

Company Registration No. 09915743 (England and Wales)

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

COMPANY INFORMATION

Directors	Ruth Prior Thomas Fountain
Company number	09915743
Registered office	3rd Floor Davidson Building 5 Southampton Street London WC2E 7HA United Kingdom

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

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ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

The Directors, in preparing this strategic report, have complied with S414c of the Companies Act 2006.

Review of the business

Element Materials Technology Group Limited (the "Company") is part of a global network of laboratories with experts specialising in materials testing, product qualification testing and failure analysis.

The principal activity of the Company throughout this year and the prior year was one of an intermediary holding company.

On 6th July 2022, the Company was acquired by EM Bidco Limited. Following the acquisition, the ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore.

As a result of the acquisition a refinancing exercise took place and, as a result, the net asset position of the Company moved from a net liability of \$364.3m at 31 December 2021 to a net asset position of \$637.8m as at 31 December 2022. The Company's loss after tax for the year was \$79.5m (2021: Loss after tax \$114.9m).

Key performance indicators

As the Company does not trade, there are no specific key performance indicators that are reviewed annually, rather the Directors review the underlying performance of the subsidiaries this Company holds investments in.

Principal risks and uncertainties

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

Risk	Mitigating factor
Cash flow, credit and liquidity risk	In order to ensure that sufficient funds are available to fund ongoing operations and future developments, management regularly reviews cash flow forecasts and financing arrangements of the business to ensure that there is sufficient funding in place.
Exchange rate and interest rate risk	The Company continues to monitor the risks associated with the revaluation of investments and intercompany balances, and the impact that this has on the Statement of profit or loss and Statement of financial position. Monitoring activities include the assessment of cash requirements and loan arrangements in place and taking actions to move funds as appropriate.
Operational performance of the companies from which balances are be recoverable	Management regularly reviews the cash flow forecasts and operational performance of the companies from which balances are receivable to ensure that there are no recoverability issues present. Management accounts for any recoverability issues identified appropriately where applicable.

In accordance with its risk management guidelines the Company raises awareness of business risks at all operational management levels and encourages all management teams to assess and manage risk appropriately. The Company's intermediate holding company, EM Topco Limited, ensures that appropriate insurance cover is in place for the Company and its subsidiaries in respect of customarily insured liabilities and claims. The risks are monitored by the Directors on a continual basis.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

Corporate Responsibility: Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company.

This S172 statement, explains how the Company's Directors:

- have engaged with employees, suppliers and group company affiliates
- have had regard for employee interests, the need to foster the Company's business relationships with suppliers and group company affiliates
- have taken the above into consideration when making principal decisions taken by the Company during the financial year

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and complexity of the business.

General confirmation of Directors' duties

The Director is aware of their duty under S172(1) of the Companies Act 2006 to act when making decisions, in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regards to:

S172(1) (A) – The likely consequences of any decision in the long term

The Company considers its long-term opportunities to create and preserve value on an ongoing basis. The Company'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. The Board promotes these activities in line with the overall Group's aim of making Element the best and most trusted testing partner in the world.

S172(1) (B) – The interests of the Group's employees

The Group is defined by its people and we are committed to supporting all colleagues through programmes which keep them safe, healthy, engaged, recognised 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:

- Senior management location visits;
- formal and informal meetings;
- regular Group-wide town hall meetings;
- regular informal team building initiatives such as One Element Week;
- 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.

S172(1) (C) – The need to foster the Group's business relationships with suppliers

We are developing long-term, collaborative supply chain partnerships and aim to work responsibly with our suppliers. We listen and engage primarily by utilising tender processes and supplier pre-qualification questionnaires to ensure responsible procurement, and through active supply chain review.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

Corporate Responsibility: Section 172(1) Statement (continued)

S172(1) (D) – The impact of the Group's operations on the community and the environment

The Company's approach to corporate responsibility is founded on Element's values: Integrity, Care and Progress. In 2022 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 our team members, visitors and the communities in which we operate.

S172(1) (E) – The desirability of the Group maintaining a reputation for high standards of business conduct

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. The Group Code of Conduct is a clear and straightforward framework for every Element colleague to follow, irrespective of role, geography or culture. As well as outlining what every employee must do to ensure compliance with local laws and regulations, the Code also reflects the requirements of the Compliance Code of the TIC Council, an internationally recognized association which represents independent testing, inspection and certification companies.

Element's compliance programme allows the Group to meet the obligations laid down by the TIC Council and reflects the requirements of the TIC Council Compliance Code (First edition):

- Integrity – to act in a professional, independent and impartial manner in all activities
- Conflicts of Interest – to avoid actual, potential or perceived conflicts of interest
- Confidentiality and data protection – to respect the confidentiality and privacy of client information
- Anti-bribery - a zero tolerance approach to bribery and corruption in all business dealings and relationships
- Competition and Fair Business Conduct - to comply with all rules relating to fair competition, anti-trust and tendering
- Health and Safety - to protect the health and safety of colleagues, customers and third parties
- Fair Labour - a zero tolerance approach to abuse, bullying or harassment in the workplace. Equal opportunities in the workplace, compliance with minimum wage legislation and prohibition of forced and compulsory labour.

S172(1) (F) – The need to act fairly as between members of the Company

As all Company shares are ultimately owned by a single shareholder the Director has no material concerns related to the need to act fairly between the Company's members.

The Company also considers S172(1) matters where appropriate at Board meetings as part of decision making.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

Corporate Responsibility: Section 172(1) Statement (continued)

Principal decisions

In the table below are outlined the principal decisions made by the Directors during the year. Principal decisions are defined as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups which are group affiliates and ultimate owner and controller of the group Temasek Holdings (Private) Limited. The table below explains how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interest were considered in the course of decision making.

We describe how regard was given to likely long-term consequences of the decision, including how stakeholders were considered during the decision-making process.

Key Stakeholders	Principal decision	Impact on the business	Stakeholder considerations	Outcomes and actions
Group affiliates	How to manage changes in underlying operations	Viability of intercompany positions	Requirement to adapt and review lending and borrowing between intercompany counterparties	Ongoing review of intercompany balances in view of impact to trading companies within the investment group

These are examples of how the Directors have had regard to the S172(1) matters.

Approved by the Board on 15 April 2024 and signed on its behalf by:



Thomas Fountain

Director

Date: 15 April 2024

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

The Directors presents their report and financial statements of Element Materials Technology Group Limited for the financial year ended 31 December 2022.

Principal activities

The principal activity of the Company throughout this year and the prior year is an intermediary holding company.

Directors

The current Directors who hold office, as well as those who held office during the year and up to the date of signature of the financial statements were as follows:

Ruth Prior	
Joseph Wetz	(Resigned 15 April 2024)
Thomas Fountain	(Appointed 27 March 2024)
John Busby	(Resigned 06 July 2022)
Ranjit Dandekar	(Resigned 06 July 2022)
Raoul Hughes	(Resigned 06 July 2022)
Leslie Leighton	(Resigned 06 July 2022)
Arthur Noall	(Resigned 06 July 2022)
Neil MacLennan	(Appointed 06 July 2022, resigned 23 February 2023)

Dividends

The Directors do not recommend payment of a dividend (2021: \$nil).

Political contributions

The Company made no political donations and incurred no political expenditure during the year (2021: \$nil).

Financial Risks

The Directors have chosen to include information on financial risks in the Strategic Report.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an annual basis.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company, EM Topco Limited ("Element"). The Directors have received confirmation that Element will support the Company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual Report and Financial Statements until 31 December 2025.

This financial support is required as the Company is a participant in the Element Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company have adequate resources for the Company 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 within note 1.2 to the financial statements.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

Events after the reporting date

Between the end of the financial year and the date of this report, no item, 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities.

Exemption from Audit under S479 of the Companies Act 2006

A guarantee has been given under S479C by the Company's parent company. As such the Company is exempt from audit.

Directors' insurance and indemnities

As permitted by the Companies Act 2006, the Group purchases and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs incurred by the Directors and Officers of the companies within the Group, 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 the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Thomas Fountain
Director

Date: 15 April 2024

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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. Under that law the Director has elected to prepare the 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 Company and of the profit or loss of the Company for that year.

In preparing these 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 Accounting Standards have been followed, 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 Company will continue in business.

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

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**STATEMENT OF PROFIT OR LOSS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 \$'000	2021 \$'000
Administrative expenses		(22,577)	(15,544)
Finance costs	5	(56,873)	(99,392)
Loss before taxation		(79,450)	(114,936)
Taxation	6	-	-
Loss for the year		(79,450)	(114,936)

The Statement of profit or loss has been prepared on the basis that all operations are continuing operations.

There is no Statement of other comprehensive income as all income and expenses for the current year and the preceding year are included in the Statement of profit or loss above.

The accompanying notes are an integral part of these financial statements.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2022**

	Notes	2022 \$'000	2021 \$'000
Non-current assets			
Investment in subsidiaries	7	621,554	621,554
Amounts owed by group undertakings	10	-	-
		<u>621,554</u>	<u>621,554</u>
Current assets			
Amounts owed by group undertakings	10	78,444	25,608
Cash and cash equivalents	9	674	-
		<u>79,118</u>	<u>25,608</u>
Current liabilities			
Amounts owed to Group companies	11	2,608	-
Other payables	12	6,291	8,502
		<u>8,899</u>	<u>8,502</u>
Net current assets		<u>70,219</u>	<u>17,106</u>
Total assets less current liabilities		<u>691,773</u>	<u>638,660</u>
Non-current liabilities			
Amounts owed to Group companies	11	53,975	-
Priority shares	13	-	1,002,954
		<u>53,975</u>	<u>1,002,954</u>
Net assets / (liabilities)		<u>637,798</u>	<u>(364,294)</u>

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2022****Shareholder's equity**

		2022	2021
		\$'000	\$'000
Share capital	14	9	9
Share premium account	15	1,128,412	70,877
Treasury shares		-	(400)
Share based payment reserve	16	-	17,444
Retained earnings		(490,623)	(452,224)
Total Shareholder's equity / (deficit)		637,798	(364,294)

The accompanying notes are an integral part of these financial statements.

Exemption from audit

- For the year ended 31 December 2022 the company was entitled to exemption from audit under S479A of the Companies Act 2006 relating to subsidiary companies.
- The members have not required the company to obtain an audit of its accounts for the year in accordance with section 476.
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Element Materials Technology Group Limited (registered number (09915743)) were approved by the Board of Directors and authorised for issue on 15 April 2024 and were signed on its behalf by:



Thomas Fountain
Director

Date: 15 April 2024

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**STATEMENT OF CHANGES IN EQUITY*****FOR THE YEAR ENDED 31 DECEMBER 2022***

	Share capital	Share premium	Treasury shares	Share based payment reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021	8	70,613	(400)	10,404	(337,288)	(256,663)
Loss for the year	-	-	-	-	(114,936)	(114,936)
Issue of shares	1	264	-	-	-	265
Share based payment reserve	-	-	-	7,040	-	7,040
Balance as at 31 December 2021	9	70,877	(400)	17,444	(452,224)	(364,294)
Loss for the year	-	-	-	-	(79,450)	(79,450)
Issue of shares	-	38	-	-	-	38
Extinguish priority shares	-	1,057,897	400	-	-	1,057,897
Share based payment reserve	-	-	-	(17,444)	-	(17,444)
Gain on sale of treasury shares	-	-	-	-	41,051	41,051
Balance as at 31 December 2022	9	1,128,812	-	-	(490,623)	637,798

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Element Materials Technology Group Limited is a private limited company incorporated in England and Wales. The Company is domiciled in the UK and its registered office is; 3rd Floor Davidson Building, 5 Southampton Street, London, United Kingdom, WC2E 7HA.

The principal activity of the Company throughout this year and the prior year is that of an intermediary holding company.

1.1 Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 Reduced Disclosure (FRS 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As permitted by Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of EM Bidco Limited. The parent company of the smallest group of which the Company is a member and for which group financial statements are prepared is EM Midco2 Limited. The group financial statements of EM Midco2 Limited are available to the public and can be obtained as set out in Note 20.

The financial statements have been prepared on a going concern basis. The reasons for this are outlined in the Note 1.2. The accounting policies have been consistently applied throughout the current and prior year.

The financial statements are presented in US Dollars which is the currency in which funds from financing activities are generated. All information provided in US Dollars has been rounded to the nearest \$'000 unless otherwise stated. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- The requirements of paragraph 58 of IFRS 16
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - iii. paragraph 118(e) of IAS 38 Intangible Assets.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

Where required, equivalent disclosures are given in the group financial statements of EM Midco2 Limited.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1.2 Going concern

The Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The financial statements of the Company have been prepared on a going concern basis, as the Directors have concluded that the going concern basis continues to be appropriate.

The Company has, as at 31 December 2022, a net asset position of \$637.8 million (2021: net liabilities \$364.3 million). The Company has cash and cash equivalent balances of \$0.6m (2021: \$nil). The Company generated a loss after tax of \$79.5m in the year ended 31 December 2022 (2021: loss after tax of \$114.9m).

The Company's future viability is ultimately dependent on the performance of the wider trading group owned by the Company's intermediate holding company, EM Topco Limited ("Element"), and group management's decisions on the flow of capital.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company, EM Topco Limited ("Element"). The Directors have received confirmation that Element will support the Company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual Report and Financial Statements until 31 December 2025.

This financial support is required as the Company is a participant in the Element Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group. The going concern assessment, which has been performed for the period up to 31 December 2025, takes into account the Group's cash flow and available undrawn banking facilities. The analysis concluded that even after the downside scenarios modelled, the Group would have sufficient funds to trade and settle its liabilities as they fall due.

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. 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.

The Directors have chosen the period to 31 December 2025 to assess the going concern because this is the end of the date of the period used for the going concern assessment of the Group headed by EM Topco Limited, the intermediate parent, upon whose continued financial support the Company relies. In considering the going concern status, the Directors have considered the principal risks and uncertainties discussed in the strategic report and assessed the impact.

In assessing the going concern status, the Group and Company 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, and
- Overall margin pressure due to significant cost inflation and the availability of mitigating actions including price increases and managing capital expenditure.

The Group and Company directors have considered the potential impacts of current conflicts including those in Ukraine and Gaza/Israel on our business, assessing possible supply chain disruptions/cost increases 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.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.2 Going concern (continued)

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 significant liquidity headroom on its new debt commitments and existing facilities and against the revolving credit facility covenants. 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 and the confirmation received that Element will support the Company as necessary and has the ability to do so, to 31 December 2025, the Directors are satisfied that the Company has 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 Company have been prepared on a going concern basis.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.3 Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

1.4 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount compared to the carrying value. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is defined as the present value of future cash flows before interest and tax.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the Statement of profit or loss. For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised.

1.5 Amounts owed by Group undertakings

Amounts owed by Group undertakings are carried by the Company at original invoice amount less any allowance for any non-collectable or impaired amounts if applicable. Amounts owed by Group undertakings falling due within one year are loans to Group companies which are interest free, have no fixed repayment date, and are repayable on demand. The entity uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss. Any interest-bearing loans are recorded at the proceeds received, net of direct issue costs.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Where relevant, bank overdrafts are presented within borrowings.

1.7 Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method. Amounts owed to group undertakings falling due after more than one year are loans from Group companies which are interest free and have no fixed repayment date. Any interest-bearing loans are recorded at the proceeds received, net of direct issue costs.

1.8 Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Finance costs

Finance costs comprise interest expenses. Finance costs are recognised in profit or loss using the effective interest rate method.

1.10 Taxation

Current tax

The tax charge / credit is based on taxable loss for the year. Taxable loss differs from profit as reported in the Statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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 recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred 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 realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

1.11 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of financial position date. Differences arising on translation are charged or credited to the Statement of profit or loss.

1.12 Standards and amendments effective for the year

The Company has adopted all the new and revised Standards and interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting years covered by the financial statements. The adoption of these standards and interpretations does not have an impact on the financial statements of the Company:

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting judgements and key sources of estimation

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The Director has concluded that there are no critical accounting estimates.

Critical accounting judgements

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of investments in subsidiaries

Critical judgement is applied when determining whether there are indicators of impairment in relation to investments in subsidiaries. In making this judgement the Directors have considered external factors impacting the investments market and whether the investments carrying amount is higher than the carrying value of the investment.

3 Auditor's remuneration

As a guarantee has been given under S479C by the Company's parent company, the Company is exempt from audit for the year ended 31 December 2022 and incurred no audit fees.

In 2021, the fees payable to Ernst & Young LLP for the audit of the Company were disclosed as part of the consolidated financial statements of Element Materials Technology Group Limited.

There were no non-audit services provided to the Company during the year (2021: none).

4 Employees and Directors

Employees

The Company does not have any employees (2021: none) as such has incurred no personnel expenses in the year (2021: \$Nil).

Directors

The 8 Directors who served in 2022 are also directors of a number of other group companies and do not consider it possible to identify the proportion of their remuneration relating to their roles as Directors of this company.

The total remuneration for the three Directors for services to the Group was £0.7m (2021: £2.0m) of which £nil (2021: £nil) has been paid through these financial statements. There were no retirement benefits accruing to the Directors under pension schemes as at 31 December 2022. The highest paid director received £0.4m

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****5 Finance costs**

	2022	2021
	\$'000	\$'000
Interest on borrowings	54,943	99,392
Interest paid to group undertakings	1,930	-
Total finance costs	<u>56,873</u>	<u>99,392</u>

6 Taxation

	2022	2021
	\$'000	\$'000
Current tax		
Current year	-	-
Prior year	-	-
Deferred tax		
Deferred tax for current year	-	-
Adjustment in respect of prior years	-	-
	<u>-</u>	<u>-</u>

6 Taxation (continued)

The tax rate used for the reconciliation is the corporate tax rate of 19% (2021: 19%) payable by the Company in the UK on taxable profits under UK tax law.

The (credit) / charge for the year can be reconciled to the (loss) per the Statement of profit or loss as follows:

	2022	2021
	\$'000	\$'000
(Loss) before taxation	<u>(79,450)</u>	<u>(114,936)</u>
Expected tax (credit) based on a corporation tax rate of 19%	(15,095)	(21,838)
Expenses not deductible for tax purposes	15,191	21,838
Group relief surrendered for nil consideration	<u>(96)</u>	<u>-</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

At the Statement of financial position date, the Company had an unrecognised deferred tax asset of \$nil.

Factors that may affect future tax charges

A UK budget resolution was announced on 3rd March 2021 and substantively enacted on 24th May 2021, increasing UK corporation tax rate from 19% to 25%, effective from 1st April 2023. UK deferred tax balances within the accounts have been calculated using a corporation tax rate of 25%.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022**

7 Investments in subsidiaries

	Shares in group undertakings
	\$'000
Cost or valuation	
At 1 January 2022 and 31 December 2022	621,554
Carrying amount	
At 31 December 2022	621,554
At 31 December 2021	621,554

Element Materials Technology Group Limited holds direct investment in EMT Holdings Limited and is also a wholly owned subsidiary of EM Bidco Limited. At 31 December 2022, the Directors of the Company consider there to be no indicators of impairment in relation to the investments held.

Details of the Companies subsidiaries are set out in note 8.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Subsidiaries

The Company's subsidiaries are listed below. The Company holds direct investment in EMT Holdings Limited and is also a wholly owned subsidiary of EM Bidco Limited.

Name of Undertaking	Country	Ownership (%)	Activity	Registered Address
Exova Certifire Pty Ltd	Australia	100%	Non-Trading	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Warringtonfire Australia Pty Ltd	Australia	100%	Testing	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Defire (ACT) Pty Ltd	Australia	100%	Dormant	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Defire (NSW) Pty Ltd	Australia	100%	Dormant	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Defire (QLD) Pty Ltd	Australia	100%	Dormant	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Defire (WA) Pty Ltd	Australia	100%	Dormant	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
Defire Holdings Pty Ltd	Australia	100%	Holding Company	Unit 2, 409-411 Hammond Road, Dandenong South, Victoria 3175
WFRGent NV	Belgium	100%	Testing	Ottergemsesteenweg-Zuid 711, Ghent, Flemish Region 9000
BM TRADA Certification Canada Inc.	Canada	100%	Testing	398-2416 Main Street, Vancouver BC V5T 3E2
Exova Property Holdings Inc	Canada	100%	Holding Company	2395 Speakman Drive, Mississauga ON L5K 1B3
Element Materials Technology ME Limited	Channel Islands	100%	Holding Company	PO Box 309, Ugland House, Grand Cayman, KY1-1104
Warringtonfire Limited	Channel Islands	100%	Holding Company	PO Box 309, Ugland House, Grand Cayman, KY1-1104
Element Metech Measurement Technology Services (Tianjin) Co., Ltd.	China	100%	Testing	Room 1719, 17F, C1, TEDA MSD, No.79 First Avenue, TEDA, Tianjin, 300457
Tianjin C-Kai BM TRADA Certification Company Limited~	China	40%	Dormant	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,
Element Metech s.r.o.	Czech Republic	100%	Testing	Toužimská 767, Letňany,
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
Element Materials Technology Aalen GmbH	Germany	100%	Testing	Carl-Zeiss-Str. 17, Aalen, 73431
Element Metech GmbH	Germany	100%	Testing	Hans-Böckler-Ring 9, D-22851 Norderstedt
KDK Kalibrierdienst Kopp GmbH	Germany	100%	Testing	In den Ziegelwiesen 25, 69168, Wiesloch

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****8 Subsidiaries (continued)**

Name of Undertaking	Country	Ownership (%)	Activity	Registered Address
Warringtonfire Frankfurt GmbH	Germany	100%	Testing	Industriepark, Höchst, Geb. C369, am Main, 65926, Frankfurt
Warringtonfire Holdings GmbH	Germany	100%	Holding Company	Industriepark, Höchst, Geb. C369, am Main, 65926, Frankfurt
Warringtonfire Consulting ME Limited	Guernsey	100%	Testing	Heritage Hall, Le Marchant Street, St Peter Port, GY1 4HY, Guernsey
Warrington Fire Hong Kong Limited	Hong Kong	100%	Testing	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
Warringtonfire Certification and Inspection Hong Kong Limited	Hong Kong	100%	Dormant	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
FIRA – CMA Testing Services Limited	Hong Kong	50%	Certification	Room 1401-3 Yan Hing Centre, 9-13 Wong Chuk Yeung Street, Fo Tan, Shatin
Certifire (Hong Kong) Limited	Hong Kong	100%	Dormant	Unit C, 18/F Infotech Centre, 21 Hung To Road, Kwun Tong, Kowloon
Metallurgical Services Private Limited	India	100%	Testing	Mehta House, Ashok Silk Mills Lane, Khatkopar (West), Mumbai, 40086
BM TRADA RKCA Certifications Private Limited~	India	50%	Dormant	515 Tulsiani Chambers, Nariman Point, Mumbai, 400021
Element Materials Technology Ireland Limited	Ireland	100%	Testing	Unit D8, North City Business Park, North Road, Finglas, Dublin 11, D11Y267
Warringtonfire Consulting Ireland Limited	Ireland	100%	Testing	Unit D8, North City Business Park, North Road, Finglas, Dublin 11, D11Y267
C.T.R. S.R.L.	Italy	100%	Testing	Via Visco 7/A, 35010, Limena (PD)
Element Materials Technology Milan s.r.l.	Italy	100%	Testing	Via della Pierina 9/11, 26013 Crema (CR)
Admaterials Technologies Sdn. Bhd. (previous name Admaterials Technologies Sdn. Bhd)	Malaysia	100%	Testing	2C Jalan Giam, Taman Majidee, 80250 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-Salttillo 3279 B, Privada de Santa Catarina, Santa Catarina, Nuevo Leon, C.P. 66367
Exova Metech AS	Norway	100%	Dormant	Bygning 3, Fabrikkvegen 11, Raufoss, 2830, Norway
Element Materials Technology ME Limited LLC	Oman	70%	Testing	Muscat Governorate/ Bawshar/ Ghala, PO Box 3552, PC 112
Element Doha LLC	Qatar	24.5%	Testing	Street 46, Gate 16, Salwa Industrial Area, P.O.Box 23650, Doha
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 MATERIALS TECHNOLOGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****8 Subsidiaries (continued)**

Name of Undertaking	Country	Ownership (%)	Activity	Registered Address
Warringtonfire Singapore Pte. Ltd.	Singapore	100%	Testing	9 Raffles Place, #26-01 Republic Plaza, 048619
Element Construction Testing(S) Pte. Ltd. (previous name Admaterials Technologies Pte. Ltd.)	Singapore	100%	Testing	58 Sungei Kadut Loop, Prospa Industrial Building, Singapore, 729501
Element Materials Technology Singapore Pte Ltd.	Singapore	100%	Testing	106 Tuas South Avenue 2, West Point Bizhub, 637158
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
CSM NDT Certification AB	Sweden	80%	Testing	Artilleriplan 4, 691 50, Karlskoga
Element Materials Technology AB	Sweden	100%	Testing	Box 1340, 581 13, Linköping
Element Metech AB	Sweden	100%	Testing	Box 1340, 581 13, Linköping
Element Materials Technology Sweden Holdings AB	Sweden	100%	Holding Company	Box 1340, 581 13, Linköping
BM TRADA RKCA Lanka Certifications (Private) Limited~	Sri Lanka	50%	Certification	No. 1041-2/1 Maradana Road, Borella, Columbo 8
Al Futtaim Element Materials Technology Dubai L.L.C	UAE	49%	Testing	Dubai Investments Park, P.O. Box 34924, Dubai
Accusense Systems Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Aerotech Inspection & NDT Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
BM TRADA Certification Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
BM TRADA Group Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Catalyst Environmental Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
CCB Evolution Limited	United Kingdom	100%	Dormant	Chiltern House, Stocking Lane, Hughenden Valley, High Wycombe, Buckinghamshire, England, HP14 4ND

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Subsidiaries (continued)

Name of Undertaking	Country	Ownership	Activity	Registered Address
Certifire Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Chiltern International Fire Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Environmental Evaluation Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology Shared Services Limited	United Kingdom	100%	Testing and inspection operations	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology Aerospace UK Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology Environmental UK Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology Oil & Gas UK Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology Wednesbury Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
BM TRADA Overseas Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Element Materials Technology (Mexico) Ltd.	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Envirodat Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Exova (UK) Limited	United Kingdom	100%	Holding Company	Lochend Industrial Estate, Queen Anne Drive, Newbridge, Midlothian, Scotland, EH28 8LP
Exova Group Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Exova Group (UK) Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Exova 2014 Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Exova Treasury Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
FIRA International Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Firas Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Subsidiaries (continued)

Name of Undertaking	Country	Ownership (%)	Activity	Registered Address
Greenrock Bidco Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Jones Environmental Forensics Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
MTS Pendar Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warringtonfire Testing and Certification Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warringtonfire Consulting Limited	United Kingdom	100%	Testing	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington Fire & Building Products UK Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington Fire Research Group Limited	United Kingdom	100%	Holding Company	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington APT Laboratories Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington Fire Research Centre (London) Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington Fire Research Centre Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Warrington Fire Research Consultants Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
Western Technical Services Limited	United Kingdom	100%	Dormant	3rd Floor Davidson Building, 5 Southampton Street, London, England, WC2E 7HA
NTS Labs, LLC	United States	100%	Testing	330 N Brand Blvd., Suite 700, Glendale CA 91203
NTS Engineering Services, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
National Technical Systems, 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
National Quality Assurance - U.S.A., Inc.	United States	100%	Testing	289 Great Road, Acton MA 01720
National Technical Systems Canada Inc.	Canada	100%	Testing	3700 – 1, Place Ville Marie, Montreal, Quebec H3B 3P4
National Technical Systems SLMT Inc.	Canada	100%	Testing	Suite 2300 – 550 Burrard Street, Vancouver, BC V6C 2B5

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Preferred Testing Labs Inc.	United States	100%	Testing	2125 East Katella Ave., Suite 250, Anaheim CA 92806
Name of Undertaking	Country	Ownership (%)	Activity	Registered Address
Primetime Testing Laboratory, Inc.	United States	100%	Testing	289 Great Road, Acton MA 01720
ETCR, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
Unitek Technical Services, Inc.	United States	100%	Testing	251 Little Falls Drive, Wilmington, DE 19808
NQA Certification Limited	United Kingdom	100%	Certification	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
National Quality Assurance Limited	United Kingdom	100%	Holding Company	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
IMS Reliance Limited	United Kingdom	100%	Dormant	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
Ascertiva Limited	United Kingdom	100%	Dormant	Warwick House Houghton Hall Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5ZX
Shanghai NQA Certification Co., Ltd.	China	50%	Certification	Room 1, 5/F, No 985 Dongfang Road Pudong New Zone, Shanghai
NQA Certification Private Limited	India	99.99%	Certification	No 5, 15/1, 8TH Main Road, RPC Layout, Bengaluru, Karnataka, 560040
NTS Europe GmbH	Germany	100%	Testing	Hofmannstr. 50, 81379 München
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
NTS Holding Corporation, Inc.	United States	100%	Holding Company	2125 East Katella Ave., Suite 250, Anaheim CA 92806
NEST Parent, Inc.	United States	100%	Holding Company	251 Little Falls Drive, Wilmington, DE 19808
National Technical Systems, LLC	United States	100%	Testing	28 Liberty Street, New York NY 10005
Clinimark, LLC (now called Element Materials Technology Boulder LLC)	United States	100%	Testing	7700 E. Arapahoe Road, Suite 220, Centennial, CO 80112
Energy Assurance LLC (now called Element Materials Technology Atlanta - Gainesville LLC)	United States	100%	Testing	289 South Culver Street, Lawrenceville GA 30046
ELEMENT GEOLAB (S) PTE. LTD.	Singapore	100%	Testing	215 Kaki Bukit Avenue 1, Shun Li Industrial Park, 416042
ELEMENT GEOTECHNICAL TESTING (S) PTE. LTD	Singapore	100%	Testing	106 Tuas South Avenue 2, West Point Bizhub, 637158
Element Testing Services (S) Pte. Ltd	Singapore	100%	Testing	249 Jalan Boon Lay, 619523
Stockbridge 2022 Limited	Jersey	100%	Holding Company	2nd Floor, International House 41 The Parade, St Helier, JE2 3QQ, Jersey
BM TRADA Certification North America Inc.	USA	100%	Testing	820 Bear Tavern Road, Mercer County, West Trenton, NJ 08628

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9	Cash and cash equivalents			2022	2021
				\$'000	\$'000
	Cash at bank denominated in USD			674	-
				<u>674</u>	<u>-</u>
10	Amounts owed by group undertakings				
		Current		Non-current	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
	Amounts owed by group undertakings	78,558	25,608	-	-
	Less: Expected credit losses	(114)	-	-	-
		<u>78,444</u>	<u>25,608</u>	<u>-</u>	<u>-</u>

The current portion of amounts owed by Group undertakings relates to interest free and repayable on demand loans owing from:

- EMT Holdings Limited - \$0.8m (2021: \$0.8m)
- Element Materials Technology Group Holdings CC2 Limited - \$1.2m (2021: \$1.2m)
- EMT Finance 1 Limited - \$1.9m (2021: \$1.8m)
- Element Materials Technology Group US Holdings Inc. - \$5.0m (2021: \$5.0m)
- Element Material Technology Holding UK Limited - \$15.1m (2021: \$14.6m)
- Greenrock Midco Limited - \$54.6m (2021: \$1.9m)

A loan owed by Herculean Testing Group B.V. Employment Trust of \$0.3 million was repaid during the year.

There are no non-current amounts owed by group undertakings.

The Company measures the loss allowance for amounts owed by Group undertakings at an amount equal to lifetime ECL. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtors 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.

11	Amounts owed to group undertakings				
		Current		Non-current	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
	Amounts owed to group undertakings	2,608	-	53,975	-
		<u>2,608</u>	<u>-</u>	<u>53,975</u>	<u>-</u>

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The current portion of amounts owed to Group undertakings relates to interest free and repayable on demand loans owing from:

- EMT 2 Holdings Limited - \$0.8m (2021: \$nil)
- Greenrock Midco Limited - \$1.8m (2021: \$nil)

The non-current amount is represented by a loan owed to EM Bidco Limited. The amount outstanding includes principal of \$52.1m (2021: \$nil) and accrued interest payable of \$1.9m. The interest rate accruing to this loan is 7.5% with interest compounded annually on 06 July each year and the loan is repayable on 07 July 2032.

12 Other payables

	Current	
	2022	2021
	\$'000	\$'000
Other accrued liabilities	6,291	8,502
	<u>6,291</u>	<u>8,502</u>

The fair value of the Company's other payables is not materially different from the amounts stated above due to their short-term duration.

13 Priority Shares

	2022	2021
	\$'000	\$'000
Priority shares	-	1,002,954
	<u>-</u>	<u>1,002,954</u>

The priority shares in 2021 were classified as unsecured borrowings of the Group. Following the change in ownership in 2022, the Priority A and B shares have characteristics of equity as the redemption is at the discretion of the Company.

Priority A shares

The Company's redeemable cumulative priority A shares of US \$368.2 million were issued on 22 March 2016. The shares carry 11 per cent interest per annum and the total interest accrued to 31 December 2021 was US \$305.4 million.

Priority B shares

The Company's redeemable cumulative priority B shares of US \$191.4 million were issued on 29 June 2017, a further US \$4.9 million was issued on 29 December 2017. In 2018 the Group issued a further US \$0.7 million on 13 September 2018 and a further US \$0.1 million on 20 November 2018. Further issuances were made during 2019 as follows: US \$2.5 million on 22 July 2019 and US \$7.9 million on 30 December 2019. On 30 January 2020 priority B shares of US \$0.7 million were issued.

The shares carry 11 per cent interest per annum and the total interest accrued to 31 December 2021 was US \$121.2 million.

The total interest accrued to 6 July 2022 for both Priority A and B shares was US \$ 54.9 million. The A and B redeemable cumulative priority shares (including accumulated interest) were redeemed as a part of the acquisition by Temasek Holdings (Private) Limited.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Share Capital

Type	Nominal value	2022 Issued number	2022 Total US \$	2021 Issued number	2021 Total US \$
A1 Ordinary shares	0.0001	784,208	78	784,208	78
A1A Ordinary shares	0.03	5,161	155	5,161	155
A2 Ordinary shares	0.0001	50,925	5	50,925	5
A3 Ordinary shares	0.03	20,110	603	20,110	603
A4 Ordinary shares	0.000001	259,068	-	259,068	-
B Ordinary shares	0.0001	1,618,978	162	1,475,743	148
B1 Ordinary shares	0.0001	64,924	6	64,924	6
B2 Ordinary shares	0.0001	286,876	29	286,876	29
B3 Ordinary shares	0.0001	286,876	29	286,876	29
C Ordinary shares	250	6	1,500	6	1,500
M Ordinary shares	0.0001	100	-	100	-
D Ordinary shares	0.0001	60,738,333	6,074	60,738,333	6,074
E Ordinary shares	0.00001	100,000	1	97,647	1
As at 31 December		64,215,565	8,642	64,069,977	8,628

	2022 \$'000	2021 \$'000
Authorized, issued and fully paid, as at 31 December	9	9
	<u>9</u>	<u>9</u>

143,235 B ordinary shares were issued in 2022 at US \$0.22 per share inclusive of share premium. The total share premium for the shares issued in the year was US \$31,510.

2,353 E ordinary shares were issued during 2022 at US \$2.82 per share inclusive of share premium. The total share premium for the shares issued in the year was US \$6,635.

Rights and conditions of each class of share:

- A1 ordinary shares have full voting entitlement
- A1A ordinary shares have full voting entitlement
- A2 ordinary shares have no voting entitlement
- A3 ordinary shares have full voting entitlement
- A4 ordinary shares have full voting entitlement
- B ordinary shares have no voting entitlement
- B1 ordinary shares have no voting entitlement
- B2 ordinary shares have no voting entitlement
- B3 ordinary shares have no voting entitlement
- C ordinary shares have no voting entitlement
- M ordinary shares have no voting entitlement
- D ordinary shares have no voting entitlement
- E ordinary shares have no voting entitlement

<u>Priority Shares</u>	Nominal Value	2022 Issued Number	2022 Total US
A Priority Shares	0.00001	368,192,755	3,682
B Priority Shares	0.00000001	208,266,461	2

A and B Priority shares have no voting entitlement. The priority shares in 2021 were classified as unsecured borrow of the Group. Following the change in ownership in 2022, the Priority A and B shares have characteristics of equity redemption is at the discretion of the Company.

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****15 Share premium account**

	2022	2021
	\$'000	\$'000
At beginning and end of year	1,128,812	70,877

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

16 Share based payment reserve

	2022	2021
	\$'000	\$'000
Share based payment reserve	-	17,444

The share-based payment reserve consisted of balances made up of the share-based payment scheme within the Element materials group, this scheme was settled as a part of the acquisition by Temasek Holdings (Private) Limited.

The Company issued B, B1, B2, and B3 Ordinary shares ("B shares") and E Ordinary Shares ("E Shares") to certain employees and Directors. Pursuant to the terms set out in the Articles of Association the pay-out for these B and E shares are based on a calculation dependent on the enterprise exit value of the Group and are subject to meeting certain hurdle rates. These shares were treated as equity-settled share-based payments, where the grant date fair value was spread over the period between the grant date and the best estimate of the anticipated exit date.

The Company recognised a share-based payment expense of US \$4.81 million for the period ended June 2022. As a result of the acquisition by Temasek Holdings (Private) Limited on 6 July 2022, the equity settled scheme was modified to cash settled. Following the modification, the Company recognised an additional accelerated share-based payment expense in 2022 of US \$7.25 million and the incremental fair value arising from the modification of the awards of US \$11.5 million. The total of US \$41.1 million was settled in 2022.

17 Events after the reporting date

Between the end of the financial year and the date of this report, no other item, transaction or event of a material nature has occurred, in the opinion of the Director of the Company, that is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

18 Related Party Transactions

The Company has taken advantage of the exemptions contained within paragraphs 8(j) and (k) of FRS 101, and has not disclosed transactions entered with wholly owned group companies or key management personnel.

There were no other related party transactions in the year (2021: nil)

ELEMENT MATERIALS TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Ultimate holding company and controlling party

On 6th July 2022, the Company's ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore. The Company's immediate parent company is EM Bidco Limited, a company registered in England and Wales.

The parent company of the smallest group of which the Company is a member, and for which group financial statements are prepared, is EM Midco2 Limited, a company incorporated in England and Wales.

The parent undertaking of the largest Group of which the Company is a member and for which group financial statements are prepared is Temasek Holdings (Private) Limited, a company incorporated in Singapore

Copies of the 31 December 2022 Group financial statements of EM Midco2 Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom. EM Midco2 Limited's registered office is 3rd Floor Davidson Building, 5 Southampton Street, London, United Kingdom, WC2E 7HA.

Copies of the 31 March 2023 Group financial statements of Temasek Holdings (Private) Limited are available from www.temasekreview.com.sg/group-financials/