). CTK is the 6th largest Radio Research Agency (RRA) accredited connected technologies business in Korea with a wide range of capabilities and scale. CTK generates sales by providing testing and certification services for the connected technologies (Electrical Safety and EMC/Wireless) and Environmental/Food analysis. Acquisition of CTK significantly strengthens Element's position in growing connected technologies end markets in Korea, outside of cellular, through a diverse customer base across commercial & industrial IOT, electrical safety and environmental testing.

Total consideration was US $42.5 million, consisting of only cash consideration. Acquisition expenses of US $0.3m million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss.

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The net assets recognized in the 31 December 2023 financial statements were based on a provisional assessment of their fair value. The provisional fair values of the identifiable assets and liabilities of CTK as at the date of acquisition were:

In US $million	Fair value recognized on acquisition
Intangible assets	3.3
Property, plant and equipment	25.4
Right of use assets	0.3
Trade and other receivables	3.3
Cash and cash equivalents	2.8
Long term debt	(7.7)
Trade and other payables	(1.3)
Deferred tax	(1.7)
Net assets acquired	**24.5**
Goodwill	18.0
Purchase consideration	**42.5**
Cash consideration	42.0
Deferred consideration	0.5

From the date of acquisition to 31 December 2023, CTK contributed US $7.0 million to revenue and US $2.0 million to profit before tax. If the acquisition had been made at the beginning of the financial year, the business would have contributed US $15.4 million to revenue and US $3.4 million of Profit before tax.

Goodwill, being the excess of the consideration over the net assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions. There is no tax-deductible goodwill on this acquisition.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	0.3
Cash consideration paid, net of cash acquired	39.2

Filton

On 19th October 2023, the Group acquired 100% of the voting share capital of Filton Systems Engineering Ltd (Filton). Filton, is an independent engineering solutions and design company. The Company specializes in designing fuel, air, hydraulic, inerting and engine systems, delivering solutions from concept to manufacture, and provides a single source for system mechanical design, simulation, analysis, prototyping, technical writing and testing. Acquisition of Filton will bring expanded scope and scale to Element's Digital Engineering and Hydrogen capabilities.

The net assets recognized in the 31 December 2023 financial statements were based on a provisional assessment of their fair value. The provisional fair values of the identifiable assets and liabilities of Filton as at the date of acquisition were:

In US $million	Fair value recognized on acquisition
Intangible assets	2.6
Property, plant and equipment	0.8
Trade and other receivables	1.6
Inventories	0.6
Cash and cash equivalents	0.4
Trade and other payables	(1.5)
Deferred tax	(0.8)
Net assets acquired	**3.7**
Goodwill	15.9
Purchase consideration	**19.5**
Cash consideration	13.1
Contingent consideration	4.2
Deferred consideration	2.2

Goodwill of US $15.9 million represents intangible assets which do not qualify for recognition, including testing capabilities and industry certifications / accreditations, assembled workforce, and significant market share. Goodwill also arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions.

Acquisition expenses of US $0.5 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss (other operating expenses).

From the date of acquisition to 31 December 2023, Filton Systems Engineering Ltd contributed US $1.4 million to revenue and US $0.4 million to loss for the period. If the acquisition had been made at the beginning of the financial year, the business would have contributed US $8.0m million to revenue and profit before tax US $0.9 million of Profit before tax.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	0.5
Cash consideration paid, net of cash acquired	12.7

Sale of subsidiaries

In 2023 the Group sold 100% of the share capital of its subsidiaries in Australia and Italy. Total cash consideration received was US$ 6.1 million and disposed net assets were:

	in US$ million
Goodwill	27.8
Other Intangibles	5.6
Cash and cash equivalents	0.9
Other assets	2 6
DTL	(0 8)
Other liabilities	(3 1)
Total net assets disposed	33.0
Cash Proceeds	6.1
Loss on sale of subsidiaries	26 9

Acquisitions in 2022

Element Materials Technology Group Limited

On 6 July 2022, the Group acquired 100% of the voting share capital of Element Materials Technology Group Limited in the United Kingdom. Element Materials Technology Group Limited is a global provider of testing, inspection, and certification services.

The fair values of the identifiable assets and liabilities of the Element Materials Technology Group Limited as at the date of acquisition were:

in US $million	**Fair value recognized**
Assets	
Intangible assets	1,029.3
Property, plant and equipment	390.1
Right of Use Assets	145.5
Investments in associates and JVs	1.6
Other non current assets	8.7
Trade and other receivables	237.9
Contract assets	42.0
Inventories	2.6
Cash and cash equivalents	68.0
Liabilities	
Interest bearing loans and borrowings (refinancing)	(1,747.2)
Interest bearing loans and borrowings (external loan)	(975.0)
Lease liabilities	(136.1)
Provisions	(48.5)
Trade and other payables	(304.1)
Deferred tax	(149.6)
Total net assets/liabilities at fair value	**(1,434.8)**
Non-controlling interest at proportionate share	(12.4)
Goodwill	4,719.0
Purchase consideration	**3,271.8**
Cash consideration	2,920.0
Loan notes	52.5
Issuance of shares	48.2
Contingent consideration	251.1
Total	**3,271.8**

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Goodwill of US $4,718.3 million represents intangible assets which do not qualify for recognition, including testing capabilities and industry certifications / accreditations, assembled workforce, significant market share, and acquisition premium reflecting Group's capability to grow the business through acquisitions. In addition, goodwill includes contingent consideration related to completion of NTS acquisition. Goodwill also arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions.

The consolidated opening balance sheet included US$ 96.6 million of deferred tax asset recognized in the US on certain acquired intangibles, including goodwill. These intangibles have been calculated under US tax legislation on historic acquisitions of businesses made in the US. Management concluded that these US legacy intangibles are unrelated to the goodwill recognized on the acquisition of the Element Materials Technology Group Limited by the Group. As a result, the deferred tax asset of US$ 96.6 million remained recognized on the opening balance sheet of Element Materials Technology Group Limited.

Acquisition expenses of US $49.0 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss (other operating expenses). From the date of acquisition to 31 December 2022, Element Materials Technology Group Limited contributed US $514.5 million to revenue and US $105.4 million to loss for the period.

Contingent consideration

As a part of the purchase agreement with the previous owner, a consideration of US $237.1 million contingent on completion of National Technical Systems acquisition has been agreed. As at the acquisition date, the fair value of the contingent consideration was estimated to be US $237.1 million. The acquisition of National Technical Systems was completed in September 2022, and the contingent consideration has been paid fully before 31 December 2022.

In addition, additional consideration between nil and US $50.0 million has been agreed in relation to the outcome of legal liabilities and other operating costs in relation to advisory service in Built Environment BU. As at the acquisition date, the fair value of the contingent consideration was estimated at US $13.8 million. The fair value is determined using DCF of possible scenarios.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	49.0
Cash consideration paid, net of cash acquired	2,852.0
Refinancing – repayment of acquired loan	1,747.2

The external borrowing facilities of Element Materials Technology Group were refinanced as a part of the business combination. The new external borrowing facilities were recognized as a part of the liabilities assumed on acquisition above (for further details refer to note 20) to the extent that the refinancing was completed within the acquired entities. Debt drawn down by the acquirer for the purposes of refinancing is presented within Cash flows from financing activities in the Consolidation Statement of Cash Flows.

Trialon Corporation

On 8 July 2022, the Group acquired 100% of the voting share capital of Trialon Corporation in the United States, a leading provider of product qualification testing for the automotive supply chain. The acquisition of Trialon will further solidify Group's leadership in the North American mobility market in size and breadth of its offering.

Total consideration was US $53.6 million, consisting of US $54.3 million cash consideration, US $0.3 million of deferred consideration, and a net working capital adjustment of US$ 1.0 million. Acquisition expenses of US $2.8 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

In US $million	Fair value recognized on
Intangible assets	19.4
Property, plant and equipment	12.7
Trade and other receivables	7.4
Cash and cash equivalents	1.8
Trade and other payables	(9.3)
Deferred tax	(5.1)
Net assets acquired	**26.9**
Goodwill	26.7
Purchase consideration	**53.6**
Cash consideration	53.3
Deferred consideration	0.3

From the date of acquisition to 31 December 2022, Trialon contributed US $14.7 million to revenue and US $1.1 million to profit before tax. If the acquisition had been made at the beginning of the financial year, the business would have contributed US $15.3 million to revenue and profit before tax US $0.2 million of Profit before tax.

Goodwill, being the excess of the consideration over the net property, plant and equipment and other intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions. There is no tax-deductible goodwill on this acquisition.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	2.8
Cash consideration paid, net of cash acquired	51.5

Fosta Pte. Limited

On 14 July 2022, the Group acquired 100% of the voting share capital of Fosta Pte. Limited, a leading geotechnical instrumentation and soil investigation specialist based in Singapore. The acquisition allows Group to offer end-to-end project services from site investigation to asset management and increase the scope of design phase services into non-discretionary services.

Total consideration for the transaction was US $49.3 million (SG $68.3million). Acquisition expenses of US $0.8 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

in US $million	Fair value recognized on
Intangible assets	5.7
Property, plant and equipment	1.2
Trade and other receivables	10.2
Cash and cash equivalents	2.3
Trade and other payables	(3.3)
Deferred tax	(1.7)
Net assets acquired	**14.4**
Goodwill	34.9
Purchase consideration	**49.3**
Cash consideration	46.0
Deferred consideration	3.3

From the date of acquisition to 31 December 2022, Fosta contributed US $8.2 million to revenue and US $1.1 million to profit before tax. If the acquisition had been made at the beginning of the period, the business would have contributed US $10.3 million to revenue, US $5.0 million to profit before tax. Profit before tax should not be viewed as indicative of the results of this business that would have occurred if this acquisition had been completed at the beginning of the period.

Goodwill, being the excess of the consideration over the net tangible and intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions. There is no tax-deductible goodwill on this acquisition.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	0.8
Cash consideration paid, net of cash acquired	43.7

Singapore Test Services Private Limited ("STS")

On 29 July 2022, the Group acquired 100% of the voting share capital of STS, leading testing, inspection, calibration and certification provider in Singapore, for a total consideration of US $17.2 million (SGD $23.8 million). The acquisition enables Group to wider its capabilities and enable further growth in the region.

Acquisition expenses of US $0.9 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss.

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The fair values of the identifiable assets and liabilities as at the date of acquisition were:

In US $million	Fair value recognized on
Intangible assets	1.4
Property, plant and equipment	0.8
Trade and other receivables	2.0
Cash and cash equivalents	3.8
Trade and other payables	(2.6)
Deferred tax	(0.3)
Net assets acquired	**5.1**
Goodwill	12.1
Purchase consideration	**17.2**
Cash consideration	16.5
Deferred consideration	0.7

From the date of acquisition to 31 December 2022, STS contributed US $6 million to revenue and US $(0.4) million to loss before tax. If the acquisition had been made at the beginning of the period, the business would have contributed US $8.1 million to revenue, US $1.2 million to profit before tax. .

Goodwill, being the excess of the consideration over the net tangible and intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions. There is no tax-deductible goodwill on this acquisition.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	0.9
Cash consideration paid, net of cash acquired	12.7

National Technical Systems, Inc. ("NTS")

On 26 September 2022, the Group acquired 100% of the voting share capital of NTS in the United States for a total consideration of US $677.1 million. NTS is a provider of qualification testing, inspection, and certification services in North America, and will strengthen Element's growing platform in North America and enhance its capabilities in telecoms, connected automotive, medical device and battery testing.

Acquisition expenses of US $9.5 million were incurred in respect of this acquisition and expensed to the consolidated statement of profit or loss.

The net assets recognized in the 31 December 2022 financial statements were based on a provisional assessment of their fair value and finalised in 2023. Deferred tax and goodwill were restated to reflect the finalisation of the valuation and to correct a calculation error (note 2.2):

US $million	Fair value recognized on acquisition	Restatement	Restated Fair value recognized on acquisition
Intangible assets	264.7		264.7
Property, plant and equipment	214.3		214.3
Right of use asset	32.2		32.2
Investments in associates and JVs	4.4		4.4
Inventory	2.6		2.6
Trade and other receivables	55.7		55.7
Cash and cash equivalents	13.6		13.6
Lease liability	(32.2)		(32.2)
Trade and other payables	(54.5)		(54.5)
Provisions	(15.3)		(15.3)
Deferred tax	(63.2)	(19.4)	(82.6)
Net assets acquired	**422.3**	**(19.4)**	**402.9**
Goodwill	248.9	31.1	280.0
Total consideration	**671.2**	**11.7**	**682.9**
Receivable from escrow accounts	5.9		5.9
Total cash consideration paid	677.1	11.7	688.8

The cash consideration includes a payment of $20 million to escrow and holdback accounts out of which $5.9 million was paid back to the Group in May 2023. The amount is therefore deducted from the total consideration and recognized as a receivable at December 2022.
From the date of acquisition to 31 December 2022, NTS contributed US $67.9 million to revenue and (US $5.9) million to loss for the period. If the acquisition had been made at the beginning of the period, the business would have contributed US $181.7 million to revenue and (US $28.5) million to profit before tax.

Goodwill, being the excess of the consideration over the net tangible and intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces and acquisition synergies that are specific to the Group. In addition, goodwill arises on the recognition of deferred tax liabilities in respect of intangible assets for which amortization does not qualify for tax deductions. There is no tax-deductible goodwill on this acquisition.

Cash flow on acquisition in US $million:

Transaction costs included in operating activities	9.5
Cash consideration paid, net of cash acquired	675.2

6 REVENUE ANALYSIS

The following is an analysis of the Group's revenue for the period ended 31 December 2023 from continuing operations:

in US $ million	Year ended 31 December 2023	Period ended 31 December 2022
Revenue from services rendered	**1,379.2**	**607.1**
Geographical analysis		
United States and Canada	800 5	366.5
United Kingdom	221.4	88.4
Rest of Europe	135.8	85.8
Rest of the world	221.5	66.4
Total	**1,379.2**	**607.1**

Contract balances

		2023 US $million	2022 US $million
Contract liabilities	- current	43.0	40.1
	- non current	3.2	—
Total contract liabilities		46.2	40.1
Contract assets	- current	16.8	14.6
	- non current	1.6	—
Total contract assets		18.4	14.6

Contract liabilities include advances received in relation to annual certification services. Both current and non-current contract liabilities are included in current and non-current Other payables on the Consolidated Balance Sheet.
Contract assets relate to revenue earned from ongoing testing services. Non-current portion of contract assets is included in Other non-current assets on the Consolidated Balance Sheet.

Performance obligation

Payment of invoiced revenue is generally due within 0 to 135 days of satisfaction of performance obligations.

Set out below is the amount of revenue recognized that was deferred at the end of the prior year

	2023 US $million
Revenue included within contract liabilities as at prior year end	12.1

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7 STAFF COSTS

Group employee expenses (in US $million)	Year ended 31 December 2023	Period ended 31 December 2022
Wages and salary expenses	621.8	254.6
Social security expenses	56.6	23.0
Pension cost – defined contribution plans	20.3	9.1
Pension cost – defined benefit plans	2.7	3.1
Fair value of redeemable A2 shares	—	14.7
Share-based payments (note 19)	0.9	1.9
Total	**702.2**	**306.4**
Out of which separately disclosed items	57.4	29.4

Year average group employee numbers	2023	2022
United States and Canada	3,320	3,550
United Kingdom	1,870	1,789
Rest of Europe	1,330	1,324
Rest of the world	1,442	1,165
Group Average	**7,962**	**7,828**

Year End group employee numbers		
Group Total as 31 December	8,750	8,875

Directors' remuneration (in US $million)	Year ended 31 December 2023	Period ended 31 December 2022
Fees paid to non-Executive Directors	0.3	0.1
Aggregate emoluments paid to Executive Directors	1.5	0.6
	1.8	**0.7**

Highest paid Director remuneration		
Aggregate emoluments	**0.8**	**0.3**

There are no retirement benefits accruing to Directors under pension schemes as at 31 December 2023 (2022: nil). The employment benefits other than salary of directors and other members of key management were:

US $million	Year ended 31 December 2023	Period ended 31 December 2022
Short term employment benefits	0.1	0.1

8 AUDITOR REMUNERATION

The Group obtained the following services from the Group's auditor and its associates:

in US $million	Year ended 31 December 2023	Period ended 31 December 2022
Fees paid for audit services provided to the Group		
Fees for the audit of the Group's annual accounts	6.2	7.3
Audit of the accounts of subsidiaries	0.2	—
Fees payable to the auditor and its associates for other services		
Audit related assurance services	0.3	—
Tax compliance fees	1.2	0.4
Tax advisory fees	0.8	0.1
Transaction advisory and due diligence fees	1.8	2.7
Fees paid for non-audit services provided to the Group	**4.1**	**3.2**
Total	**10.5**	**10.5**

9 FINANCE INCOME

in US $million	Year ended 31 December 2023	Period ended 31 December 2022
Interest income	35.1	0 4
Gain on derivative instruments at fair value through profit or loss	—	49 9
Gain on liabilities at fair value through profit or loss	4.4	6 7
Total	**39.5**	**57.0**

The gain on liabilities at fair value through profit or loss during both years, represents a movement in the fair value of the redeemable A2 shares presented as a liability (see note 20). Current year interest income relates largely to interest rate swaps (US $33.2 million).

10 FINANCE COSTS

in US $ million	Year ended 31 December 2023	Period ended 31 December 2022
Bank loan interest	364.1	123 4
Loss on derivative instruments at fair value through profit or loss	20.1	—
Interest expense on lease liabilities	13.8	5.8
Financing fees	—	31.4
Preference share interest	16.2	7 5
Foreign exchange loss	3.5	7.2
Other Finance costs	2.3	—
Total	**419.9**	**175.3**

In the period the Group recognized US $231.0 million cash outflow (2022: $76.2 million) in relation to interest payment.

Financing fees of $31.4m in 2022 relate to costs incurred in relation to the cancellation of an unutilized facility for acquisition of NTS in 2022 and subsequent refinancing.

11 INCOME TAXES

Income tax recognized in the statement of profit or loss	2023 US $million	2022 US $million
Current tax		
Current tax charge for the year	12.8	7.8
Prior period tax credit	(5.9)	—
Withholding tax written off	1.0	0 4
	7.9	**8.2**
Deferred tax		
Deferred tax credit recognized for the year	(41.3)	(19.9)
Prior period deferred tax credit	(1.5)	—
Adjustments to deferred tax attributable to changes in tax rates	(3.1)	—
	(45.9)	**(19.9)**
Total tax credit recognized in the year	**(37.9)**	**(11.7)**

11 INCOME TAXES (CONTINUED)

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Income tax recognized in the statement of profit or loss (continued)

The income tax credit for the period can be reconciled to the accounting loss as follows:	2023 US $million	2022 US $million
Loss before tax from continuing operations	(998.5)	(744.1)
Income tax credit calculated at 23.5%	(234.6)	(141.4)
Effects of interest expenses that are not deductible for tax purposes	76.4	8.8
Effects of other expenses that are not deductible for tax purposes	138.8	115.9
Transfers to/from unrecognized deferred tax assets	(2.7)	6.4
Effects of different tax rates on subsidiaries operating in other jurisdictions	(5.8)	(1.7)
Effect of changes in tax rate on deferred tax balances	(3.1)	—
Overseas withholding tax	1.0	0.4
Effect of non-taxable income	(1.0)	(0.5)
Prior year adjustment - current tax	(5.9)	—
Prior year adjustment - deferred tax	(1.5)	—
Other	0.5	0.4
	(37.9)	**(11.7)**
Income tax recognized directly in Equity		
Deferred tax		
Provisions	—	(0.2)
Defined benefit pensions obligation	2.7	0.8
	2.7	**0.6**

in US $ million	2023	2022
Current tax assets		
Income tax receivable	13.2	6.4
Current tax liabilities		
Income tax payable	(7.3)	(7.4)
Non-current tax liabilities		
Corporation tax payable	(1.4)	(2.4)

The following is the analysis of net deferred tax liabilities presented in the consolidated statement of financial position:

	Restated at 1 January 2023 [1]	Acquisitions / Disposals	Current year (charge)/ credit	Prior year (charge)/ credit	Recognized in OCI	Rate change	Foreign exchange	At 31 December 2023
Net operating loss	41.8	(0.4)	(3.0)	(0.8)	—	(2.5)	0.6	35.7
Accrued expenses	3.9	—	1.1	0.7	—	(0.2)	—	5.5
Prepaid expenses	(3.3)	—	(1.0)	1.0	—	0.1	—	(3.2)
Property, plant and equipment	(85.6)	(2.1)	18.5	3.1	—	1.7	0.6	(63.9)
Intangible assets	(228.0)	0.2	16.4	1.1	—	4.0	(4.7)	(211.0)
Research and development	(1.2)	—	0.2	0.1	—	—	—	(0.9)
Provisions / accruals	3.0	(0.5)	0.2	2.9	—	(0.3)	(0.1)	5.2
Retirement benefit obligations	0.6	—	(1.0)	—	2.7	—	0.3	2.6
Restricted interest	56.8	—	8.4	(6.7)	—	—	—	58.5
Other	(5.7)	—	1.6	0.1	—	0.3	(0.2)	(4.0)
Total	**(217.7)**	**(2.8)**	**41.3**	**1.5**	**2.7**	**3.1**	**(3.5)**	**(175.4)**

11 INCOME TAXES (CONTINUED)

in US $million	At 18 January 2022	Restated Acquisitions [1]	Current year (charge)/credit	Recognized in OCI	Foreign exchange	Restated at 31 December 2022 [1]
Net operating loss	—	36.3	5.6	—	(0.1)	41.8
Accrued expenses	—	4.6	(0 6)	—	(0.1)	3.9
Prepaid expenses	—	(2.0)	(1.3)	—	—	(3.3)
Property, plant and equipment	—	(88.2)	3.3	—	(0.7)	(85.6)
Intangible assets	—	(231.5)	2.1	—	1.4	(228.0)
Research and development	—	(1.5)	0.3	—	—	(1.2)
Provisions / accruals	—	3.8	(0.9)	(0.2)	0.3	3.0
Retirement benefit obligations	—	0.3	(0.5)	0.8	—	0.6
Restricted interest	—	37.2	19 6	—	—	56.8
Other	—	1.7	(7.6)	—	0.2	(5.7)
Total	**—**	**(239.3)**	**20.0**	**0.6**	**1.0**	**(217.7)**

[1] When preparing the financial statements for 2023, the Group restated the Consolidated statement of financial position as at 31 December 2022 to reflect finalisation of purchase price allocation related to the acquisition of NTS in 2022 (note 5). This resulted in increase of Deferred tax liability from US $198.3 million (31 December 2022) to US $217.7 million (restated 31 December 2022).

Deferred taxes
Deferred tax assets are recognized to the extent that the realization of the related deferred tax benefit through future taxable profits or offset against deferred tax liabilities, is probable.

At the statement of financial position date, the Group did not recognize a deferred tax asset of US $37.6m (2022: $28.2 million) relating to tax losses, due to uncertainty over the availability of future taxable profits. None of these tax losses are subject to an expiry. The material components of the unrecognized deferred tax asset comprise US $17.0m (2022: $16.0m) relating to UK tax losses, US $7.3m (2022: $6.7m) relating to Swedish tax losses, US $2.7m (2022: $1.3m) relating to Canada tax losses, US $5.4m (2022:$2.3m) relating to Singapore tax losses, US $2.1m (2022 $1.9m) relating to China tax losses and US $2.0m (2022: $1.0 m) relating to German tax losses.

The Group also has an unrecognized deferred tax asset of $54.7m (2022: $3.9m) relating to accrued interest in the US arising as a result of the s. 163j interest limitation provisions. In addition to this, the Group has an unrecognized deferred tax asset of $49.8m (2022: $ nil) relating to accrued interest in the UK as a result of the Corporate Interest Restriction rules. There is uncertainty as to when the interest amounts will be available to deduct against taxable profits.

No deferred tax liability has been recognized in respect of unremitted earnings of subsidiaries. It is likely that the majority of the overseas earnings will qualify for the UK dividend exemption and the Group can control the distribution of dividends by its subsidiaries. In some jurisdictions local tax is payable on the remittance of a dividend. If dividends were remitted from subsidiaries in these countries the additional tax payable would be US $7.9m (2022: $6.9 m) with the gross timing difference being US $159.3m (2022: $137.8 m).
Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates in. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in the scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

12 GOODWILL

US $ million	2023	Restated 2022 [1]
As at 1 January	**4,499.9**	**—**
Acquisitions of subsidiaries (note 5)	43.9	5,072.7
Disposal of subsidiaries (note 5)	(27.8)	—
Exchange movements	90.8	(27.9)
Impairment	(497.5)	(544.9)
As at 31 December	**4,109.2**	**4,499.9**

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12 GOODWILL (CONTINUED)

For the purposes of impairment assessment, goodwill is allocated to groups of CGUs as follows:

Group of CGUs	2023 US $ million	Group of CGUs	Restated 2022 [1] US $ million
Aerospace and Defense Americas	934.0	Aerospace and Defense Americas	864.0
Connected Technologies and Mobility Americas	410.9	Connected Technologies Americas	674.9
Life Sciences Americas	840.5	Life Sciences Americas	937.7
Aerospace and Defense EMEAA	574.5	Aerospace & Connected Technologies EMEAA	540.8
Connected Technologies EMEAA	190.4	Calibration	102.6
Built Environment EMEAA	494.5	Built Environment EMEAA	503.0
Life Sciences EMEAA	302.9	Life Sciences EMEAA	328.8
Digital Engineering EMEAA	53.9	Digital Engineering EMEAA	31.0
NTS Technical Systems	68.6	National Technical Systems ("NTS")	517.1
NTS I&C	239.0		
Total	**4,109.2**	**Total**	**4,499.9**

[1] When preparing the financial statements for 2023, the Group restated the Consolidated statement of financial position as at 31 December 2022 to reflect finalisation of purchase price allocation related to the acquisition of NTS in 2022 (note 5), and to correct a misstatement caused by a calculation error relating to the same business combination.This resulted in increase in Goodwill balance as at 31 December 2022 by US $31.1 million.

The Group tests goodwill annually for impairment, or more frequently if there are indications that it might be impaired. The Group performed an impairment assessment of goodwill and other intangible asset balances for each group of CGUs (Business Unit) in accordance with the requirements of IAS 36 "Impairment of Assets" by comparing the carrying values against the recoverable amount, being the higher of fair value and "value-in use" in perpetuity. In 2023 the Group restructured its Business Units to reflect integration of previous acquisitions, and reorganisation of the Group (Connected Technology EMEAA BU was created, and Calibration merged into Aerospace and Defense EMEAA BU).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Element bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of Element's groups of CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment is determined for goodwill by assessing the recoverable amount of each group of CGUs to which the goodwill relates. When the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Key assumptions used in determining the recoverable amount

CGU grouping

Element's Directors determined the ten business units (operating under two regional management structures) as the appropriate level at which the impairment assessment should be performed.

Value in Use ("VIU")

Element's Directors have prepared a calculation of the present value of expected future cash flows based on the Element's Board approved 2024 budget and a 5-year forecast plan for 2024 – 2028 including, where appropriate cash flows discounted to perpetuity.

The key assumptions within the present value of future cash flows are margin and long-term growth rate in the terminal year. Operating profit margin forecasts for each group of CGUs are derived from past results adjusted by Element's Directors based on salient current and future considerations. The long-term growth rate of between 3.3 and 3.4% has been applied across all business units for which the recoverable amount is VIU. Growth rates generally approximate to the long-term average rates for the markets in which Element operates, adjusted for future expectations taking account of the current economic climate.

The margins for each group of CGUs are assumed to increase across all business units. The range used for margins increases from 13.6% - 28.2% to 19.0% - 31.8% over the forecast period.

Pre-tax discount rates reflect current market assessments of the time value of money and the risks specific to Element as a whole. The pre-tax discount rates used are based on Element's weighted average cost of capital, adjusted to reflect a risk premium specific to each group of CGUs. Element's weighted average cost of capital is derived from a risk-free rate, a market risk premium, a risk adjustment (beta) and a cost of debt adjustment.

12 GOODWILL (CONTINUED)

Pre-tax discount rates used for the Group of CGUs where the recoverable amount is equal to VIU are as below:

2023

Group of CGUs	Pre-tax discount rate
Aerospace and Defense Americas	10.45%
Built Environment EMEAA	10.40%
NTS Technical Systems	10.39%

2022

Group of CGUs	Pre-tax discount rate
Aerospace and Defense Americas	9 92%
Connected Technologies Americas	8 72%
Calibration	9 52%
Built Environment EMEAA	10 50%
NTS Technical Systems	9.69%

Fair value less cost of sell ("FVLCTS")

A methodology utilizing Revenue (based on the Guideline Company valuation method) and EBITDA multiples (based on the average between the Guideline Company and the Guideline Transaction valuation methods) was used to calculate each group of CGUs' fair value less cost to sell.

Due to the acquisition strategy of the group, the Guideline Company and the Guideline Transaction multiples include a premium for the impact of future M&A activity in each of the CGUs. The concluded fair value assumes a level of bolt-on M&A activities representing less than 10% of annual EBITDA.

The key assumptions within the fair value calculation are the valuation multiples.

2023	Revenue multiple	EBITDA multiple	
	Guideline company*	Transaction method	Guideline company*
Connected Technologies and Mobility Americas	3.8 - 4.2x	16.2x	15.7 - 16.3x
Life Sciences Americas	5.0 - 5.6x	19.9x	13.0 - 17.5x
Aerospace and Defense EMEAA	3.8 - 4.8x	16.2x	17.2 - 19.7x
Connected Technologies EMEAA	3.8 - 4.8x	16.2x	17.2 - 19.7x
Life Sciences EMEAA	3.6 - 4.4x	19.9x	15.7 - 21.7x
Digital Engineering EMEAA	4.4 - 5.0x	16.2x	19.8 - 27.6x
NTS I&C	5.3 - 6.1x	22x	20.8 - 23.7x

*The guideline company method uses a weighted average of revenue and EBITDA multiples over 3 years.

2022	Revenue multiple	EBITDA multiple	
	Guideline company*	Transaction method	Guideline company*
Life Sciences Americas	4.0 – 4.7x	19.2x	11.9 – 16.1x
Aerospace & Connected Technologies EMEAA	2.7 – 3.5x	16.0x	10.9 – 15.3x
Life Sciences EMEAA	2.7 – 3.5x	19.2x	12.0 – 16.1x
Digital Engineering EMEAA	2.4 – 2.8x	16.0x	10.9 – 15.5x

*The guideline company method uses a weighted average of revenue and EBITDA multiples over 3 years.

The fair value measurement was categorised as Level 3 on the fair value hierarchy based on the inputs in the valuation technique used.

Climate-related matters

The Group regularly monitors climate-related risks, including physical risks and transition risks, and considered these risks when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's services. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, and the overall net impact is expected to be immaterial, the Group has incorporated its expectations for the following: increased costs (including costs of emission trading schemes) to reach the group's target of Net Zero on Scope 1 and 2 emissions by 2030; and expectations of increased demand for services sold by the group as they support their customers' carbon transition efforts, predominantly in the cash flow forecasts in assessing value-in-use amounts.

Impairment charges

The Group recorded an impairment charge of US $497.5 million (2022: US $544.9 million) due to the impact of the economic downturn on the Connected Technology BU in the US and the Life Sciences BUs in the US and EMEAA, and an overall increase in discount rates driven by an increased cost of equity.
This impairment charge had been recorded under Impairment of goodwill in the consolidated statement of profit or loss.

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12 GOODWILL (CONTINUED)

The recoverable amount and impairment loss on goodwill of the groups of CGUs were as follows:

	Basis for Recoverable amount	Recoverable amount of CGU US $million	Impairment of goodwill US $million
Aerospace and Defense Americas	VIU	1,729.4	—
Connected Technologies and Mobility Americas	FVLCTS	770.6	331.2
Life Sciences Americas	FVLCTS	1,144.6	98.7
Aerospace and Defense EMEAA	FVLCTS	994.8	—
Connected Technologies EMEAA	FVLCTS	351.8	—
Built Environment EMEAA	VIU	764.9	—
Life Sciences EMEAA	FVLCTS	375.6	45.2
Digital Engineering EMEAA	FVLCTS	42.4	1.3
NTS Technical Systems	VIU	196.4	21.1
NTS I&C	FVLCTS	347.0	—
Total			**497.5**

The estimated recoverable amount exceeded its carrying amount for Aerospace and Defense US BU by US $226.2 million, Aerospace and Defense EMEAA BU by US $158.3 million, Connected Technologies EMEAA BU by US $67.6 million, Built Environment EMEAA BU by US $80.3 million, and NTS I&C by US $0.3 million.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount at VIU. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
Group of CGUs	Discount rate	Terminal growth
Aerospace and Defense Americas	+0.8%	-0.4%
Built Environment EMEAA	+0.6%	-0.2%

	Change required for carrying amount to equal the recoverable amount
Group of CGUs	EBITDA multiple
Aerospace and Defense EMEAA	(3.0%)
Connected Technologies EMEAA	(16.7%)
NTS I&C	(19.3%)

Management considered reasonably possible changes in key assumptions presented in the table below. The sensitivity analysis presented is prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions used in the impairment review. The associated impact on the impairment is presented below.

In US $million	Changes in key assumptions – Value in Use			
	Long term growth		Discount rate	
Group of CGUs	2.5%	4.0%	-0.5%	0.5%
Aerospace and Defense Americas	—	—	—	—
Built Environment EMEAA	9.1	—	—	—
NTS Technical Systems	19.3	—	(19.3)	16.1
Increase / (decrease) in impairment	**28.4**	**—**	**(19.3)**	**16.1**

12 GOODWILL (CONTINUED)

In US $million	Changes in key assumptions – Fair Value			
	Revenue multiple		EBITDA multiple	
Group of CGUs	**-10.0%**	**10.0%**	**-10.0%**	**10.0%**
Connected Technologies and Mobility Americas	24.0	(24.3)	48.0	(48.0)
Life Sciences Americas	33.5	(34 1)	77.3	(77.2)
Aerospace and Defense EMEAA	—	—	—	—
Connected Technologies EMEAA	—	—	—	—
Life Sciences EMEAA	10.7	(10.7)	25.4	(25.4)
Digital Engineering EMEAA	1.0	(1.0)	3.4	(1.3)
Increase / (decrease) in impairment	**69.2**	**(70.1)**	**154.1**	**(151.9)**

Taking into account past experience of unexpected negative impact of economic environment and Covid on the Group's performance, management also considered a reasonably possible change in projected adjusted EBITDA of minus 15 percentage points across the Group, which would result in additional US $351 million impairment.

13 OTHER INTANGIBLE ASSETS

	Customer relationships US $million	Trade names US $million	Technology US $million	Software US $million	Intangible Assets under construction US $million	Total US $million
Cost						
As at 18 January 2022	—	—	—	—	—	—
Acquisitions (note 5)	**1,096.0**	**190.6**	**14.8**	**19.1**	—	**1,320.5**
Additions	—	—	—	6.4	—	6.4
Transfers	—	—	0.8	(0.8)	—	
Disposals	—	—	—	(1.3)	—	(1 3)
Exchange movements	(4.3)	(1.2)	(0.1)	(0.9)	—	(6.5)
As at 31 December 2022	**1,091.7**	**189.4**	**15.5**	**22.5**	—	**1,319.0**
Acquisitions (note 5)	6.9	—	—	—	—	6.9
Additions	—	—	—	0.4	9.2	9.5
Transfers	—	—	(0.8)	0.2	—	(0 6)
Disposal - sale of subsidiary	(4.7)	(1.6)	—	(0.3)	—	(6 7)
Exchange movements	15.2	4.1	0.4	0.7	—	20 4
As at 31 December 2023	**1,109.1**	**191.8**	**15.1**	**23.4**	**9.2**	**1,348.6**
Accumulated Amortization and Impairment						
As at 18 January 2022	—	—	—	—	—	
Charge for the year	27.3	9.8	2.4	7.7	—	47.2
Disposal	—	—	—	(1.1)	—	(1.1)
Exchange movements	(0.1)	(0.1)	—	(0.5)	—	(0.7)
As at 31 December 2022	**27.2**	**9.7**	**2.4**	**6.1**	—	**45.4**
Charge for the year	63.3	21.1	6.3	8.2	—	98.9
Disposal - sale of subsidiary	(0.4)	(0.3)	—	(0.1)	—	(0 9)
Exchange movements	0.4	0.2	—	0.2	—	0.9
As at 31 December 2023	**90.5**	**30.8**	**8.7**	**14.4**	—	**144.4**
Net book value						
As at 31 December 2022	**1,064.5**	**179.6**	**13.1**	**16.4**	—	**1,273.6**
As at 31 December 2023	**1,018.6**	**161.0**	**6.4**	**9.1**	**9.2**	**1,204.3**

Amortization policy for each asset class is disclosed in note 2 7 and the impairment of assets policy is disclosed in note 2.8.

14 PROPERTY, PLANT AND EQUIPMENT

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	Land & Buildings US $million	Leasehold improvements US $million	Plant & Equipment US $million	Assets under construction US $million	Total US $million
Cost					
As at 18 January 2022	—	—	—	—	—
Acquisitions (note 5)	144.9	62.8	378.4	32.9	619.0
Additions	2.3	2.2	14.7	39.0	58.2
Transfers	2.4	1.3	15.6	(20.1)	(0.8)
Disposals	(1.3)	(0.7)	(8.8)	(3.2)	(14.0)
Exchange movements	(0.3)	(0.2)	(2.3)	(0.1)	(2.9)
As at 31 December 2022	**148.0**	**65.4**	**397.6**	**48.5**	**659.5**
Acquisitions (note 5)	26.5	—	14.6	0.2	41.3
Additions	9.8	14.9	31.3	85.4	141.4
Transfers	0.7	4.2	23.3	(29.8)	(1.6)
Disposals	(1.6)	(1.8)	(18.1)	(8.8)	(30.3)
Exchange movements	0.9	1.2	3.4	0.7	6.2
As at 31 December 2023	184.3	83.9	452.1	96.2	816.5
Accumulated Depreciation and Impairment					
As at 18 January 2022	—	—	—	—	—
Charge for the year	2.0	4.4	39.4	—	45.9
Disposals	(0.2)	(0.4)	(8.2)	—	(8.7)
Exchange movements	—	—	(1.2)	—	(1.2)
As at 31 December 2022	**1.8**	**4.0**	**30.1**	**—**	**35.9**
Charge for the year	8.3	9.6	87.5	—	105.4
Disposals	(0.2)	(1.3)	(12.7)	—	(14.2)
Exchange movements	—	(0.1)	(0.3)	—	(0.4)
As at 31 December 2023	**9.9**	**12.2**	**104.6**	**—**	**126.7**
Net book value					
As at 31 December 2022	**146.2**	**61.4**	**367.5**	**48.5**	**623.6**
As at 31 December 2023	**174.4**	**71.7**	**347.5**	**96.2**	**689.8**

The depreciation policy for each asset class is disclosed in note 2.12 and the impairment of assets policy is disclosed in note 2.8.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	US $million
As at 18 January 2022	-
Acquisitions (note 5)	6.0
Additions	1.0
Share of profit of associate and joint ventures	0.8
Dividends received	(2.3)
As at 31 December 2022	**5.4**
Share of profit of associates and joint ventures	2.5
Dividends received	(2.3)
As at 31 December 2023	**5.6**

As a part of the Element Material Technology Group and NTS business combinations in 2022 (see note 5) the Group acquired investments in Plastometrex Limited (US $1.6 million) and a joint venture called Shanghai NQA Certification Co. Ltd (US $4.4 million), respectively. Both investments are accounted for using the equity method. During 2022 the Group acquired a further 0.8% shareholding in Plastrometrex Limited. The carrying value of the investment at 31 December 2023 is US $ 1.7million (2022: US $2.5 million). Total Group's share on other comprehensive income of the associates and joint ventures is nil (2022: nil).

16 TRADE RECEIVABLES AND OTHER RECEIVABLES

US $million	2023	Restated 2022[1]
Trade receivables	282.5	239.6
Prepayments	57.3	54.1
Unbilled revenue	47.9	36.2
Other receivables	12.2	25.1
Total	**399.9**	**355.0**

[1]In 2023 the amount of unbilled revenue was reclassified from contract assets to trade and other receivables on the Consolidated Balance Sheet. The comparatives as at 31 December 2022 were reclassified accordingly (note 2.2).

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.
In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The ageing of trade receivables not impaired	2023 US $million	2022 US $million
Not past due	187.2	147.2
Past due 0-30 days	51.3	41.0
Past due 31-60 days	19.0	17.7
Past due 61-90 days	8.9	10.9
Past due 90 days	21.1	27.4
Less: expected credit losses	(5.0)	(4.6)
Total	**282.5**	**239.6**

Movements in the expected credit losses	US $million
As at 18 January 2022	—
Acquisitions	3.9
Reversal of expected credit losses during the year	(1.4)
Increase/(decrease) in expected credit losses during the year	3.0
Receivables written off during the year as uncollectable	(0.8)
Exchange adjustments	(0.1)
As at 31 December 2022	**4.6**
Reversal of expected credit losses during the year	(1.3)
Increase/(decrease) in expected credit losses during the year	2.3
Receivables written off during the year as uncollectable	(0.6)
Exchange adjustments	—
As at 31 December 2023	**5.0**

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents split by currency	2023 US $million	2022 US $million
U.S. Dollar	92.8	33.6
Euro	20.3	12.6
Pound Sterling	30.4	62.4
South Korean Won	7.7	—
Singaporean Dollar	4.5	7.5
Other currencies	17.0	18.2
Total	**172.8**	**134.3**

The balance as at 31 December 2023 and 31 December 2022 consists of cash at banks and on hand.

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18 OTHER PAYABLES

Current	2023 US $million	2022 US $million
Accrued bonuses, wages and personnel costs	66.8	51.2
Other accrued liabilities	93.1	72.1
Contract liabilities	43.0	40.1
Customer deposits	9.1	12.0
Total	**212.1**	**175.4**

The fair value of the Group's trade and other payables approximates their carrying amount.Within other accrued liabilities there is US $18.5 million (2022: US $14.4 million) relating to employee leave accrual, US $21.5 million (2022: US $9.4 million) relating to accruals of separately disclosed items (mainly professional fees) and US $14.2 million (2022: US $11.0 million) relating to Goods received but not invoiced.

Non-current	2023 US $million	2022 US $million
Other liabilities	14.6	17.1
Total	**14.6**	**17.1**

Within other liabilities there is US $5.9 million (2022: US $5.5 million) relating to employee indemnity and non current contract liabilities (note 6) of US $3.2 million (2022: nil).

19 PROVISIONS

	Dilapidation provisions US $million	Legal provisions US $million	Environmental provisions US $million	Restructuring provisions US $million	Share-based payments US $million	Total US $million
As at 18 January 2022	—	—	—	—	—	—
Acquisitions (note 5)	35.4	11.2	13.0	4.2	—	63.8
Additions	6.5	—	—	1.2	1.9	9.6
Utilized during the year	(0.3)	(0.1)	—	(1.6)	—	(2.0)
Exchange movements	(0.4)	(0.2)	—	1.4	—	0.9
As at 31 December 2022	**41.2**	**10.9**	**13.0**	**5.3**	**1.9**	**72.2**
Included in:						
Current liabilities	4.9	2.9	—	4.5	—	12.2
Non-current liabilities	36.3	8.0	13.0	0.8	1.9	60.0
As at 31 December 2022	**41.2**	**10.9**	**13.0**	**5.3**	**1.9**	**72.2**
As at 31 December 2022	41.2	10.9	13.0	5.3	1.9	72.3
Acquisitions (note 5)	—	—	—	—	—	—
Additions	0.5	6.9	—	1.6	0.9	9.9
Utilized during the year	(1.8)	(7.9)	—	(0.8)	—	(10.5)
Exchange movements	1.0	—	—	0.1	—	1.1
As at 31 December 2023	**40.9**	**9.9**	**13.0**	**6.2**	**2.8**	**72.8**
Included in:						
Current liabilities	5.1	2.6	—	5.4	—	13.1
Non-current liabilities	35.8	7.3	13.0	0.8	2.8	59.7
As at 31 December 2023	**40.9**	**9.9**	**13.0**	**6.2**	**2.8**	**72.8**

Dilapidation provision

The dilapidation provisions represent management's best estimate of restoration costs with respect to leased properties for which a present obligation exists and a reliable estimate can be made. The timing of the cash outflows is expected to be over the next 1-15 years as leases expire.

Legal provision

The Group is involved in various claims and lawsuits in the ordinary course of its business. The outcome of such litigation and the timing of any potential liability is uncertain, as it is often subject to legal proceedings. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future. In making provision for claims, management has used its judgment to assess the circumstances relating to each specific event, internal and external legal advice, prevailing commercial terms and legal precedents. The legal claims included in the provision as at 31 December 2023 are partially mitigated by insurance (US $4.2 million) recognized as other asset on the Consolidated Balance Sheet.

19 PROVISIONS (CONTINUED)

Environmental provision

The provision represents estimated costs of clean up, land redevelopment and restoration of specific testing sites in the US. The provision was recognized as a part of the NTS acquisition in 2022. (Note 5). The timing of the cash outflows is expected to be over the next 2-15 years.

Restructuring provisions

Restructuring provision relates to various fundamental restructuring activities, including site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structure. Management has used its best judgment to estimate the cost and the timing of the cash outflows and estimated that the majority is likely to be utilised within one year of the statement of financial position date.

Share-based payments

The Company has issued 3,441,360 B1 and 1,743,300 B2 Ordinary shares ("B shares") to certain employees and Directors Pursuant to the terms set out in the Articles of Association the pay-out for these B shares are based on a calculation dependent on the enterprise exit value of the Group and are subject to meeting certain hurdle rates. The holders of B shares have an option to request the pay out after 5, 6 or 7 years of vesting service period.

The shares are treated as cash-settled share-based payments. The liability is measured on inception and at the end of each reporting period until settled, at the fair value by applying an option pricing model.

The expense recognized for employees' services during the period is US $0.9 million (2022: US $1.9 million).

20 LOANS, BORROWINGS AND REDEEMABLE SHARES

	2023			2022		
	Current US $million	Non-current US $million	Total US $million	Current US $million	Non-current US $million	Total US $million
First Lien Term Loan	14.3	1,807.4	1,821.7	14.2	1,803.7	1,817.9
PIK notes	—	961.2	961.2	—	841.4	841.4
Second Lien Term Loan	—	369.7	369.7	—	347.9	347.9
Capex/acquisition and revolving credit facilities	265.6	—	265.6	137.0	—	137.0
South Korea Term Loan	5.7	6.8	12.5	—	—	—
Deferred financing costs	(10.1)	(84.5)	(94.6)	(8.2)	(95.2)	(103.4)
Interest bearing loans and borrowings	**275.5**	**3,060.6**	**3,336.1**	**143.0**	**2,897.8**	**3,040.8**
Preference shares	—	178.0	178.0	—	161.4	161.4
A2 shares	—	3.6	3.6	—	8.0	8.0
Redeemable shares	**—**	**181.6**	**181.6**	**—**	**169.4**	**169.4**

The principal terms of the Group's Loans and borrowings at the year-end were as follows:

First Lien Term Loan

The First Lien Term loans consist of the following facilities:

- US $975.0 million principal amount acquired as a result of the acquisition of Element Material Technology Group Limited (note 5) on 6 July 2022. The loan has an annual repayment of 1% of the original drawn down value, payable from 31 March 2023. The remaining balance is repayable in full on maturity (6 July 2029). The loan carries variable interest at SOFR plus 4.25% margin. The outstanding principal as at 31 December 2023 is US $965.3 million

- A further US $450.0 million was raised on 26 September 2022. The loan has an annual repayment of 1% of the original drawn down value, payable from 31 March 2023. The remaining balance is repayable in full on maturity (6 July 2029). The loan carries variable interest at SOFR plus 4.25% margin. The outstanding principal as at 31 December 2023 is US $445.5 million.

- EUR 370.0 million (US $386.7 million) principal amount was drawn on 06 July 2022 and is repayable in full on maturity (06 July 2029). The loan carries variable interest at EURIBOR plus 4.25% margin. The outstanding principal as at 31 December 2023 is EUR 370.0 million (US $410.8 million).

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20 LOANS, BORROWINGS AND REDEEMABLE SHARES (CONTINUED)

PIK Notes

The Group issued US $615.0 million unsecured redeemable PIK notes on 6 July 2022 at an issue price of US $1 per note which are redeemable on 06 July 2031 at par value plus all rolled-up interest. The interest is variable and is charged at SOFR plus margin of 8.5 per cent annum. At 31 December 2022 US $650.3 million was outstanding. At 31 December 2023 US $742.9 million is outstanding with the movement in the period due to interest accrued of US $92.6 million.

The Group issued US $185.0 million unsecured redeemable PIK notes on 26 September 2022 at an issue price of US $1 per note which are redeemable on 06 July 2031 at par value plus all rolled-up interest. The interest is variable and is charged at SOFR plus margin of 8.5 per cent annum. At 31 December 2022 US $191.1 million was outstanding. At 31 December 2023 US $218.3 million is outstanding with the movement in the period due to interest accrued of US $27.2 million.

Second Lien Term Loan

The Second Lien Term loans consist of the following facilities:

- The principal amount of the facility is GBP 220.8 million (US $ 268.2 million) and it was drawn on 06 July 2022. The outstanding loan is repayable in full on 06 July 2030. The loan carries variable interest at SONIA plus margin of 7.25%.
- A further GBP 68.2 million (US $80.0 million) was raised on 26 September 2022 and was an extension to the original draw down with the interest and repayment terms remaining unchanged.
- As at 31 December 2023, the total amount outstanding on the Second Lien Term Loan is GBP 289.0 million (US $369.7 million).

Capex/acquisition and revolving credit facilities

A series of drawdowns and payments were made on the capex/acquisition and revolving credit facilities during 2023, which in part remain unpaid as at 31 December 2023. The interest paid on the capex/acquisition facility is variable and is charged at SOFR/SONIA/EURIBOR (as applicable) plus 3.5% margin. Interest on the revolving credit facility is variable and is charged at SOFR/SONIA/EURIBOR (as applicable) plus 3.5% margin.

The following drawdowns and payments occurred during 2023:

Capex/acquisition:

- US $101.0 million was drawn on 7 July 2022. At 31 December 2023, the outstanding amount is $101.0 million.
- US $16.0 million was drawn on 22 July 2022. At 31 December 2023, the outstanding amount is $16.0 million.
- US $25.0 million was drawn on 23 March 2023. At 31 December 2023, the outstanding amount is $25.0 million.
- US $10.0 million was drawn on 15 May 2023. At 31 December 2023, the outstanding amount is $10.0 million.
- US $43.0 million was drawn on 21 July 2023. At 31 December 2023, the outstanding amount is $43.0 million.
- US $5.0 million was drawn on 25 September 2023. At 31 December 2023, the outstanding amount is $5.0 million.

Revolving credit facility:

- US $15.0 million was drawn on 14 November 2022. On the 15 May 2023, a further US $5.0 million was drawn. The full US $20.0 million was repaid on 29 December 2023. At 31 December 2023, the outstanding amount is nil.
- US $5.0 million was drawn on 23 December 2022. The full balance was repaid on 24 April 2023. At 31 December 2023, the outstanding amount is nil.
- US $45.0 million was drawn on 23 March 2023. The full balance was repaid on 29 December 2023. At 31 December 2023, the outstanding amount is nil.
- US $5.0 million was drawn on 05 May 2023. The full balance was repaid on 05 June 2023. At 31 December 2023, the outstanding amount is nil.
- US $5.0 million was drawn on 26 May 2023. At 31 December 2023, the outstanding amount is US $5.0 million.
- US $5.0 million was drawn on 22 June 2023. The full balance was repaid on 29 December 2023. At 31 December 2023, the outstanding amount is nil.
- US $10.0 million was drawn on 27 June 2023. At 31 December 2023, the outstanding amount is US $10.0 million.
- US $30.0 million was drawn on 27 June 2023. The full balance was repaid on 29 December 2023. At 31 December 2023, the outstanding amount is nil.
- US $10.0 million was drawn on 30 June 2023. At 31 December 2023, the outstanding amount is US $10.0 million.
- US $5.0 million was drawn on 20 July 2023. The full balance was repaid on 29 December 2023. At 31 December 2023, the outstanding amount is nil.
- US $10.0 million was drawn on 21 July 2023. At 31 December 2023, the outstanding amount is US $10.0 million.
- GBP £10.0 million (US $12.2 million) was drawn on 18 October 2023. At 31 December 2023, the outstanding amount is GBP £10.0 million (US $12.8 million).
- GBP £10.0 million (US $12.2 million) was drawn on 27 October 2023. At 31 December 2023, the outstanding amount is GBP £10.0 million (US $12.8 million).
- US $5.0 million was drawn on 21 November 2023. At 31 December 2023, the outstanding amount is US $5.0 million.
- GBP £5.0 million (US $6.1 million) was drawn on 28 November 2023. The full balance GBP £5.0 million (US $6.3million) was repaid on 28 December 2023. At 31 December 2023, the outstanding amount is nil.

20 LOANS, BORROWINGS AND REDEEMABLE SHARES (CONTINUED)

As at 31 December 2023, the outstanding amount of the capex/acquisition facility is US $200.0 million and the outstanding amount of the revolving credit facility is US $64.4 million. The capex/acquisition and the revolving credit facility have a maturity date of 6 January 2029.

The Group has one financial covenant, under the Revolving Credit Facility only, whereby a Springing Senior Secured Leverage Test applies if greater than 40% of the RCF commitments are drawn and the First Lien Senior Secured Leverage ratio is greater than x9.1. There have been no breaches of the financial covenant in the current period.

South Korea Term Loan

During the financial year ended 31 December 2023, the Group acquired two South Korean entities, NCT & CTK - as part of these acquisitions, the Group acquired the associated debt of the two Korean entities.

The South Korean term loan facilities consists of the following loans:

NCT:

- The principal amount outstanding, of acquired facility number one from NCT is KRW 1.2 billion (US $0.9 million). The outstanding loan amount is repayable by the 30 June 2027. The loan carries a fixed interest rate of 5.17%.
- The principal amount outstanding, of acquired facility number two from NCT is KRW 1.8 billion (US $1.4 million). The outstanding loan amount is repayable by the 25 August 2024. The loan carries an interest rate of 4.81%.
- The principal amount outstanding, of acquired facility number three from NCT is KRW 3.1 billion (US $2.4 million). The outstanding loan amount is repayable by the 22 June 2026. This loan carries an interest rate of 5.01%

CTK:

- The principal amount outstanding, of acquired facility number one from CTK is KRW 3.0 billion (US $2.3 million). The outstanding loan amount is repayable by the 28 February 2025. The loan carries a fixed interest rate of 3.88%.
- The principal amount outstanding, of the second acquired facility from CTK is KRW 1.5 billion (US $1.2 million). The outstanding loan amount is repayable by the 28 February 2025. The loan carries an interest rate of 3.89%.
- The principal amount outstanding, of the third acquired facility from CTK is KRW 3.6 billion (US $2.8 million). The outstanding loan amount is repayable by the 08 May 2024. This loan carries an interest rate of 3.66%.
- The principal amount outstanding, of the fourth acquired facility from CTK is KRW 1.0 billion (US $0.8 million). The outstanding loan amount is repayable by the 04 August 2024. The loan carries an interest rate of 4.70%.
- The principal amount outstanding, of the fifth acquired facility from CTK is KRW 1.0 billion (US $0.8 million). The outstanding loan amount is repayable by the 09 November 2024. This loan carries an interest rate of 5.49%.

Preference shares

The Company issued redeemable cumulative preference shares of US $3,696.0 million on 6 July 2022. The shares carry 10 per cent interest per annum, which compounds each year on the issue anniversary date. A further US $315.5 million of preference shares were issued on 27 September 2022 and US $0.5 million were issued on 8 December 2022. These issues were an extension to the original issue with the interest and repayment terms remaining unchanged. The preference shares do not carry voting rights and are denominated in USD.

The preference shares are presented within debt or equity depending on specific features associated with the instrument. Preference shares for which a holder has an option to redeem are classified as a financial liability US 154.4 million at 31 December 2023 (US $153.9 million at 31 December 2022). Accrued interest is recognized as interest expense Total cumulative interest accrued to 31 December 2023 was US $23.7 million (US $7.5 million at 31 December 2022).

Preference shares for which the Company (issuer), rather than the holder, has an option to redeem have characteristics of equity and are disclosed in note 25.

A2 Shares

The number of redeemable A2 shares in issuance was 2,023,555 at 31 December 2023 (31 December 2022: 2,022,784). The shares are only redeemable after 6th July 2027 and are valued using an option pricing model to determine fair value.

The key inputs and assumptions for the option pricing model are:

- Expected volatility (the Group applied re-levered equity volatility based on historical equity volatility of publicly traded peer companies),
- Expected term (the period until an exit event which is estimated to be 5 years from the initial investment by the majority shareholder), and
- Risk free interest rate (determined by reference to US Treasury yield curve for the period commensurate with the expected timing of exit).

A2 shares are denominated in USD. The difference between the option pricing model valuation and the value of the shares on issuance in 2022 was $14.7 million (note 4).

The fair value movement in 2023 was a gain of US $4.4 million (2022: US $6.7 million) (note 9).

20 LOANS, BORROWINGS AND REDEEMABLE SHARES (CONTINUED)

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Changes in liabilities arising from financing activities	First Lien Term Loan US $million	PIK Notes US $million	Second Lien Term Loan US $million	ACF and RCF US $million	South Korea Term Loan US $million	Deferred financing costs US $million	Loan refinanced on acquisition (note 5) US $million	Interest bearing loans and borrowings US $million
At 18 January 2022	—	—	—	—	—	—	—	—
Acquisition (note 5)	975.0	—	—	—	—	—	1,747.2	2,722.2
Drawdowns	836.6	800.0	346.1	153.9	—	—	—	2,136.6
Repayments	—	—	—	(16.2)	—	(108.1)	(1,747.2)	(1,871.5)
Interest capitalised	—	41.4	—	—	—	5.5	—	46.9
Exchange movement	6.3	—	1.8	(0.7)	—	(0.8)	—	6.6
At 31 December 2022	**1,817.9**	**841.4**	**347.9**	**137.0**	**—**	**(103.4)**	**—**	**3,040.8**
Acquisition (note 5)	—	—	—	—	15.81	—	—	15.81
Drawdowns	—	—	—	248.5	—	—	—	248.5
Repayments	(14.3)		—	(121.3)	(3.5)	—	—	(139.1)
Interest capitalised	—	119.8	—	—	—	10.1	—	129.9
Exchange movement	18.0	—	21.8	1.4	0.2	(1.2)	—	40.2
At 31 December 2023	**1,821.6**	**961.2**	**369.7**	**265.6**	**12.5**	**(94.5)**	**—**	**3,336.1**

Analysis of borrowings by currency	GBP US $million	EUR US $million	USD US $million	KRW US $million	Total US $million
Second Lien Term Loan (net of deferred financing costs)	336.4	—	—	—	336.4
First Lien Term Loan (net of deferred financing costs)	—	381.8	1,377.6	—	1,759.4
PIK notes (net of deferred financing costs)	—	—	816.3	—	816.3
Capex/acquisition and revolving credit facilities (net of deferred financing costs)	—	—	128.7	—	128.7
As at 31 December 2022	**336.4**	**381.8**	**2,322.6**	**—**	**3,040.8**
Second Lien Term Loan (net of deferred financing costs)	358.6	—	—	—	358.6
First Lien Term Loan (net of deferred financing costs)	—	400.9	1,369.5	—	1,770.3
PIK notes (net of deferred financing costs)	—	—	936.2	—	936.2
South Korea Term Loan (net of deferred financing costs)	—	—	—	12.5	12.5
Capex/acquisition and revolving credit facilities (net of deferred financing costs)	25.6	—	233.0	—	258.6
As at 31 December 2023	**384.1**	**400.9**	**2,538.7**	**12.5**	**3,336.1**

Analysis of undrawn borrowings under the Senior Facilities Agreement (SFA)	2023 US $million	2022 US $million
Capex/acquisition	—	83.0
Revolving credit facility	129.9	157.1
Total	**129.9**	**240.1**

The available undrawn facilities are multi-currency. At 31 December 2023, the Group has a US $5.7 million, letter of credit outstanding (refer to note 29).

The weighted average interest rates paid during the period were as follows:	2023	2022
PIK Notes	13.6%	11.5%
Bank loans	9.4%	7.1%
Preference shares	10.0%	10.0%

21 DEFERRED AND CONTINGENT CONSIDERATION

	Contingent consideration US $million	Deferred consideration US $million
Consideration as at 18 January 2022	—	—
Acquisitions	264.2	4.6
Payment of deferred and contingent consideration	(241.6)	—
Fair value re-measurement	(4.1)	—
Total deferred and contingent consideration as at 31 December 2022	**18.5**	**4.6**
Included in:		
Current liabilities	4.7	4.7
Non-current liabilities	13.8	—
Total deferred and contingent consideration as at 31 December 2022	**18.5**	**4.6**
Movements in 2023		
Acquisitions	10.2	6.4
Payment of deferred and contingent consideration	(4.7)	(6.4)
Fair value re-measurement	9.8	—
Total deferred and contingent consideration as at 31 December 2023	**33.8**	**4.6**
Included in:		
Current liabilities	15.8	2.4
Non-current liabilities	18.0	2.2
Total deferred and contingent consideration as at 31 December 2023	**33.8**	**4.6**

The fair value of the contingent consideration determined at 31 December 2023 is the present value of expected future cash flows based on the latest forecasts of future performance. Changes to the original present value of the contingent consideration amounts, based on the subsequent performance of the acquired entities i.e. changes to the expected future cash flows resulting in a failure to meet the contingent consideration EBITDA or revenue targets. The resulting changes in contingent consideration amounts are recognized as separately disclosed items within the consolidated statement of profit or loss.

Deferred and contingent consideration as at 31 December 2023 relates to the following past transactions:

NCT was acquired in May 2023 (note 5). NCT purchase consideration included deferred consideration of US $2.4 million, US $3.6 million of consideration contingent on sale land (paid in February 2024), and finally, a portion of contingent consideration based on meeting adjusted EBITDA targets. The fair value of the performance contingent consideration as at the acquisition date was US $2.4 million. The contingent consideration element based on 12 month EBITDA targets to March 2024, the adjusted EBITDA forecast was re-measured at the year end and an additional US$ 9.8 million was recognized as a result of post-acquisition improvements in EBITDA performance. The contingent consideration range available to the sellers is between a minimum of US $2.4m, with the maximum amount depending on future adjusted EBITDA.

CTK was acquired in July 2023 and the purchase price included contingent consideration based on future EBITDA targets being met. The fair value of the contingent consideration both as at acquisition and as at 31 December 2023 was US $nil.

Filton was acquired in October 2023. The Filton purchase consideration included deferred consideration of US $2.2 million and contingent consideration of US $4.2 million based on forecasted revenue targets. The contingent consideration is calculated based on forecasted revenue for the twelve months post acquisition. The fair value of the contingent consideration recognized as at acquisition and as at 31 December 2023 was US $4.2 million. The contingent consideration range range available to the sellers is between a minimum of $nil and a maximum of US $4.2million depending on the level of revenue achieved in the 12 months following the acquisition.

The acquisition of Element Materials Technology Group Limited also included a contingent consideration dependent on outcomes of certain legal matters and operating results of an advisory service business in the Built Environment BU. The fair value was established on the basis of a DCF of possible outcome scenarios. The estimated value of US$13.8 million as at the acquisition date of 6 July 2022 was reassessed as at the year end and remains unchanged at US $13.8 million as at 31 December 2023.

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21 DEFERRED AND CONTINGENT CONSIDERATION (CONTINUED)

Deferred and contingent consideration as at 31 December 2022 relates to the following past transactions:

Norton Straw Limited (acquired 1 December 2021) purchase consideration included deferred consideration in the form of a holdback payment. The deferred consideration is for an amount of US $0.4 million (GB £0.3 million). This amount was paid in March 2023.

Impact Analytical Inc. (acquired 1 September 2021) purchase consideration included contingent consideration based on future EBITDA targets being met. The contingent consideration range is between a minimum of $nil and a maximum of US $5.0 million. The fair value of the contingent consideration recognized on 6 July 2022 was US $5.0 million. The fair value of the contingent consideration was reduced to US $3.5 million as at 31 December 2022 reflecting the final earn out results. The release of the contingent consideration (US $1.5 million) has been recognized in the consolidated statement of profit or loss. The contingent consideration amount of US $3.5 million was paid out in June 2023.

The consideration to acquire Energy Assurance LLC (purchased 8 April 2022) included contingent consideration based on future EBITDA targets being met, as well as deferred consideration in the form of a holdback payment. The contingent consideration range is between a minimum of $nil and a maximum of US $3.7 million. The deferred consideration is for an amount of US $2.9 million as at 31 December 2022 (adjusted during the period by US $0.1m from US $3.0 million) and was paid out in January 2023.

The Group acquired a further 0.8% shareholding in Plastrometrex Limited in July 2022 for US $1.0 million (note 16), taking the overall ownership percentage of Element Materials to 28.8% in Plastrometrex. During the period US $0.5 million has been paid with US $0.5 million outstanding as at 31 December 2022. The remainder of the deferred consideration, US $0.5 million has been paid in March and July 2023 in equal instalments.

The consideration to acquire Argen Labs LLC (purchased 7 September 2021) included contingent consideration based on future EBITDA targets being met. The contingent consideration range is between a minimum of $nil and a maximum of US $1.2 million. The fair value of the contingent consideration as at 31 December 2022 is US $1.2 million and this amount was subsequently paid out in January 2023.

Clinimark LLC (acquired 8 April 2022) purchase consideration included deferred consideration in the form of holdback payments. The deferred consideration is for an amount of US $0.6 million. This amount was paid in April 2023.

Trialon Corporation purchase consideration included deferred consideration in the form of a holdback payment. The deferred consideration is for US $0.3 million and is payable in 2024.

The acquisition of Element Materials Technology Group Limited also included a contingent consideration dependent on outcomes of certain legal matters and operating results of advisory service business in Built Environment BU. The fair value was established on a basis of DCF of possible outcome scenarios. The estimated value of US$13.8 million as at the acquisition date of 6 July 2022 remained the best estimate as at prior and current year-end.

22 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. The Group's business and financial results are affected by fluctuations in global financial markets, including changes in currency exchange rates and interest rates. The Group manages these risks through a combination of normal operating and financing activities and derivative financial instruments. The Group uses interest rate cap contracts to manage its exposure to interest rate changes. The Group does not use derivative financial instruments for trading or speculative purposes.

Financial risk management including the use of financial instruments and the related currency, liquidity, credit and interest rate risks is dealt with by the Group finance function of the parent on behalf of the Group.

Fair value measurements

In accordance with IFRS 7 Financial Instruments: Disclosures, financial instruments are classified in the form of a three-level fair value hierarchy, by class, for all financial instruments recognized at fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables present the Group's assets and liabilities that are measured at fair value:

22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets/(Financial liabilities)	Fair value hierarchy	Fair value 31 December 2023	Fair value 31 December 2022
Contingent consideration in a business combination	Level 3	(33.8)	(18.5)
Derivatives not designated as hedges interest rate swap contract	Level 2	34.7	54.8

Between 1 January 2023 and 31 December 2023, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

At 31 December 2023 and 31 December 2022, there is one type of level 3 fair value measurement which relates to contingent consideration liabilities resulting from acquisition activity. The fair value of the contingent consideration liabilities is based on an assessment of the probability of possible outcomes discounted to net present value. Subsequent changes to the fair value of the contingent consideration liabilities are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration liabilities are accounted for in accordance with relevant IFRSs and recorded through the statement of profit or loss.

Derivatives classified as level 2 fair value measurement represent interest rate swaps valued at mark to market.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The Group management reviews and manages the key risks that could prevent the Group from meeting its business objectives The Group management consists of senior managers from operating sectors and reports findings and actions directly to the Chief Executive Officer and the Board. This process covers all risk areas, including strategic, operational and financial risks. The key financial management risks identified by management are as follows:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivable exposures are managed locally in the operating units where they arise. Credit terms vary by country and are set as deemed appropriate for the customer. The Group actively monitors concentration of credit risk whereby no customer represents greater than 10% of total trade receivables throughout the period. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of credit risk within the business is spread amongst a number of approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The carrying amount of the financial assets recorded in the financial statements, which is net of expected credit losses, represents the Group's exposure to credit risk.

The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss.

In order to minimize credit risk, the Group has categorized exposures according to their degree of risk of default. The credit rating information is based on a range of qualitative and quantitative factors that are deemed to be indicative of risk of default and range from 1 (lowest risk of default) to 5 (greatest risk of default). Loss allowances for trade receivables from related parties held by the Group are deemed immaterial.

	31 December 2023			31 December 2022		
Group rating	Gross exposure US $million	Loss allowance US $million	Net exposure US $million	Gross exposure US $million	Loss allowance US $million	Net exposure US $million
1	187.2	—	187.2	147.2	—	147.2
2	51.3	—	51.3	41.0	—	41.0
3	19.0	—	19.0	17.7	—	17.7
4	8.9	—	8.9	10.9	—	10.9
5	21.1	(5.0)	16.2	27.4	(4.6)	22.8
Total	**287.6**	**(5.0)**	**282.6**	**244.2**	**(4.6)**	**239.6**

22 FINANCIAL INSTRUMENTS (CONTINUED)

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Liquidity risk

Liquidity risk is the risk that suitable sources of funding may not be available for the Group's business activities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and continuously monitoring forecast and actual cash flows including consideration of appropriate sensitivities.

The Group monitors cash balances daily and projects cash on a rolling thirteen-week basis. The Group's financial risk management activities in this area seek to achieve a balance between certainty of funding with committed facilities and a flexible cost-effective structure.

At 31 December 2023, the Group had credit facilities of US $400.0 million, of which US $265.6 million had been drawn down leaving US $134.4 million undrawn. The Group held cash of US $172.8 million at the end of the period.

In addition to cash and undrawn facilities available, liquidity risk is managed through on-going review of the Group's financial projections by the Group finance function. Recommendations may then be made to the Board to mitigate cash outflows through restriction or deferral of discretionary expenditure.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining years, at the statement of financial position date, to the contractual maturity date. The amounts disclosed in the table represent the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not considered to be significant.

	Less than one year US $million	Between one and two years US $million	Between two and three years US $million	Between three and five years US $million	More than five years US $million	Total US $million
First Lien Term Loan	14.3	14.3	14.3	28.5	1,353.8	1,425.2
Capex/acquisition and revolving credit facility	137.0	—	—	—	—	137.0
Second Lien Term Loan	—	—	—	—	347.9	347.9
PIK Notes	—	—	—	—	841.4	841.4
Trade payables	51.3	—	—	—	—	51.3
Other payables	168.4	6.9	0.5	2.8	6.9	185.4
Lease liabilities	41.6	35.4	30.7	44.2	66.7	218.6
As at 31 December 2022	**412.6**	**56.6**	**45.5**	**75.5**	**2,616.7**	**3,206.9**
First Lien Term Loan	14.3	14.3	14.3	28.5	1,750.5	1,821.7
Capex/acquisition and revolving credit facility	265.6	—	—	—	—	265.6
Second Lien Term Loan	—	—	—	—	369.7	369.7
PIK Notes	—	—	—	—	961.2	961.2
South Korean Term Loan	5.7	6.8	—	—	—	12.5
Trade payables	47.7	—	—	—	—	47.7
Other payables	212.1	5.5	3.2	—	5.9	226.7
Lease liabilities	43.5	38.9	32.1	47.1	47.4	209.0
As at 31 December 2023	**588.8**	**65.5**	**49.6**	**75.6**	**3,134.6**	**3,914.0**

Interest rate risk

The Group is exposed to interest rate risks on its bank loans (note 20). Management closely monitors the market changes in interest rates and any potential impact the changes have on the Group's ability to service its debt facility.

In addition to the available cash and cash from operations, the Group uses short and long-term debt to finance business activities. Variable interest rates on bank borrowings in 2023 ranged between 2.2% to 5.42%. The Group is exposed to interest rate risk on its debt obligations.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

27 FINANCIAL INSTRUMENTS (CONTINUED)

		2023	2022
	Increase/Decrease in basis points	Effect on profit before tax (US $million)	Effect on profit before tax (US $million)
US Dollar	+50	8 3	7.8
Pound	+50	2 0	1.7
Euro	+50	2.1	2.0
US Dollar	-50	(8.3)	(7.8)
Pound	-50	(2.0)	(1.7)
Euro	-50	(2.1)	(2.0)

The assumed reasonably possible movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. These risks include the translation of local currency balances and results of the Group's worldwide operations into United States Dollars. In addition, there are gains and losses related to intercompany and third-party transactions denominated in currencies other than a location's functional currency.

The Group operates in over 30 countries, although the principal currency exposures relate to Pound and Euro. The Group's objective is to minimize the volatility of its exposures to these risks through a combination of normal operating and financing activities. Currency risk is managed centrally by the Group.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in Euro and GBP exchange rates, with all other variables held constant. The impact on the Group's post-tax equity is due to changes in the fair value of loans and borrowings denominated in GBP and Euros. The Group's exposure to foreign currency changes for all other currencies is not material.

		2023	2022
	Change in rate	Effect on profit before tax US $million	Effect on profit before tax US $million
Pound	+5%	(17.1)	(16.6)
Euro	+5%	(19.1)	(18.7)
Pound	-5%	18.9	18.3
Euro	-5%	21.1	20.7

Interest risk

The business activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balances. The Group's overall strategy remains unchanged.
The capital structure of the Group consists of net debt (borrowings disclosed in note 20 after deducting cash and cash equivalents) and equity of the Group (as disclosed in the statement of changes in equity).

The Group is not subject to any externally imposed capital requirements. The Group's risk to the capital structure is reviewed on a regular basis As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

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23 RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are defined benefit pension plans in the UK, Sweden and Germany, which require contributions to be made to separately administered funds or insurance companies.

Defined contribution pension schemes

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of profit or loss when employees have rendered service entitling them to the contributions. The Group made US $20.3 million (2022: US $9.1 million) (note 7) payment to defined contribution plans in 2023.

Defined benefit pension schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value.

The largest of the defined benefit pension schemes is the UK scheme, TTL Chiltern Group Pension Scheme. The assets of this scheme are administered by trustees in a fund independent from those of the participating companies and invested directly on the advice of the independent professional investment managers.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. Since 1 October 2015 the Scheme has been closed to future accrual. The Scheme is a registered scheme under UK legislation and was contracted out of the State Second Pension. The Scheme is subject to the scheme funding requirements outlined in UK legislation. The Scheme was established from 2 March 1978 under trust and is governed by the Scheme's rules dated 22 July 2011 and subsequent amending deeds (the "Rules"). The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy. Under clause 66, of the Rules the Group is entitled to an unconditional right to a refund of surplus if the Scheme winds up with excess assets.

The Scheme exposes the Group to actuarial risks such as: market (investment) risk, interest rate risk, inflation risk currency risk and longevity risk.

On 6 October 2023, the Trustee purchased a bulk annuity buy-in policy from Just Retirement Limited, a private limited life insurance company, covering all members of the Scheme (excluding GMP Equalisation). Consequently any changes in the value of the defined benefit obligation will be largely offset by a change in the Scheme's asset value and the funding position will remain unchanged. As such, the Group's exposure to such risks has been materially reduced.

The Scheme is subject to a full actuarial valuation every three years using assumptions agreed between the Trustee and the Group management. The purpose of this valuation is to design a funding plan to ensure that the pension scheme has sufficient funds available to meet future benefit payments. The most recent valuation was carried out by an independent professionally qualified actuary as at 31 December 2023 and revealed a funding deficit of GBP £250k (US $320k).This balance is made up of the outstanding bank account balance offset by liabilities yet to be covered by the insurance contract, specifically for GMP Equalisation and a benefit correction identified for deferred members who were still employed when the scheme closed in 2015.

The Group agreed to pay monthly contributions of £0.1 million (US $0.1 million) ceasing on 31 January 2025 in line with the recovery plan dated 6 October 2021. The monthly contributions ceased on 6 October 2023 as a result of the purchase of bulk annuity buy-in policy. In 2023, the Group made total contributions of US $12.9 million (2022: US $0.6 million) to the UK scheme.

On the chosen IAS 19 assumptions the average duration of the liabilities to the beneficiaries at 31 December 2023 is approximately 19 years.

Total pension cost for the period ended 31 December 2023

The pension expense relating to defined benefit schemes, recognized in the Consolidated statement of profit or loss consists of:

	Year ended 31 December 2023 US $million	Period ended 31 December 2022 US $million
Defined benefit schemes		
Current service costs	0.2	0.5
Past service cost	0.6	—
Net pension interest cost	0.1	0.1
Pension cost included in operating loss	**0.9**	**0.6**

23 RETIREMENT BENEFIT OBLIGATIONS (continued)

The current service cost, past service cost and scheme administration costs are included in operating expenses in the Group statement of profit or loss. Net pension interest cost is included in finance costs. Actuarial gains and losses recognized directly in the Consolidated statement of comprehensive income or loss:

	Year ended 31 December 2023 US $million	Period ended 31 December 2022 US $million
Cumulative loss at beginning of the year	(1.3)	—
Recognized loss in the period	(11.9)	(1.3)
Cumulative loss at end of the year	**(13.2)**	**(1.3)**

Remeasurements of the net defined liability shown in the Consolidated statement of comprehensive income or loss are as follows:

	Year ended 31 December 2023 US $million	Period ended 31 December 2022 US $million
Net remeasurement – changes in assumptions	2.4	(9.2)
Net remeasurement – experience	—	—
Return on assets – excluding interest income	9.6	10.5
Total remeasurement of the net defined liability shown in the Group statement of other comprehensive income	**11.9**	**1.3**

Employer contributions

In the period ended 31 December 2023, the Group made contributions of US $12.9 million (2022: US $0 6 million) to all defined benefit schemes of which US $12.9 million (2022: US $0.6 million) relates to the UK scheme.

Pension liability for defined benefit schemes

The amounts recognized in the statement of financial position for defined benefit schemes were as follows:

	Year ended 31 December 2023 US $million	Period ended 31 December 2022 US $million
Fair value of scheme assets	57.0	50.3
Present value of funded defined benefit obligations	(61.8)	(55.1)
Net liability in the statement of financial position	**(4.8)**	**(4.8)**

The fair value changes in the schemes are shown below:

	Fair value of plan assets US $million	Defined benefit obligation US $million	Total US $million
At 18 January 2022	—	—	—
Acquisitions	40.1	(43.8)	(3 7)
Current service cost	—	(0.5)	(0 5)
Net interest cost	1.2	(1.2)	—
Actuarial gains/(losses)	(10.5)	9.2	(1 3)
Contributions by the employer	0.6	—	0.6
Benefits paid	(1.7)	2.0	0.3
Tax	—	0.3	0.3
Effect of exchange rate changes on overseas schemes	20.6	(21.1)	(0.5)
At 31 December 2022	**50.3**	**(55.1)**	**(4.8)**
Acquisitions	—	(0.2)	(0.2)
Current service cost	—	(0.2)	(0.2)
Past service cost	—	(0.6)	(0.6)
Net interest cost	2.7	(2.7)	(0.1)
Actuarial gains/(losses)	(9.6)	(2.4)	(11.9)
Contributions by the employer	12.9	—	12.9
Benefits paid	(2.9)	3.2	0.4
Tax	—	(0.3)	(0 3)
Effect of exchange rate changes on overseas schemes	3.6	(3.8)	(0.3)
At 31 December 2023	**57.0**	**(62.2)**	**(5.1)**

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23 RETIREMENT BENEFIT OBLIGATIONS (continued)

Composition of scheme assets in each category:

	Year ended 31 December 2023		Period ended 31 December 2022	
	UK scheme US $million	Sweden scheme US $million	UK scheme US $million	Sweden scheme US $million
Equities	—	1.2	16.4	1.4
Bonds	—	3.8	14.4	3.3
LDI	—	—	14.1	—
Structured products	—	0.9	—	0.7
Cash	1.0	—	0.2	—
Insurance Contracts	49.9	—	—	—
At 31 December	**50.8**	**5.9**	**45.1**	**5.4**

The equities and bonds held within Swedish scheme are all quoted in active markets. The actual return on scheme assets was as follows:

	Year ended 31 December 2023		Period ended 31 December 2022	
	UK scheme US $million	Sweden scheme US $million	UK scheme US $million	Sweden scheme US $million
Actual return for the period	9.7	(0.1)	10.0	0.4

The pension surplus/(deficit) of each scheme at 31 December was as follows:

	Year ended 31 December 2023			Period ended 31 December 2022		
	UK scheme US $million	Sweden scheme US $million	German schemes US $million	UK scheme US $million	Sweden scheme US $million	German schemes US $million
Present value of funded defined benefit obligations	(51.1)	(9.9)	(0.3)	(46.8)	(7.4)	(0.3)
Present value of unfunded defined benefit obligations	—	—	(0.6)	—	—	(0.5)
Fair value of scheme assets	50.8	5.9	—	45.1	5.1	—
Net defined benefit liability at 31 December	**(0.3)**	**(3.9)**	**(0.9)**	**(1.7)**	**(2.3)**	**(0.8)**

Principal actuarial assumptions:

	Year ended 31 December 2023			Period ended 31 December 2022		
	UK	Sweden	Germany	UK	Sweden	Germany
Discount rate	4.7%	3.2%	4.3%	5.0%	4.1%	3.8%
Inflation rate	3.0%	1.6%	2.0%	3.2%	2.2%	2.0%
Rate of salary increases	2.4%	1.8%	2.0%	2.6%	2.4%	2.0%
Life expectancy for pensioners at the age of 65 (years):						
Male	21.9	21.9	20.76	22.2	22.2	20.6
Female	24.3	23.9	24.16	24.6	24.6	24.0

Changes in significant assumptions would have the following impact on the defined benefit obligations at 31 December 2023:

	Year ended 31 December 2023				Period ended 31 December 2022			
	UK scheme		Sweden scheme		UK scheme		Sweden scheme	
US $million	0.25% increase	0.25% decrease	0.5% increase	0.5% decrease	0.25% increase	0.25% decrease	0.5% increase	0.5% decrease
Discount rate	1.4	(1.4)	0.8	(0.9)	1.3	(1.3)	(0.7)	0.6
Inflation rate	(1.1)	1.1	(0.7)	0.7	1.0	(1.0)	0.5	(0.6)
Rate of salary increases	*n/a*	*n/a*	(0.3)	0.2	*n/a*	*n/a*	0.2	(0.3)

	Year ended 31 December 2023				Period ended 31 December 2022			
	UK scheme		Sweden scheme		UK scheme		Sweden scheme	
US $million	Increase by one year	Decrease by one year	Increase by one year	Decrease by one year	Increase by one year	Decrease by one year	Increase by one year	Decrease by one year
Assumed life expectancy at age of 65	(1.4)	1.4	(0.4)	0.4	1.3	(1.3)	(0.7)	0.6

24 LEASE ARRANGEMENTS

Right of use asset	Property US $million	Non-property US $million	Total US $million
Cost			
As at 18 January 2022	—	—	—
Acquisitions (note 5)	174.1	3.6	177 7
Additions	4.9	0.5	5.4
Disposals	(0.5)	—	(0.5)
Remeasurement	4.8	0.2	5.0
Exchange movements	(3.6)	—	(3.6)
As at 31 December 2022	**179.7**	**4.3**	**184.0**
Acquisitions (note 5)	0.1	0.2	0.3
Additions	28.0	4.9	32.9
Disposals	(3.9)	(1.1)	(5.0)
Remeasurement	10.5	0.1	10 6
Exchange movements	5.7	0.2	5.9
As at 31 December 2023	**220.1**	**8.6**	**228.7**
Accumulated Depreciation and Impairment			
As at 18 January 2022	—	—	—
Charge for the year	17.6	1.2	18.8
Disposals	(0.5)	—	(0.5)
Exchange movements	(0.1)	—	(0.1)
As at 31 December 2022	**17.0**	**1.2**	**18.2**
Charge for the year	37.2	2.8	40.0
Disposals	(3.3)	(1.1)	(4 4)
Impairment	7.0	—	7 0
Exchange movements	0.5	0.1	0 6
As at 31 December 2023	**58.4**	**3.0**	**61.4**
Net book value			
As at 31 December 2022	**162.7**	**3.1**	**165.8**
As at 31 December 2023	**161.7**	**5.6**	**167.3**

Lease liabilities	Total US $million
As at 18 January 2022	—
Acquisitions (note 5)	168.3
Additions	11.3
Interest	5.8
Payment	(19.4)
Remeasurement	(2.5)
Exchange movements	(3.2)
As at 31 December 2022	**160.3**
Acquisitions (note 5)	0.3
Additions	32.3
Interest	13.8
Payment	(45.2)
Remeasurement	11.8
Exchange movements	3.4
As at 31 December 2023	**176.7**

	2023				2022			
Lease Liabilities	Within 1 year US $million	2-5 years US $million	5+ years US $million	Total US $million	Within 1 year US $million	2-5 years US $million	5+ years US $million	Total US $million
Property	37.1	75.7	58.2	171.0	27.0	75.4	54 7	157.1
Non-property	2.6	3.1	—	5.7	1.6	1.6	—	3.2
At 31 December	**39.7**	**78.8**	**58.2**	**176.7**	**28.6**	**77.0**	**54.7**	**160.3**

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24 LEASE ARRANGEMENTS (CONTINUED)

Interest expense on the lease liabilities recognized within finance costs was US $13.8 million. Total lease payments of US $45.2million is set first against this interest with the remaining US $31.4 million set against principle. As at 31 December 2023, there were no leases which the Group was committed to with future cash flows which have not been accounted for. The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The total expense recognized for these leases was US $1.5 million. The Group holds no variable leases.

The Group subleases vacant space available within its leased and owned properties. IFRS 16 specifies conditions whereby a sublease is classed as an operating lease for the sub-lessor. The operating lease income recognized was US $1.3 million.

25 SHARE CAPITAL AND RESERVES

Share capital

	2023			2022		
Type	Nominal value US $	Issued number	Total US $	Nominal value US $	Issued number	Total US $
A1 Ordinary shares	0.0001	50,975,773	5,098	0.0001	50,182,415	5,018
A2 Ordinary shares	0.0001	2,132,825	213	0.0001	2,132,054	213
B1 Ordinary shares	0.0001	3,441,360	344	0.0001	3,394,560	339
B2 Ordinary shares	0.0001	1,743,300	174	0.0001	1,368,900	137
Deferred shares	0.0001	1,000,000	100	0.0001	1,000,000	100
As at 31 December		**59,293,258**	**5,929**		**58,077,929**	**5,807**

	2023 US $'000	2022 US $'000
Authorized, issued and fully paid, at 31 December	6	6

793,358 A1 ordinary shares were issued during 2023 (2022: 50,182,415) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $793,279.

771 A2 ordinary shares were issued during 2023 (2022: 2,132,054) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $759.

46,800 B1 ordinary shares were issued during 2023 (2022: 3,394,560) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $46,795.

374,400 B2 ordinary shares were issued during 2023 (2022: 1,368,900) at US $0.0001 per share inclusive of share premium.
No additional deferred shares were issued during 2023 (2022: 1,000,000).

During the period ended 31 December 2022 US $0.6 million of ordinary shares and US $47.6 million of preference shares were issued in consideration of Element Group Materials Technology acquisition (note 5).

Rights and conditions of each class of share:

- A1 ordinary shares have full voting entitlement
- A2 ordinary shares have no voting entitlement
- B1 ordinary shares have no voting entitlement
- B2 ordinary shares have no voting entitlement
- Deferred shares have no voting entitlement

As per the Investment Agreement and the Articles of Association any exit proceeds will be distributed to the above share classes beginning with the most senior shares.

Share premium

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

25 SHARE CAPITAL AND RESERVES (CONTINUED)

Preference shares

The Group's redeemable cumulative preference shares of US $3,696.0 million were issued on 6 July 2022. The shares carry 10 per cent interest per annum, which compounds each year on the issue anniversary date. A further US $315.5 million of preference shares were issued on 27 September 2022 and US $0.5 million were issued on 8 December 2022. These issues were an extension to the original issue with the interest and repayment terms remaining unchanged. The preference shares do not carry voting rights.

The preference shares are presented within debt or equity depending on specific features associated with the instrument. Preference shares for which a holder has an option to redeem are classified as a financial liability (note 20).

Preference shares for which the Group (issuer) has an option to redeem have characteristics of equity and accumulated accrued interest is recognized within the Consolidated Statement of Changes in Equity.

	Issued number	Total US $million	Accumulated interest	Total as at 31 December 2023
Preference shares	4,253,097,693	4,253 0	—	—
Treasury preference shares	142,708	0.1	—	—
Presented as				
Debt	—	154.4	23.6	178.0
Equity	—	4,098.7	585.7	4,684.4
Total	**—**	**4,253.1**	**609.3**	**4,862.4**

	Issued number	Total US $million	Accumulated interest	Total as at 31 December 2022
Preference shares	4,011,541,519	4,011 0	—	—
Treasury preference shares	434,305	0.4	—	—
Presented as				
Debt	—	153.9	7.5	161.4
Equity	—	3,857.5	181.0	4,038.5
Total	**—**	**4,011.4**	**188.5**	**4,199.9**

26 NON-CONTROLLING INTERESTS

The Group holds equity interests of less than 51% in the following companies where it exercises control:

Name of company	% shareholding
Element Doha LLC	24.5%
Al Futtaim Elements Material Technology Dubai LLC	49.0%
Element (Saudi Arabia) Company Limited	50.0%
Warringtonfire Doha	49.0%
BM Trada RKCA Certifications Private Limited	50.0%
FIRA-CMA Testing Services Limited	50.0%
BM TRADA RKCA Lanka Certifications (Private) Limited	50.0%
Tianjin C-Kai BM TRADA Certification Company Limited	40.0%

During the period ended the 31 December 2023 Element Doha LLC US approved and paid US $0.4 million of dividends to its non-controlling interest.

The Group is exposed, or has rights, to variable returns from its involvement with the equity interests and has the ability to affect those returns through its power over the equity interests. Based on this, the Directors have determined that the Group has control over these equity interests and therefore consolidates them within the financial statements.

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27 EVENTS AFTER THE REPORTING DATE

Between the end of the financial period and the date of this report, no items, transaction or event of a material nature has occurred, in the opinion of the Directors of the Company, that is likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

In March 2024 the Company issued Convertible perpetual notes to its shareholders for US $577.2 million. The total amount will be presented as an increase in share capital. The proceeds were used to repay the 2nd Lien Term loan B and reload RCF and ACF facilities.

28 RELATED PARTY TRANSACTIONS

Transactions between the entities within the Group have been eliminated on consolidation and are not disclosed in this note.

Remuneration to key management personnel is disclosed in note 7. The key management personnel are directors and non-executive directors of the Company. The remuneration of non-executive directors comprises fees for services, and benefits primarily related to their directorships. Other than those disclosed in note 7, no loans, advances or guarantees have been provided on behalf of any Director.

The key management personnel held 584,998 (2022: 584,998) of A2 shares, 44,647,002 (2022: 44,647,002) of preference shares and 2,028,000 (2022: 2,028,000) of B1 shares at December 2023.

In the ordinary course of its business, the Group enters into transactions with various companies that are controlled by the Group's ultimate parent. Total sales during the year were US $6.8 million (2022: US $0.2 million) and total purchases US $1.7 million (2022: US $0.9 million). As at 31 December 2023 the Group had US $1.4 million outstanding receivable balance from related parties (2022: nil). The Group does not have any material payables with these related parties at the year end, no bad or doubtful debts due from these parties were recognized.

29 COMMITMENTS AND CONTINGENT LIABILITIES

The Group signed a Senior Facilities Agreement, with the institutional lenders in order to secure the credit facilities. The SFA names specific entities of the Group that may borrow under the various facilities of the agreement. In addition, all borrowings under the SFA are subject to security over material subsidiaries across the Group, subject to certain exclusions. Material subsidiaries of the Group, as defined by the SFA, are the guarantors to any borrowings. Security will only be enforceable on the occurrence of an Event of Default as defined by the SFA.

At 31 December 2023, the Group has a US $5.7 million (2022: US $22.9 million) letter of credit outstanding.

The Group is involved in a number of claims and an investigation in relation to advisory services, in the Built Environment end-market, provided in the ordinary course of its business. The Group provided for its best estimate of amounts expected to be paid that can be measured reliably (note 19). It is not possible, at this time, to measure reliably other possible outflows arising from these claims, nor can the timing of possible outflows be determined, as the Group is not yet in receipt of all the relevant information for these matters. Therefore, the Group has contingent liabilities, in respect of these matters and outflows of cash are possible. The Group and the Directors expect that insurance cover in place will mitigate any potential impact of cash outflow in relation to some of these matters.

Capital commitments of the Group as at 31 December 2023 is US $21.4 million (2022: US $15.1 million).

30 SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group's and Company's subsidiaries & joint ventures are listed below. All of these subsidiary undertakings are controlled by EM Topco Limited and were consolidated at 31 December 2023 in the Group accounts.

Name Continuing businesses	Country of incorporation or registration	Proportion held	Activity	Registered address
Agrius Group, LLC	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Analytical Lab Group, LLC	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
BM TRADA Certification North America Inc.	United States	100%	Testing	820 Bear Tavern Road, Mercer County, West Trenton NJ 08628
Cascade Methods, LLC	United States	100%	Dormant	780 Commercial Street SE, Suite 100, Salem OR 97301
Chemvent, LLC	United States	100%	Testing	2479 Woodview Lane, Ann Arbor MI 48108
Element Materials Technology Boulder, LLC (formerly Clinimark, LLC)	United States	100%	Testing	7700 E. Arapahoe Road, Suite 220, Centennial, CO 80112
CRL-B, LLC	United States	100%	Testing	40600 Ann Arbor Road East, Suite 201, Plymouth MI 4 8170
CS USA Corporation	United States	100%	Certification	601 SW Second Ave Ste 2100, Portland OR 97204
Element Materials Technology Aerospace US LLC	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Ann Arbor LLC (formerly Avomeen, LLC)	United States	100%	Testing and inspection operations	4840 Venture Drive, Ann Arbor MI 48108
Element Materials Technology Boston-Acton Inc.	United States	100%	Testing	155 Federal Street, Suite 700, Boston MA 02110
Element Materials Technology Broken Arrow, LLC	United States	100%	Testing and inspection operations	1833 South Morgan Road, Oklahoma City OK 73128
Element Materials Technology Chicago LLC	United States	100%	Testing	150 West Market Street, Suite 800napolis IN 46204
Element Materials Technology Cincinnati Inc.	United States	100%	Testing and inspection operations	4400 Easton Commons Way, Suite 125, Columbus OH 43219
Element Materials Technology Cleveland - Middleburg Heights Inc.	United States	100%	Testing	4400 Easton Commons Way, Suite 125, Columbus OH 43219
Element Materials Technology Cleveland Inc.	United States	100%	Testing and inspection operations	160 Mine Lake Court, Suite 200, Raleigh NC 27615
Element Materials Technology Dallas Inc.	United States	100%	Testing and inspection operations	19111 Dallas Parkway Suite 320, Dallas TX 75287
Element Materials Technology Detroit LLC	United States	100%	Testing and inspection operations	40600 Ann Arbour Road, East Suite 201, Plymouth MI 48170
Element Materials Technology Food US LLC	United States	100%	Certification	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Fort Wayne LLC	United States	100%	Testing and inspection operations	150 West Market Street, Suite 800napolis IN 46204
Element Materials Technology Group US Holdings Inc.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Hartford Inc.	United States	100%	Testing	One Constitution Plaza, Hartford CT 06103-1919
Element Materials Technology Holding USA Inc.	United States	100%	Holding Company	1209 Orange Street, City of Wilmington, County New Castle DE 19801
Element Materials Technology Houston LLC	United States	100%	Testing and inspection operations	160 Mine Lake Court, Suite 200, Raleigh NC 27615
Element Materials Technology Huntington Beach LLC	United States	100%	Testing and inspection operations	160 Mine Lake Court, Suite 200, Raleigh NC 27615

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Element Materials Technology Jupiter LLC	United States	100%	Testing and inspection operations	1200 South Pine Island Road, Plantation FL 33324
Element Materials Technology Lafayette, LLC	United States	100%	Testing and inspection operations	3867 Plaza Tower Drive, Baton Rouge LA 70816
Element Materials Technology Life Sciences LLC	United States	100%	Certification	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Los Angeles LLC	United States	100%	Testing and inspection operations	330 N Brand Blvd., Glendale CA 91203-2336
Element Materials Technology Milpitas Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
Element Materials Technology Minneapolis - Eagan Inc.	United States	100%	Testing and inspection operations	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Minneapolis Inc.	United States	100%	Testing and inspection operations	1010 Dale Street North, Saint Paul MN 55117
Element Materials Technology Minneapolis LLC	United States	100%	Testing and inspection operations	1010 Dale Street North, Saint Paul MN 55117
Element Materials Technology New Berlin Inc.	United States	100%	Testing and inspection operations	301 S Bedford Street, Suite 1, Madison WI 53703
Element Materials Technology Oakland - Concord Inc.	United States	100%	Testing and inspection operations	1285 Corporate Center Drive, Suite 110, Eagan MN 55121
Element Materials Technology Pharma US LLC	United States	100%	Certification	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Portland - Evergreen Inc.	United States	100%	Testing and inspection operations	780 Commercial Street SE, Suite 100, Salem OR 97301
Element Materials Technology Portland Inc.	United States	100%	Testing and inspection operations	780 Commercial Street SE, Suite 100, Salem OR 97301
Element Materials Technology St. Paul Inc.	United States	100%	Testing and inspection operations	160 Mine Lake Court, Suite 200, Raleigh NC 27615
Element Materials Technology Transportation US LLC	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Washington DC LLC (previously called PCTEST Engineering Laboratory, LLC)	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Wilmington Inc.	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Wixom Inc.	United States	100%	Testing and inspection operations	306 West Main Street, Suite 512, Frankfort KY 40601
EM Midco 2 US LLC	United States	100%	Holding Company	251 Little Falls Drive, Wilmington, DE 19808
EMT Finance Inc.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Atlanta - Gainesville, LLC (formerly Energy Assurance LLC)	United States	100%	Testing	289 South Culver Street, Lawrenceville GA 30046
ETCR, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
Exova (US) Holdings Inc.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Exova, Inc.	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
Front Range Methods, LLC	United States	100%	Dormant	780 Commercial Street SE, Suite 100, Salem OR 97301
Greenrock Finance, Inc.	United States	100%	Holding Company	1209 Orange Street Wilmington DE 19801
Herculean US Holdings, Inc.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Midland, Inc. (formerly Impact Analytical, Inc.)	United States	100%	Testing	1940 N Stark Road, Midland MI 48641

Element Materials Technology Iowa City, Inc. (formerly Jones Microbiology Institute Inc.)	United States	100%	Testing and inspection operations	400 E Court Avenue, Des Moines IA 50309
Linbob, LLC	United States	100%	Dormant	447 Center Street, Manchester CT 06040
McCloy Engineering, LLC	United States	100%	Dormant	4400 Easton Commons Way, Suite 125, Columbus OH 43219
Morel Ventures, LLC	United States	100%	Dormant	4400 Easton Commons Way, Suite 125, Columbus OH 43219
MRA Acquisition Corp.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Element Materials Technology Santa Clara, Inc. (formerly Nanoscale Combinatorial Synthesis, Inc.)	United States	100%	Testing and inspection operations	3800 North Central Avenue, Suite 460, Phoenix AZ 85012
National Quality Assurance - U.S.A., Inc.	United States	100%	Testing	289 Great Road, Acton MA 01720
National Technical Systems, LLC	United States	100%	Testing	330 N Brand Blvd., Suite 700, Glendale CA 91203
NEST Parent, Inc.	United States	100%	Holding Company	251 Little Falls Drive, Wilmington, DE 19808
NTS Engineering Services, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
NTS Holding Corporation, Inc.	United States	100%	Holding Company	2125 East Katella Ave., Suite 250, Anaheim CA 92806
NTS Labs, LLC	United States	100%	Testing	330 N Brand Blvd., Suite 700, Glendale CA 91203
NTS Technical Systems, LLC	United States	100%	Testing	28 Liberty Street, New York NY 10005
PCAS-Nanosyn, LLC	United States	100%	Testing	1209 Orange Street, Wilmington DE 19801
PCTEST Holdings Inc.	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Preferred Testing Labs Inc.	United States	100%	Testing	2125 East Katella Ave., Suite 250, Anaheim CA 92806
Primetime Testing Laboratory, Inc.	United States	100%	Testing	289 Great Road, Acton MA 01720
RTC-K, LLC	United States	100%	Testing	40600 Ann Arbor Road East, Suite 201, Plymouth MI 48170
Trialon Corporation	United States	100%	Testing	40600 Ann Arbor Road East, Suite 201, Plymouth MI 48170
Trialon Holding Company	United States	100%	Holding Company	1209 Orange Street, Wilmington DE 19801
Unitek Technical Services, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
Element Materials Technology Bend, LLC (formerly Validation Resources, LLC)	United States	100%	Testing	601 SW Second Ave Ste 2100, Portland OR 97204
Accusense Systems Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Aerotech Inspection & NDT Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Agile Five Ltd**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Ascertiva Limited**	United Kingdom	100%	Dormant	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
BM TRADA Certification Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
BM TRADA Group Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
BM TRADA Overseas Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Catalyst Environmental Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
CCB Evolution Limited**	United Kingdom	100%	Dormant	Chiltern House Stocking Lane, Hughenden Valley, High Wycombe, Buckinghamshire, HP14 4ND

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Certifire Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Chiltern International Fire Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Crawford Scientific Holdings Limited***	United Kingdom	100%	Holding Company	Rosewell House, 2A (1F) Harvest Drive, Newbridge, Midlothian, EH28 8QJ, Scotland
Element Digital Engineering Limited (Previously called Norton Straw Consultants Ltd)	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology (Mexico) Ltd.***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Aberdeen Ltd	United Kingdom	100%	Testing and inspection operations	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Aerospace UK Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Analytical Services Limited (Previously called Hall Analytical Laboratories Limited)	United Kingdom	100%	Testing and inspection operations	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Cambridge UK Limited***	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology China Holding Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Environmental UK Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology G.C. Ltd**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Group Holdings CC1 Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Group Holdings CC2 Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Group Holdings Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Limited ***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Hitchin Limited	United Kingdom	100%	Testing and inspection operations	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Holding UK Ltd***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Laboratory Instrumentation UK Limited (Previously called Anatune Limited)	United Kingdom	100%	Supply of scientific products and service delivery	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Laboratory Solutions UK Limited (formerly Crawford Scientific Limited)	United Kingdom	100%	products, training, consultancy and technical	Rosewell House, 2A (1F) Harvest Drive, Newbridge, Midlothian, EH28 8QJ, Scotland
Element Materials Technology Life Sciences EMEAA Limited (formerly Arch Sciences Group Limited)***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Group Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Oil & Gas UK Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Shared Services Limited***	United Kingdom	100%	Non-Trading	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Sheffield Ltd	United Kingdom	100%	Testing and inspection operations	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA

Element Materials Technology Warwick Ltd	United Kingdom	100%	Testing and inspection operations	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Wednesbury Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EM Bidco Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EM Midco1 Limited	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EM Midco2 Limited	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMC Projects Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT 2 Holdings Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT Finance 1 Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT Finance 2 Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT FX EUR Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT FX GBP Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT FX USD Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
EMT Holdings Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Envirodat Limited***	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Environmental Evaluation Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Exova (UK) Limited	United Kingdom	100%	Holding Company	Lochend Industrial Estate, Queen Anne Drive, Newbridge, Midlothian, EH28 8LP
Exova 2014 Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Exova Group (UK) Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Exova Group Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Exova Treasury Limited***	United Kingdom	100%	Non-Trading	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Filton Systems Engineering Ltd	United Kingdom	100%	Testing	13 Apex Court Woodlands Lane, , Bradley Stoke, Bristo l,, England, BS32 4JT, United Kingdom
FIRA International Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Firas Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Friscan Limited***	United Kingdom	100%	Supply of scientific equipment	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Greenrock Bidco Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA

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Greenrock Midco Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Greenrock Topco Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
IMS Reliance Limited**	United Kingdom	100%	Dormant	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
Insight N.D.T. Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Jones Environmental Forensics Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
LCP Bidco Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Materials Engineering Research Laboratory Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
MERL Technology Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
MTS Pendar Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
N.D.T. (Holdings) Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
N.D.T. Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
National Quality Assurance Limited	United Kingdom	100%	Testing	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
NQA Certification Limited	United Kingdom	100%	Certification	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
TRaC EMC & Safety Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
TRaC Environmental and Analysis Ltd**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
TRaC Global Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
TRaC Telecoms & Radio Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
TRADA Certification Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
TRADA Technology Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
U.K. First Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warrington Apt Laboratories Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warrington Certification Limited**	United Kingdom	100%	Dormant	Holmesfield Road, Warrington, Cheshire, WA1 2DS
Warrington Fire & Building Products UK Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warrington Fire Research Centre (London) Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warrington Fire Research Centre Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA

Warrington Fire Research Consultants Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warrington Fire Research Group Limited***	United Kingdom	100%	Holding Company	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warringtonfire Consulting Limited	United Kingdom	100%	Non-trading	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Warringtonfire Testing and Certification Limited	United Kingdom	100%	Testing	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Western Technical Services Limited**	United Kingdom	100%	Dormant	3rd Floor, Davidson Building, 5 Southampton Street, London, WC2E 7HA
Element Materials Technology Antwerpen N.V.	Belgium	100%	Testing and inspection operations	Herentalsebaan 406, 2160 Wommelgem
WFRGent NV	Belgium	100%	Testing	Ottergemsesteenweg-Zuid 711 Ghent, Flemish Region 9000
BM TRADA Certification Canada Inc	Canada	100%	Certification	398-2416 Main Street, Vancouver BC V5T 3E2
Element Materials Technology Canada Inc.	Canada	100%	Testing	2395 Speakman Drive, Mississauga ON L5K 1B3
Exova Property Holdings Inc	Canada	100%	Property Holding Company	2395 Speakman Drive, Mississauga ON L5K 1B3
National Technical Systems Canada Inc.	Canada	100%	Testing	2425 boul. Industriel, Chambly QC J3L4W3
National Technical Systems SLMT Inc	Canada	100%	Testing	
Element Materials Technology ME Limited	Cayman Islands	100%	Holding Company	PO Box 309, Ugland House, Grand Cayman, KY1-1104
Warringtonfire Limited	Cayman Islands	100%	Dormant	PO Box 309, Ugland House, Grand Cayman, KY1-1104
Element Materials Technology (Shanghai) Co., Ltd.	China	100%	Testing and inspection operations	1st Floor, Building No. 7, No 398 Songying Road, Qingpu District, Shanghai
Element Materials Technology (Suzhou) Co., Ltd.	China	100%	Testing	No. 39 Qiming Road, Shengpu Town, Suzhou Industrial Park, Suzhou, Jiangsu Province
Element Materials Technology Shenzhen Ltd	China	100%	Testing	B818, Languang Technology Park, No. 7 Xinxi Road, High-tech Industrial Park, Nanshan, Shenzhen, 518000
Element Metech Measurement Technology Services (Tianjin) Co., Ltd	China	100%	Testing	Room 1719, 17F, C1, TEDA MSD, No.79 First Avenue, TEDA, Tianjin, 300457
Shanghai NQA Certification Co., Ltd.	China	50%	Certification	Room 1, 5/ F, No 985 Dongfang Road, Pudong New Zone, Shangha i
Tianjin C-Kai BM TRADA Certification Company Limited~	China	40%	Certification	Room 708, Suite F Hai Tai Plaza, No 8 Hua Tian Road, Tianjin , Hua Yuan Industrial Zone
Element Materials Technology Pilsen s.r.o.	Czech Republic	100%	Testing	Podnikatelska 1184/39, Plzen, 301 00
Element Metech s.r.o.	Czech Republic	100%	Testing	Toužimská 767, Letňany, Praha 9, 19900
Element Metech A/S	Denmark	100%	Testing	Flyvestation, Karup, DK-7470, Herningvej 30, Karup
Element Metech Oy	Finland	100%	Testing	Kuormakuja, Nummela, 03100
Element Materials Technology France SAS	France	100%	Testing	3 Avenue André Marie Ampère, Zone d'Activité Commerciale du Perget , 31770, Colomiers
Element Materials Technology Toulouse SAS	France	100%	Testing	3 Avenue André Marie Ampère, Zone d'Activité Commerciale du Perget , 31770, Colomiers

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Element Materials Technology Aalen GmbH	Germany	100%	Testing	Carl-Zeiss-Straße 17, 73431 , Aalen
Element Materials Technology Berlin GmbH	Germany	100%	Testing and inspection operations	Friedrich-Wohler-Str. 1, 12489, Berlin
Element Materials Technology Hamburg GmbH	Germany	100%	Testing and inspection operations	Tempowerking 11, 21079, Hamburg
Element Materials Technology Holding Germany GmbH	Germany	100%	Testing and inspection operations	Tempowerkring 11, D-21079, Hamburg
Element Materials Technology Straubing GmbH	Germany	100%	Testing and inspection operations	Gustav-Hertz-Strasse. 35, 94315, Straubing, Bavaria
Element Metech GmbH	Germany	100%	Testing	Hans-Bockler, Ring 9, D-22851, Norderstedt
KDK Kalibrierdienst Kopp GmbH	Germany	100%	Certification	In den Ziegelwiesen 25, 69168 , Wiesloch
NTS Europe GmbH	Germany	100%	Testing	
Warringtonfire Frankfurt GmbH	Germany	100%	Testing	Industriepark, Hochst, Geb. C369, am Main, 65926 Frankfurt
Warringtonfire Holdings GmbH	Germany	100%	Holding Company	Industriepark, Hochst, 65926, Geb. C369, Frankfurt
Warringtonfire Consulting ME Limited	Guernsey	100%	Testing	PO Box 286, Floor 2 , Trafalgar Court, Les Banques , St Peter Port, GY1 4LY
Certifire (Hong Kong) Limited	Hong Kong	100%	Holding Company	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
FIRA-CMA Testing Services Limited~	Hong Kong	50%	Testing	Room 1401-3 Yan Hing Centre, 9-13 Wong Chuk Yeung Street, Fo Tan, Shatin
Warringtonfire Certification and Inspection Hong Kong Limited	Hong Kong	100%	Dormant	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
Warringtonfire Hong Kong Limited	Hong Kong	100%	Testing	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
BM TRADA RKCA Certifications Private Limited~	India	50%	Certification	515 Tulsiani Chambers, Nariman Point, Mumbai, 400021, India
Metallurgical Services Private Limited	India	100%	Testing	Mehta House, Ashok Silk Mills Lane, Khatkopar (West), Mumbai, 40086
NQA Certification Private Limited	India	100%	Testing	No 5, 15/1, 8TH Main Road, RPC Layout, Bengaluru, Karnataka, 560040
Element Materials Technology Ireland Limited	Ireland	100%	Testing	Unit D8, North City Business Park, North Road, Finglas, Dublin 11, D11Y267
Element Materials Technology Laboratory Solutions Ireland Limited (formerly Apex Scientific Limited)	Ireland	100%	Testing	Unit F12, Maynooth Business Campus, Maynooth, Co. Kildare, WR23R1H2
Warringtonfire Consulting Ireland Limited	Ireland	100%	Testing	Unit D8, North City Business Park, North Road, Finglas, Dublin 11, D11 Y267
Element Materials Technology Milan S.r.l.	Italy	100%	Testing	Via della Pierina 9/11, 26013, Crema
Element Kamisu Japan (formerly PCTEST Japan Co., Ltd.)	Japan	100%	Testing and inspection operations	1797-8 Ohata, Kamisu-shi, Ibaraki-ken
Stockbridge 2022 Limited	Jersey	100%	Holding Company	2nd Floor, International House, 41 The Parade, St Helier, JE2 3QQ
Element Materials Technology Suwon. Ltd. (formerly PCTEST Korea Co., Ltd.)	Republic of Korea	100%	Testing	13, Heungdeok 1-ro, Giheung-gu, Yongin-si, Gyeonggi-do

NCT Co LTd	Republic of Korea	100%	Testing	211-71, , Geumgok-ro, Hwaseong-si,, Gyeonggi-do,, Republic of Korea, Korea, Republic of
CTK Co., Ltd.	Republic of Korea	100%	Testing	52-17, Sinjeong-ro 41beon-gil, , Giheung-gu, Yongin-si, Gyeong, Korea, Republic of
Element Holdings Korea Co., Ltd.	Republic of Korea	100%	Holding Company	P141, 143, (Heungdok IT Valley) , Heungdeok 1-ro 13, Giheung-gu, Yongin, Gyeonggi-do, 16954, Korea, Republic of
G-All Testing Korea Co., Ltd.	Republic of Korea	100%	Testing	45 (Unit 405), Beolmal-ro, Bundang-gu, Seongnam-si,, Gyeonggi, Korea, Republic of
Element Construction Testing (M) Sdn. Bhd. (formerly ADMATERIALS TECHNOLOGIES SDN. BHD.)	Malaysia	100%	Testing	Suite 2, 1st Floor, 2J-1, Jalan Giam, Taman Majidee, 80 250 Johor Bahru, Johor
Exova (Malaysia) Sdn. Bhd.	Malaysia	100%	Testing	Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur
Element Materials Technology Monterrey, S. DE R.L. DE C.V.	Mexico	100%	Testing	Carretera Monterrey-Saltillo 3279 B, Privada de Santa Catarina, Santa Catarina, Nuevo Leon, C.P. 66367
Element Materials Technology Holding Netherlands B.V.	Netherlands	100%	Holding Company	Zekeringstraat 33, 1014 BV, Amsterdam
Element Materials Technology Rotterdam B.V.	Netherlands	100%	Testing and inspection operations	Sevillaweg 46, 3047 AL, Rotterdam
Herculean Testing Group B.V.	Netherlands	100%	Holding Company	Herikerbergweg 238, Luna ArenA, 1101 CM, Amsterdam
Exova Metech AS	Norway	100%	Testing and inspection operations	Bygning 3, Fabrikkvegen 11 , Raufoss, 2830
Element Materials Technology ME Limited LLC*	Oman	70%	Testing	Muscat Governorate/Bawshar/Ghala, PO Box 3552, PC 112
Element Doha LLC*	Qatar	24.50%	Testing	Street 46, Gate 16, Salwa Industrial Area, P.O Box 23650
Warringtonfire Doha*	Qatar	49%	Testing	P.O. Box 24863, Doha
Element Saudi Arabia Company Limited*	Saudi Arabia	50%	Testing	Dammam, 2nd Industrial City, Road 76-27
ELEMENT CONSTRUCTION TESTING (S) PTE. LTD. (formerly Admaterials Technologies Pte. Ltd.)	Singapore	100%	Testing	58 Sungei Kadut Loop, Prospaq Industrial Building, Singapore, 729501
ELEMENT GEOLAB (S) PTE. LTD. (formerly GEO LAB (S) PTE. LTD.)	Singapore	100%	Testing	15 Kaki Bukit Road 4, #01-42, Bartley Biz Centre, 417808
ELEMENT GEOTECHNICAL TESTING (S) PTE. LTD. (formerly FOSTA PTE. LTD.)	Singapore	100%	Testing	215 Kaki Bukit Avenue 1, Shun Li Industrial Park, 416042
Element Materials Technology Singapore Pte. Ltd.	Singapore	100%	Testing	106 Tuas South Avenue 2, West Point Bizhub, 637158
ELEMENT TESTING SERVICES (S) PTE. LTD (Previously called Singapore Test Services Private Limited)	Singapore	100%	Testing	249 Jalan Boon Lay, 619523
Warringtonfire Singapore Pte. Ltd.	Singapore	100%	Testing	9 Raffles Place, #26-01 Republic Plaza, Singapore, 048619
Element Materials Technology South Africa Proprietary Limited*	South Africa	89.55%	Testing	Unit D2 and D5, 9 Quantum Road, Firgrove Business PA, Somerset West, Western Cape, 7130
Element Materials Technology Seville S.L.U.	Spain	100%	Testing	Wilburg y Orville Wright 1, Aeropolis, Seville, 41309, La Rinconada
BM TRADA RKCA Lanka Certifications (Private) Limited~	Sri Lanka	50%	Certification	No. 1041-2/1 Maradana Road, Borella, Columbo 8
CSM NDT Certification AB*	Sweden	80%	Testing	Artilleriplan 4 691, 50, Karlskoga

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Element Materials Technology AB	Sweden	100%	Testing	Box 1340, 581 13, Linkoping
Element Materials Technology Sweden Holdings AB	Sweden	100%	Holding Company	Box 1340, 581 13, Linkoping
Element Metech AB	Sweden	100%	Testing	Box 1340, 581 13, Linkoping
Al Futtaim Element Materials Technology Dubai L.L.C.*	United Arab Emirates	49%	Testing and inspection operations	Dubai Investments Park, P.O. Box 34924, Dubai
Element Materials Technology South Africa Proprietary Limited*	South Africa	89.55%	Testing	Unit D2 and D5, 9 Quantum Road, Firgrove Business PA, Somerset West, Western Cape, 7130
Element Materials Technology Seville S.L.U.	Spain	100%	Testing	Wilburg y Orville Wright 1, Aeropolis, Seville, 41309, La Rinconada
BM TRADA RKCA Lanka Certifications (Private) Limited~	Sri Lanka	50%	Certification	No. 1041-2/1 Maradana Road, Borella, Columbo 8
CSM NDT Certification AB*	Sweden	80%	Testing	Artilleriplan 4 691, 50, Karlskoga
Element Materials Technology AB	Sweden	100%	Testing	Box 1340, 581 13, Linkoping
Element Materials Technology Sweden Holdings AB	Sweden	100%	Holding Company	Box 1340, 581 13, Linkoping
Element Metech AB	Sweden	100%	Testing	Box 1340, 581 13, Linkoping
Al Futtaim Element Materials Technology Dubai L.L.C.*	United Arab Emirates	49%	Testing and inspection operations	Dubai Investments Park, P.O. Box 34924, Dubai

* These companies are treated as subsidiaries in the results of the Group as effective control over their operations exists, as described in the shareholder and management services agreements with the related parties.

** For the period ending 31 December 2023, this subsidiary of the Group was entitled to exemption from audit under s480 of the Companies Act 2006 relating to dormant subsidiary companies.

***For the year ended 31 December 2023, this subsidiary of the Group was exempt from the requirement for audit of individual financial statements in accordance with section 479A of the Companies Act 2006. EM Midco2 Limited which provided the relevant parent company guarantee required under section 479C of the Companies Act 2006 has indirect holdings in this subsidiary undertaking.

~ These are companies where the Group exercises joint control.

EM Midco 1 Limited's shareholding is held directly whilst all others are held through wholly owned subsidiaries.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

US $ million	Note	2023 US $ million	(Restated) 2022 US $ million
Non-current assets			
Investments in subsidiaries	5	3,198.2	2,956.1
		3,198.2	**2,956.1**
Current assets			
Amount receivable from Group companies	6	3.9	0.9
Other receivables	7	—	0.4
		3.9	**1.3**
Net current assets		**3.9**	**1.3**
Non-current liabilities			
Provisions		(2.8)	(1.9)
Redeemable shares	8	(181.6)	(167.4)
		(184.4)	**(169.3)**
Net assets		**3,017.7**	**2,788.1**
Equity			
Share capital	9	—	—
Share premium	9	56.5	55.7
Preference shares	9	4,684.4	4,038.5
Accumulated losses		(1,723.2)	(1,306.1)
Total shareholders' equity		**3,017.7**	**2,788.1**

The Company's loss after tax for the period ended 31 December 2023 was US $12.4 million (2022 US $1,125.1 million)

The financial statements of EM Topco Limited (Company registration number 12345678) were approved by the Board of Directors and authorized for issue on 30 April 2024. They were signed on its behalf by:

Ruth Prior
Director
30 April 2024

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COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital US $million	Share premium US $million	Preference shares US $million	Accumulated loss US $million	Total US $million
As at 18 January 2022	—	—	—	—	—
Total Comprehensive Income/(Loss)	—	—	—	(1,125.1)	(1,125.1)
Issue of shares	—	55.7	3,857.5	—	3,913.2
Accumulated accrued dividend	—	—	181.0	(181.0)	—
As at 31 December 2022 Restated [1]	**—**	**55.7**	**4,038.5**	**(1,306.1)**	**2,788.1**
Total Comprehensive Income/(Loss)	—	—	—	(12.4)	(12.4)
Issue of shares	—	0.8	241.2	—	242.0
Accumulated accrued dividend	—	—	404.7	(404.7)	—
As at 31 December 2023	**—**	**56.5**	**4,684.4**	**(1,723.2)**	**3,017.7**

[1] The company restated prior year accumulated loss by $500 million as a result of additional impairment charge (note 7).

The notes on the following pages form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 Basis of accounting

These financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with the Companies Act 2006 and applicable FRS 101 "Reduced Disclosure Framework". As permitted by section 408 of the Companies Act 2006, no separate statement of profit or loss account is presented for the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a statement of cash flow, financial instruments, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group accounts of EM Topco Limited.

The Company was incorporated on the 18th of January 2022. Comparative information therefore reflects the six months preceding the current financial year.

Going concern

EM Topco Limited ("Element") is the ultimate holding company of the Group. The company's future viability is ultimately dependent on the performance of the wider trading group and group management's decisions on the flow of capital. The Directors have carried out a review, including consideration of appropriate forecasts and sensitivities, which indicates that the company will have adequate resources to continue to trade for the foreseeable future.

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, in note 2.3 and in note 22 to the financial statements.

The financial statements of the Company have been prepared on a going concern basis. The directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. The Company has a net asset position of US $3,017.7 million. The Directors considered going concern status of EM Topco Limited and on the basis that this company is a holding company for the Group's operating entities, going concern assumptions and sensitivities discussed in this annual statement (note 2) are applicable from a standalone company perspective. On that basis, the Directors are satisfied that the Company is a going concern for the period from the date of signing these accounts to 31 December 2024.

1.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Please refer to the group accounting policies, specifically, see section 2.22 within the accounting policies note for details around the classification of borrowing and equity. Also, refer to note 25 loans, borrowings & redeemable shares for further details around the split of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

1.3 Investments

Investments are stated at cost less provision for impairment. The Company evaluates its investment in subsidiary for impairment annually and records an impairment loss when the carrying amount exceeds the recoverable amount.

An impairment loss recognized in prior periods is reversed if there has been a significant favourable change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the investments is increased to its recoverable amount. The carrying amount of investment after reversal does not exceed the initial carrying amount before any impairment loss was recognized.

1.4 Dividends

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Final dividend distributions are recognized in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.5 Share based payments

The Group provides benefits to employees and Directors of companies within the Element Group in the form of cash-settled share-based payment transactions, whereby employees and Directors render services in exchange for share rights, which are settled in cash.

A liability is recognized for the fair value of cash-settled transactions (note 8). The fair value is determined by reference to the fair value of the share rights granted using an option-pricing model (Black-Scholes or Monte Carlo), excluding the impact of any non-market vesting conditions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in staff costs in the consolidated statement of profit or loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

2 DIRECTORS' AND EMPLOYEES' REMUNERATION

No emoluments were paid directly by the Company; information on the directors' remuneration can be found in Key Management Remuneration in note 7 of the Consolidated Group Financial Statements. The Company has no employees.

3 RELATED PARTIES

The Company has taken advantage of the exemptions contained within paragraphs 8 (j) and (k) of FRS 101, and has not disclosed transactions entered into with wholly owned group companies or key management personnel. There were no other related party transactions in the period.

4 AUDITOR'S REMUNERATION

Fees payable to Ernst & Young LLP for the audit of the Company's financial statements were borne by other companies within the Group and disclosed in Note 8 of the Consolidated Group Financial Statements. Fees payable in the prior year were also borne by other companies within the Group. There were no non-audit services provided to the Company during the period.

5 INVESTMENTS IN SUBSIDIARIES

	2023 US $million	(Restated) 2022 US $million
Investments	2,956.1	4,066.1
Additions	242.1	—
Impairment	—	(1,110.0)
At 31 December	**3,198.2**	**2,956.1**

The investment relates to direct holdings in EM Midco 1 Limited. Details of the subsidiaries directly and indirectly held by the Company are included in note 30. The prior year impairment arose as a result of the carrying value exceeding the fair value of the subsidiary due to the impact of the economic downturn, and an overall increase in discount rates driven by an increased cost of equity.

Prior year adjustment

Following a review of the investment in subsidiaries, an incorrect application of methodology was used to determine the recoverable amount. This resulted in additional impairment not recognized. The error has been corrected by restating each of the impacted financial statement line items for the prior period as follows:

	31 December 2022	31 December 2022 Restated	
	Impacted line items as reported US $million	Updated prior year adjustment US $million	Impacted line items as restated US $million
Investment in subsidiaries	3,456.1	(500.0)	2,956.1
Non-current assets	**3,456.1**	**(500.0)**	**2,956.1**
Retained earnings	(806.1)	(500.0)	(1,306.1)
Total shareholders' equity	**3,288.1**	**(500.0)**	**2,788.1**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6 AMOUNTS RECEIVABLE FROM GROUP COMPANIES

	2023 US $million	2022 US $million
Amounts receivable from other group companies	3 9	0.9
At 31 December	**3.9**	**0.9**

The receivable amount relates to intercompany loans that EM Topco Limited holds with other Element entities as set out above. All intercompany loan balances are repayable on demand.

OTHER RECEIVABLES

	2023 US $million	2022 US $million
Other receivables	—	0.4
Total	**—**	**0.4**

Other receivables in 2022 relate to amounts owed from shareholders for the issues of shares in the year.

REDEEMABLE SHARES AND SHARE BASED PAYMENTS

	2023 US $million	2022 US $million
Preference shares	(178.0)	(161.4)
A2 shares	(3 6)	(6.0)
Total	**(181.6)**	**(167.4)**

Preference shares

The Company issued redeemable cumulative preference shares of US $3,696.0 million on 6 July 2022. The shares carry 10 per cent interest per annum, which compounds each year on the issue anniversary date. A further US $315.5 million of preference shares were issued on 27 September 2022 and US $0.5 million were issued on 8 December 2022 These issues were an extension to the original issue with the interest and repayment terms remaining unchanged. The preference shares do not carry voting rights and are denominated in USD.

The preference shares are presented within debt or equity depending on specific features associated with the instrument. Preference shares for which a holder has an option to redeem are classified as a financial liability US 154.4 million at 31 December 2023 (US $153.9 million at 31 December 2022). Accrued interest is recognized as interest expense. Total cumulative interest accrued to 31 December 2023 was US $23.7 million (US $7.5 million at 31 December 2022).

Preference shares for which the Company (issuer), rather than the holder, has an option to redeem have characteristics of equity and are disclosed in note 25.

A2 Shares

The number of redeemable A2 shares in issuance was 2,023,555 at 31 December 2023 (31 December 2022: 2,022,784). The shares are only redeemable after 6th July 2027 and are valued using an option pricing model to determine fair value.

The key inputs and assumptions for the option pricing model are:

- Expected volatility (the Group applied re-levered equity volatility based on historical equity volatility of publicly traded peer companies),
- Expected term (the period until an exit event which is estimated to be 5 years from the initial investment by the majority shareholder), and
- Risk free interest rate (determined by reference to US Treasury yield curve for the period commensurate with the expected timing of exit).

A2 shares are denominated in USD. The difference between the option pricing model valuation and the value of the shares on issuance in 2022 was $14.7 million (note 4).

The fair value movement in 2023 was a gain of US $2.4 million (2022: US $6 7 million).

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Share based payments

The Company has issued 3,441,360 B1 and 1,743,300 B2 Ordinary shares ("B shares") to certain employees and Directors. Pursuant to the terms set out in the Articles of Association the pay-out for these B shares are based on a calculation dependent on the enterprise exit value of the Group and are subject to meeting certain hurdle rates. The holders of B shares have an option to request the pay out after 5, 6 or 7 years of vesting service period.

The shares are treated as cash-settled share-based payments. The liability is measured, initially and at the end of each reporting period until settled, at the fair value by applying an option pricing model.

The expense recognized for employees services during the period is US $0.9 million (2022: US$1.9 million).

Share-based payments	2023 US $million	2022 US $million
Provisions	(2.8)	(1.9)
Total	**(2.8)**	**(1.9)**

9 SHARE CAPITAL AND SHARE PREMIUM

Share capital

	2023			2022		
Type	Nominal value US $	Issued number	Total US $	Nominal value US $	Issued number	Total US $
A1 Ordinary shares	0.0001	50,975,773	5,098	0.0001	50,182,415	5,018
A2 Ordinary shares	0.0001	2,132,825	213	0.0001	2,132,054	213
B1 Ordinary shares	0.0001	3,441,360	344	0.0001	3,394,560	339
B2 Ordinary shares	0.0001	1,743,300	174	0.0001	1,368,900	137
Deferred shares	0.0001	1,000,000	100	0.0001	1,000,000	100
As at 31 December		**59,293,258**	**5,929**		**58,077,929**	**5,807**

	2023 US $'000	2022 US $'000
Authorized, issued and fully paid, at 31 December	6	6

793,358 A1 ordinary shares were issued during 2023 (2022: 50,182,415) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $793,279.

771 A2 ordinary shares were issued during 2023 (2022: 2,132,054) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $759.

46,800 B1 ordinary shares were issued during 2023 (2022: 3,394,560) at US $1.00 per share inclusive of share premium. The total share premium for the shares issued in the period was US $46,795.

374,400 B2 ordinary shares were issued during 2023 (2022: 1,368,900) at US $0.0001 per share inclusive of share premium.
No additional deferred shares were issued during 2023 (2022: 1,000,000).

During the period ended 31 December 2022 US $0.6 million of ordinary shares and US $47.6 million of preference shares were issued in consideration of Element Group Materials Technology acquisition (note 5).

Share capital

Rights and conditions of each class of share:

- A1 ordinary shares have full voting entitlement
- A2 ordinary shares have no voting entitlement
- B1 ordinary shares have no voting entitlement
- B2 ordinary shares have no voting entitlement
- Deferred shares have no voting entitlement

As per the Investment Agreement and the Articles of Association any exit proceeds will be distributed to the above share classes beginning with the most senior shares.

Share premium

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Preference shares

The Company's redeemable cumulative preference shares of US $3,696.0 million were issued on 6 July 2022 The shares carry 10 per cent interest per annum, which compounds each year on the issue anniversary date. A further US $315.5 million of preference shares were issued on 27 September 2022 and US $0.5 million were issued on 8 December 2022. These issues were an extension to the original issue with the interest and repayment terms remaining unchanged. The preference shares do not carry voting rights

The preference shares are presented within debt or equity depending on specific features associated with the instrument. Preference shares for which a holder has an option to redeem are classified as a financial liability (note 20).

Preference shares for which the Company (issuer) has an option to redeem have characteristics of equity and accumulated accrued interest is recognized within the Consolidated Statement of Changes in Equity.

	Issued number	Total US $million	Accumulated interest	Total as at 31 December 2023
Preference shares	4,253,097,693	4,253.0	—	—
Treasury preference shares	142,708	0.1	—	—
Presented as				
Debt	—	154.4	23.6	178.0
Equity	—	4,098.7	585.7	4,684.4
Total	**—**	**4,253.1**	**609.3**	**4,862.4**

	Issued number	Total US $million	Accumulated interest	Total as at 31 December 2022
Preference shares	4,011,541,519	4,011.0	—	—
Treasury preference shares	434,305	0.4	—	—
Presented as				
Debt	—	153.9	7.5	161.4
Equity	—	3,857.5	181 0	4,038.5
Total	**—**	**4,011.4**	**188.5**	**4,199.9**

10 EVENTS AFTER THE REPORTING DATE

No significant events have occurred after 31 December 2023 other than those disclosed in the consolidated group financial statements.

11 ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Esta Investments Pte. Ltd, which is incorporated in Singapore. EM Topco Limited is the smallest group for which consolidated financial statements are prepared which includes the company. The ultimate controlling party of EM Topco Limited is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

DIRECTORS AND ADVISERS

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Directors

Allan Leighton
Ruth Prior
Jo Wetz
Uwe Krueger
Nagi Adel Hamiyeh

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